THE GLOBAL SPIN-OFF REPORT

June 10, 2013

UPDATE

Sociedad Matriz SAAM S.A. (SM-SAAM)

Price:	CLP 52.50 per share	**Ticker:**	SMSAAM CI
Est. FV (Low/Mid/High):	CLP 49.45/70.86/96.07 per share	**Dividend:**	CLP 0.92 per share
52-Week Range:	CLP 48.59 – 60.86 per share	**Yield:**	1.75%
Shares Outstanding:	9,736,791,983		
Market Capitalization:	CLP 511,182 million (USD 1,019 million)		
Est. Fair Value Mkt Cap:	CLP 482,458/691,410/937,361 million (USD 962/1,378/1,869 million)		
20D Avg Volume Traded:	9,200,340 shares		
20D Avg Value Traded:	CLP 491 million (USD 1 million)		

Note: Data as of June 7, 2013. CLP/USD = 501.62.

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The Global Spin-Off Report

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CSAV Announces Completion of USD 1.2 Billion Capital Raise and Demerger of SM-SAAM:	Thursday, February 16, 2012
CSAV Announces Establishment of 37.44% Position by Quiñenco S.A.:	Thursday, February 16, 2012
Demerger Record Date:	Wednesday, February 29, 2012
Demerger Ex Date:	Thursday, March 1, 2012

Ownership:	Holders	Percent Shares
	Lukcsic Family[1]	37.44%
	Maritima De Inversiones	12.35%
	Philtra Limitada	3.63%
	Celphin Capital	3.57%
	Banco Santander Por Cuenta De Inv Extran	3.25%
	Banco De Chile Por Cuenta De Terceros	3.05%
	Banco Itau Por Cuenta de Inversionistas	1.97%
	Banchile Corredores de Bolsa	1.87%

[1] The Luksic family controls CSAV through Quinenco (2.33%) and its subsidiaries Inversiones Rio Bravo (33.25%) and Inmobiliaria Norte Verde (1.86%).

Investment Thesis

On March 28, 2012, *The Global Spin-Off Report* issued a report covering the spin-off of Sociedad Matriz SAAM S.A. (SM-SAAM) from Compañía Sud Americana de Vapores S.A. (CSAV). SM-SAAM is a company with a relatively stable set of businesses, a high degree of recurring revenue and excellent long-term expansion prospects. At a price below CLP 53, the shares are recommended for purchase. Investors, however, should be aware of the exchange rate risk, as SM-SAAM's operating and reporting currency is the US Dollar, while its stock trades at Chilean Pesos[2].

One of the competitive advantages of SM-SAAM compared to other transportation companies is its low business risk resulting from its stable margins and diversified revenue stream:

- The company's EBITDA margin has fluctuated between 22% and 26% in the past seven years;
- SM-SAAM has three main divisions: Port Terminals, Towage and Logistics Services, none of which contributes more than half of its revenues, EBITDA and operating profit;
- While SM-SAAM is focused on the Americas, it operates in 12 countries, while for the most part avoiding exposure to locations with high political risk such as Venezuela; and,
- Its Port Terminals division, which has a very high operating margin and contributed 27.7% of the company's operating income—as opposed to 21.3% of revenues—has been awarded long-term contracts for the management of 11 ports. Most concessions extend for 15-20 years and four include extension options.

As a result of its conservative operating model, SM-SAAM is in a very good financial position and has a very low probability of facing financial distress. As of Q1 2013, the company had USD 140 million in net debt, with debt to equity and net debt to equity ratios at 27% and 21% respectively. Its LTM debt to EBITDA is 1.48x, while its coverage ratio (defined as operating income to interest expense) fell below 6.00x in only one of the past five quarters. In addition to its low leverage, SM-SAAM enjoys high liquidity, with both current ratio and quick ratio above 1.00x in all five quarters since the start of 2012. It is worth noting that SM-SAAM's credit rating is A+ according to Feller Rate, an affiliate of Standard & Poor's, and AA- according to Humphreys, formerly affiliated with Moody's.

[2] The CLP/USD exchange rate has fluctuated between 429 and 682 in the past 6 years.

Balance Sheet

	Q1 2012	Q2 2012	Q3 2012	Q4 2012	2012	Q1 2013	LTM
Assets							
Total Current Assets	198.87	186.20	179.27	181.04	181.04	206.19	206.19
Total Long-Term Assets	727.95	779.23	812.76	833.54	833.54	856.06	856.06
Total Assets	926.82	965.42	992.04	1,014.58	1,014.58	1,062.24	1,062.24
Liabilities & Shareholders' Equity							
Total Current Liabilities	100.67	109.38	121.72	125.60	125.60	158.93	158.93
Total Long-Term Liabilities	189.07	217.04	215.59	223.01	223.01	225.49	225.49
Total Liabilities	289.74	326.43	337.31	348.61	348.61	384.42	384.42
Total Equity	637.08	639.00	654.73	665.97	665.97	677.82	677.82
Total Liabilities & Equity	926.82	965.42	992.04	1,014.58	1,014.58	1,062.24	1,062.24
Total Debt	*$ 170.42*	*$ 162.04*	*$ 159.80*	*$ 166.12*	*$ 166.12*	*$ 180.79*	*$ 180.79*
Debt to BV Equity	*27%*	*25%*	*24%*	*25%*	*25%*	*27%*	*27%*
Net Debt	*$ 122.41*	*$ 112.75*	*$ 115.12*	*$ 127.85*	*$ 127.85*	*$ 140.59*	*$ 140.59*
Net Debt to BV Equity	*19%*	*18%*	*18%*	*19%*	*19%*	*21%*	*21%*

Source: Company Reports

Cash flow generated internally through operations or other investing activities is sufficient to fund the large capital expenditure requirements of SM-SAAM, which in 2012 surpassed USD 100 million. Even if there is a shortfall in operating income, or an increase in required spending, SM-SAAM has plenty of room to take on additional debt, an option it has not used since it spun off CSAV last year. Rather, its cash from financing activities remains almost flat, with the company mostly recycling/refinancing existing debt rather than increasing its leverage.

Cash Flow Statement

	Q1 2012	Q2 2012	Q3 2012	Q4 2012	2012	Q1 2013	LTM
Cash From Operations	7.91	34.40	27.35	16.70	86.36	16.13	94.58
Cash From Investing Activities	(20.24)	(24.63)	(27.13)	(27.96)	(99.96)	(14.38)	(94.10)
Cash from Financing Activities	16.04	(8.78)	(4.30)	3.04	6.00	12.46	2.42
Net Changes in Cash	**3.70**	**0.99**	**(4.08)**	**(8.22)**	**(7.60)**	**14.21**	**2.90**

Source: Bloomberg

Growth opportunities abound in Latin America. Countries such as Chile (where SM-SAAM has the greatest exposure), Colombia and Mexico are heading towards gaining developed country status. The percentage of population belonging to the middle class is increasing rapidly, with the absolute number of this new class of consumers being even higher, strengthened by Brazil's growth and 190 million inhabitants. As such, demand for consumer goods is projected to grow and in turn affect seaborne trade.

In addition to stronger demand for SM-SAAM's services, we believe that the company will benefit from the wave of privatizations that is gaining pace in many Latin America countries. As more port terminals are leased to private companies, SM-SAAM is ideally positioned to win new contracts, gain market share and increase its revenue. This positive outlook stems from the following observations:

- The company is already the largest port operator in the region;

- While most countries are implementing free-market reforms, at least for the foreseeable future the scent of protectionism will remain (as evident from Brazil's behavior in its oil and gas and offshore sectors). SM-SAAM is a "local" company, with a strong footprint in the region; and,
- SM-SAAM is able to provide additional services to logistics, shipping and other companies (through its Towage and Logistics Services units), thus having a greater chance of attracting higher volume and increasing port terminal profitability.

The company's USD 3.9 billion investment pipeline reinforces a positive attitude to the prospects in South America. A five-year business plan has been laid out by management and includes potential investments of USD 2.4 billion in Port Terminals, USD 0.9 billion in Towage and USD 0.6 billion in Logistics Services. While these targets may be overambitious, as the company presently spends approximately USD 100 million per year in capital expenditures, they still indicate the growth opportunities that SM-SAAM appears uniquely positioned to capture.

Of the numerous potential investments, one might focus particularly on SM-SAAM's goal to "enter the offshore oil and gas market with larger vessels". As mentioned earlier, besides some obvious advantages, SM-SAAM's joint venture with SMIT in Brazil could be the first step towards such an expansion. Vessels required for the production of oil in Brazil's deepwater basins such as AHTS vessels tend to cost at least USD 20 million each, with the price tag reaching USD 50 million for certain categories. Such an investment would require significant capital, especially since SM-SAAM needs to expand in other segments as well. However, combined with SMIT and its parent Boskalis, the new joint venture could make the investments required to enter the offshore oil and gas sector in Brazil and win contracts that can generate gross revenue of approximately USD 10 million each.

Three different scenarios might be projected regarding the future of SM-SAAM:

- The first, and most conservative from an investor's perspective, is that the company will continue operating in the same way as it has in the past five quarters. That implies significant capital expenditures, in the area of USD 100 million annually, approximately the same amount as its cash flow from operations. This will lead to moderate growth, while leverage will remain stable;

- The second scenario, which would yield the highest long-term returns for investors, is that of a leveraged recapitalization. The rationale is simple. On the one hand, SM-SAAM has a very low debt to equity ratio of 27%, comfortably covers it interest expense each quarter, and, moreover, has a very stable, conservative and diversified business model. On the other hand, the company believes there are potential projects worth USD 3.9 billion over the next few years. SM-SAAM can take on additional debt to fund its capital expenditures for the next few years, until it reaches a certain debt to equity ratio. Thus, the company will have the opportunity to aggressively expand its asset base, increase revenue, profit and return for shareholders; and,

- A third outcome involves the acquisition of SM-SAAM by a competitor, particularly Royal Boskalis Westminster, SMIT's parent company. Boskalis would be capable of executing such acquisition. In the past decade, Boskalis has spent more than USD 3 billion for acquisitions. Most of those were small, but recently the company has acquired larger targets. It completed two acquisitions in excess of USD 1 billion: SMIT was acquired in 2009 for USD 1.65 billion, and Dockwise Ltd was acquired in the end of 2012 for USD 1.45 billion. In addition, according to Boskalis reports, Brazil is one of the five areas in which it wants to aggressively expand, while its presence in South America is limited. As such, SM-SAAM, the market leader in this geographic area, should be an attractive target. Regarding the feasibility of such a move, Boskalis's size should allow it to acquire a company of the scale of SM-SAAM. Indeed, SM-SAAM has approximately the same market capitalization as Boskalis's two previous acquisitions. With USD 400 million in cash and debt to equity of 50% as of December 31, 2012, it also possesses the resources to proceed. As far as the timing of such a move, it is perhaps unlikely to happen for at least the next 6-12 months, as Boskalis will take some time to digest its latest acquisition.

Company Description

SM-SAAM, based in Chile, is a provider of ports, towage and logistics services with a presence in 12 countries in the Americas, including the USA.

Its Port Terminals operation manages 11 ports, one in each of the USA, Mexico, Colombia and Ecuador, and seven in Chile. SM-SAAM has long term contracts with each port, with only three expiring earlier than 2020—all three including extension options. With 2.08 million TEUs throughput, it is the largest port operator in South America. As of the end of 2012, the Port Terminals division contributed 21.3% of SM-SAAM revenues.

SM-SAAM PORT TERMINALS

Port	Country	Stake	Concession	Extension Option (yrs)
Florida International Terminal	USA	70%	2015	5+5
Terminal Marítim Mazatlán	Mexico	100%	2032	12
Puerto Buenavista	Colombia	33%	2017	20
Terminal Portuario Guayaquil	Ecuador	100%	2046	N.A.
Terminal Puerto Arica	Chile	15%	2034	N.A.
Iquique Terminal Internacional	Chile	85%	2030	Under Process
Antofagasta Terminal Internacional	Chile	35%	2033	Under Process
San Antonio Terminal Internacional	Chile	50%	2019	10
Puerto Panul	Chile	14.4%	2029	Exercised
San Vicente Terminal Internacional	Chile	50%	2029	Exercised
Portuaria Corral	Chile	50%	Own	N.A.

Source: Company Reports

SM-SAAM is also the fourth largest tugboat operator in the world, with a fleet of 126 vessels, including an order book of eight tugboats. SM-SAAM's Towage segment provides towage services in all 11 Latin America countries and contributed 40.2% of the company's 2012 revenues. A very important development in this sector is the April 10, 2013 agreement between SM-SAAM and SMIT, the second largest towage operator, to create two joint ventures that will operate in Latin America.

SM-SAAM's third segment is its Logistics Services, which can be further broken down to services to vessels and aircraft, such as agency services; and cargo services, such as warehousing. The company provides Logistics Services in six Latin America countries, and has made significant real estate investments. As of 2012, SM-SAAM owns more than 900,000 sq. meters of container depot and warehousing. Logistics Services' contribution to the company's top line by the end of 2012 was 38.6%.

REVENUES BY SEGMENT		
	Million USD	%
Port Terminals	95.40	21.29
Towage	179.90	40.15
Logistics Services	172.75	38.56
	448.05	100.00

Source: Company Reports, Horizon Kinetics LLC Estimates

SM-SAAM has a very stable business model. Its revenue stream is sufficiently diversified across different segments as well as locations. None of the three segments discussed above contributes more than half of the company's revenues. Based on our calculations, Port Terminals accounted for 27.7% of the company's operating income, Towage for 48.3% and Logistics Services for 24.0%. An even more balanced picture is painted by SM-SAAM's reported EBITDA breakdown which includes the proportional contribution of affiliates; 33.8% of EBITDA came from its Port Terminals division, 34.2% from Towage and 31.9% from Logistics. Regarding geographic diversification, SM-SAAM operates in 12 countries; the U.S., Chile, Mexico, Guatemala, Costa Rica, Honduras, Ecuador, Peru, Colombia, Brazil, Uruguay and Argentina. On a positive note as far as political risk is concerned, the company does not operate in Venezuela, and provides only towage services in Argentina. On the other hand, Ecuador is one of the two countries (the other being Chile) in which SM-SAAM operates in all three segments and in which it owns 105,000 sq. meters of container depot and warehousing.

SM-SAAM is expected to maintain a predictable dividend stream, probably with a dividend yield of approximately 2%. The reason is that Chilean companies are obliged to distribute 30% of their net income as dividends—with certain exceptions applying as in the case of CSAV. While the board can choose to increase distributions to shareholders, there is a minimum threshold that will not be breached.

Being a service company as opposed to its commodity-like former parent CSAV also contributes to SM-SAAM's stability. While all three segments are affected by trade volumes and require significant capital investments (like cranes in Port Terminals, vessels in Towage and real estate in Logistics Services), their fees do not fluctuate as much as charter and freight rates. This is evidenced by the company's historical EBITDA margin, which remained between 22% and 26% from 2006 to 2012.

On April 10, 2013, SM-SAAM entered into a collaborative agreement with SMIT Internationale. SMIT is a subsidiary of Royal Boskalis Westminster, a European company that provides infrastructure services. It was acquired for USD 1.65 billion in 2009 and operates the world's second largest tugboat fleet. According to the Memorandum of Understanding signed between SM-SAAM and Royal Boskalis Westminster, the former along with SMIT will form two joint ventures. The first one will operate in Brazil with 41 vessels. SMIT will hold a 51% stake in the JV, while SM-SAAM will hold the remaining

49%. The two companies will also create a JV with 55 tugboats, which will operate in Mexico, Canada and Panama and will be 51% owned by SM-SAAM. At first glance, this agreement adds little value to SM-SAAM, or at least less value than it adds to SMIT, which seeks to aggressively expand in South America, a location in which it has limited operations. Two obvious benefits for SM-SAAM are: firstly, it will enter new markets, those of Panama and Canada, and, secondly, it can achieve synergies and contain costs by pooling its fleet with SMIT in countries such as Mexico and Brazil. However, this agreement appears to represent a unique opportunity for SM-SAAM to expand into another maritime area, that of offshore shipping. While SMIT's fleet consists of tugboats only, its parent company is active in the offshore space, with 38 offshore vessels including 3 OSVs (Offshore Supply Vessels) and 3 AHTS (Anchor Handling Tug Supply) vessels.

One of the two JVs will focus solely on Brazil, and it is our belief that it could, and more importantly should, expand its offshore fleet in the country. Brazil is one of the largest deepwater oil producers in the world, due to its recent discoveries in its pre-salt basins. Consequently, Petrobras, the state controlled oil and gas company, has laid out a five-year business plan that budgets approximately USD 147 billion for exploration and production projects. As new oil rigs will be deployed, the need for offshore supply vessels will rise.[3] While Brazil is trying to cope with the demand internally, significant delays in the construction of such vessels have led Petrobras to charter dozens of vessels from outside operators/owners. The new JV could leverage the scale and expertise of Boskalis to expand its offshore fleet and win contracts worth millions of dollars from Petrobras.

[3] Most countries require a predetermined number of each category of offshore vessels (AHTS, OSV, ORSV) that should accompany each offshore oil rig.

Valuation

In the first scenario, assuming the business continues operating in the same way as it has in the past, the2013 financial performance is projected and SM-SAAM is subsequently valued based on comparable current and forward EV/EBTIDA and P/E multiples. The target price includes dividends, since distribution is required by law. Especially in the EV/EBITDA valuation, this inclusion is needed to offset the loss of equity value from the lower cash balance. The set of comparable companies offer port management and logistics services.

Company	Mkt Cap	P/E	Forward P/E	T12M EV/EBITDA	Forward EV/EBITDA	Debt/Equity	Profit Margin
JSL SA	$ 1,707.14	43.85x	22.27x	9.11x	6.83x	296.3%	1.9%
Sumitomo Warehouse Co Ltd	$ 1,383.07	19.19x	19.10x	7.70x	10.69x	53.0%	4.2%
Ezion Holdings Ltd	$ 1,671.44	18.21x	8.64x	21.25x	7.22x	102.1%	49.7%
Wuhu Port & Transport-A	$ 1,385.02	23.00x	12.50x	N.A.	N.A.	349.4%	1.2%
Hitachi Transport System Ltd	$ 1,942.60	16.76x	16.12x	5.69x	6.92x	42.4%	2.1%
Far Eastern Shipping-CLS	$ 649.28	N.A.	5.17x	N.A.	3.38x	48.1%	0.0%
Hutchison Port Holdings TR_U	$ 7,230.21	24.51x	23.34x	13.42x	13.12x	34.1%	17.7%
Average	$ 2,281.25	24.26x	15.31x	11.44x	8.03x	132.2%	11.0%
Median	$ 1,671.44	21.10x	16.12x	9.11x	7.07x	53.0%	2.1%
High	$ 7,230.21	43.85x	23.34x	21.25x	13.12x	349.4%	49.7%
Low	$ 649.28	16.76x	5.17x	5.69x	3.38x	34.1%	0.0%
Excluding Wuhu Port Storage & Traspor & JSL							
Average	$ 2,575.32	19.67x	14.47x	12.02x	8.27x	55.9%	14.7%
Median	$ 1,671.44	18.70x	16.12x	10.56x	7.22x	48.1%	4.2%
High	$ 7,230.21	24.51x	23.34x	21.25x	13.12x	102.1%	49.7%
Low	$ 649.28	16.76x	5.17x	5.69x	3.38x	34.1%	0.0%

Source: Bloomberg, Horizon Kinetics LLC Estimates

In order to arrive to the average multiples, two companies were excluded from that list: JSL and Wuhu Port Storage & Transport. The reason is the very high leverage, which not only contrasts with SM-SAAM's sub-30% debt to equity ratio, but could also imply distressed valuation.

In order to project 2013 financials, two factors were included in calculating revenue, while margins remain stable. The first is the 2012 asset turnover—which is used in order to account for the significant capex that will lead to asset growth. The second is a projected Latin America GDP growth rate of 3.4%, based on IMF estimates. Regarding the capex, we assume a base rate for growth capex of slightly above USD 60 million (based on historical data) and a maintenance level equal to the current depreciation[4].

[4] A note on the methodology used: We broke down SM-SAAM's assets by business unit—based on data from company reports. In order to allocate growth capex by business unit, we used as a reference SM-SAAM's investment pipeline of USD 3.9 billion, mentioned in the company's presentations. For example, 0.9 billion, or 23%, would be allocated to the Tugboats unit. The same percentage of growth capex will be allocated to Tugboats under our scenario. After accounting for the increase in assets for each unit, we apply the corresponding asset turnover ratio (based on asset and revenue figures from the 2012 company report). The new revenue base is then adjusted for projected LatAm GDP growth. The income statement is created by

2013E Pro Forma Financial Statements

Income Statement		Cash Flow Statement		Balance Sheet	
Revenue	491.63	**Cash From Operating Activities**		**Assets**	
Cost of Revenue		Net Income	66.17	Cash & Near Cash Items & ST Inves	29.07
Gross Profit		Depreciation & Amortization	41.76	Accounts & Notes Receivable	119.47
Other Operating Revenue		Other Non-Cash Adjustments	-	Inventories	16.79
Operating Expenses		Changes in Non-Cash Capital	(3.00)	Other Current Assets	29.71
Operating Income	64.96	Cash From Operations	104.92	Total Current Assets	195.05
Interest Expense	9.40			LT Investments & LT Receivables	218.63
Interest Revenue	7.14	**Cash From Investing Activities**		Net Fixed Assets	554.59
Earnings from Associates and JV	23.27	Disposal of Fixed Assets	-	Other Long-Term Assets	126.11
FX Gains	-	Capital Expenditures	(107.55)	Total Long-Term Assets	899.33
Pretax Income	85.97	Other Investing Activities	-	**Total Assets**	1,094.38
Income Tax Expense	16.92	Cash From Investing Activities	(107.55)		
Income Before Minority Interest and X	69.05			**Liabilities & Shareholders' Equity**	
Extraordinary Loss Net of Tax	-	**Cash from Financing Activities**	(2.00)	Accounts Payable	56.14
Minority Interests	2.88	Dividends Paid	(17.85)	Short-Term Borrowings	47.84
Net Income	66.17	Increase in Long-Term Borrowings	14.14	Other Short-Term Liabilities	53.56
		Decrease in Long-term Borrowings	-	Total Current Liabilities	157.54
Basic EPS	0.01	Other Financing Activities	(2.86)	Long-Term Borrowings	129.56
		Net Changes in Cash	(9.19)	Total Long-Term Liabilities	224.55
EBITDA	129.99			**Total Liabilities**	382.09
Depreciation Expense	41.76			Minority Interest	9.99
				Share Capital & APIC	586.51
				Retained Earnings & Other Equity	115.79

Source: Horizon Kinetics LLC Estimates

The price implied by average of the current P/E and EV/EBITDA multiples is CLP 70.86, 35.0% above SM-SAAM's current price. By using the average of the forward multiples, the implied valuation is significantly lower at CLP 49.45, 5.8% below the current price.

VALUATION

Forward Multiple	**$**	**49.45**
Current Multiple	**$**	**70.86**
Price as of 05/08/2013	$	52.50
Upside		35.0%
Downside		-5.8%

	2013 EBITDA	$	129,991,571	2013 Net Income	$	66,167,881
Forward Multiple	EV/EBITDA Multiple		8.27x	P/E Multiple		14.47x
	Enterpirse Value	$	1,074,647,573			
	Equity	$	926,315,154	Equity	$	957,727,543
	Equity/Share USD	$	0.095	Equity/Share USD	$	0.098
	Equity/Share CLP	**$**	**47.72**	**Equity/Share CLP**	**$**	**49.34**
	Including Dividend	**$**	**48.64**	**Including Dividend**	**$**	**50.26**
Current Multiple	EV/EBITDA Multiple		12.02x	P/E Multiple		19.67x
	Enterpirse Value	$	1,562,182,149			
	Equity	$	1,413,849,729	Equity	$	1,301,458,523
	Equity/Share USD	$	0.145	Equity/Share USD	$	0.134
	Equity/Share CLP	**$**	**72.84**	**Equity/Share CLP**	**$**	**67.05**
	Including Dividend	**$**	**73.76**	**Including Dividend**	**$**	**67.97**

Source: Horizon Kinetics LLC Estimates

applying the 2012 operating margin of each unit and is increased by a fixed amount of unallocated operating income. Interest and tax expense remain a fixed percentage of debt and pre-tax profit respectively.

In order to value SM-SAAM under the leveraged recapitalization scenario, 2016 is defined as the target year. Several assumptions have been used to create pro forma financial statements for four years going forward, such as the increase in revenues (as described earlier). Additional key assumptions are:

- *Target leverage*. This is the single most important assumption under this scenario. We target approximately a 100% debt to equity ratio. This number is by no means excessive: in the seven comparable company universe, three have ratios above 100%. Strong cash flow from operations, a favorable interest rate environment and stable business model are additional reasons that suggest that SM-SAAM can easily take on additional debt;
- *Percentage of new debt that will be allocated to capital expenditures*. While ideally all of the new debt would be allocated to capex to increase assets and, consequently, revenues, rising interest payments will take their toll, and the choice in this model was, rather, to allocate 95% to capex; and,
- *Dividend payout ratio of 30%*. This is of course the minimum ratio allowed by the Chilean Corporations Law. While an increase in this ratio will lead to higher shareholder cash flows that will be received sooner, it will also reduce available corporate cash, hampering liquidity, and reduce equity (ceteris paribus), increasing leverage.

According to these projections, SM-SAAM has to issue USD 695 million of debt through the end of 2016 to achieve a debt to equity ratio of 99%. Each step of debt increase should cover 25% of the gap between the current and target ratio. However, given the uncertainty of future balance sheet numbers, each step uses as a target the same year's book value of equity. This approach results in a non-linear debt increase. In fact, in 2013 it is assumed that there will be USD 136.57 million of new debt, in 2014 USD 223.96 million, in 2015 USD 207.64 million and in 2016 USD 126.76 million.

Pro Forma Income Statement

	2013E	2014E	2015E	2016E
Revenue	547.54	670.57	783.49	861.69
Operating Income	72.39	88.76	103.77	114.17
Pretax Income	86.17	91.61	96.70	101.68
Net Income	66.33	70.69	74.78	78.78
Basic EPS	0.007	0.007	0.008	0.008
EBITDA	142.18	169.90	195.45	213.47
EBITDA Margin	25.97%	25.34%	24.95%	24.77%
Profit Margin	12.11%	10.54%	9.54%	9.14%
Asset Turnover	*0.49*	*0.49*	*0.48*	*0.47*

Source: Horizon Kinetics LLC Estimates

The leveraged recapitalization of the company lifts its debt to equity ratio to 99%. In addition, the cash balance is gradually reduced to USD 26.87 million. However, these results should not be a cause of concern. Liquidity ratios will have improved, and the coverage ratio, even though halved, would still be, an excellent, for this industry, 2.50x. Another implication is the 50% increase in operating cash flow. As soon as the aggressive capex program is completed, one can expect a sharp rise in SM-SAAM's cash balance. Based on this earnings model, after the conclusion of the expansion program by year-end 2016, and allowing for annual maintenance-level capital expenditures of approximately USD 70 million, run-rate free cash flow would surpass USD 200 million, compared with long-term debt of roughly $865 million.

Pro Forma Balance Sheet

	2013E	2014E	2015E	2016E
Assets				
Total Current Assets	202.04	198.21	196.26	192.86
Total Long-Term Assets	1,029.07	1,307.11	1,567.88	1,748.49
Total Assets	1,231.11	1,505.32	1,764.13	1,941.35
Liabilities & Shareholders' Equity				
Total Current Liabilities	157.59	137.54	132.40	113.48
Total Long-Term Liabilities	361.12	605.89	817.49	958.48
Total Liabilities	518.71	743.43	949.89	1,071.96
Total Equity	712.40	761.89	814.24	869.38
Total Liabilities & Equity	1,231.11	1,505.32	1,764.13	1,941.35
Total Debt	*$ 313.97*	*$ 537.38*	*$ 742.62*	*$ 863.49*
Debt to BV Equity	*44%*	*71%*	*91%*	*99%*
Net Debt	*$ 277.91*	*$ 505.15*	*$ 712.34*	*$ 836.62*
Net Debt to BV Equity	*39%*	*66%*	*87%*	*96%*

Source: Horizon Kinetics LLC Estimates

Once again, the 2016 SM-SAAM stock price is estimated by using comparable multiples. Since a high current multiple implies future growth—and that is projected to be SM-SAAM's position in 2016—we chose to use the current, and not forward, comparable multiples. The price implied by the EV/EBITDA multiple is CLP 89.06 (the high case), by the average P/E multiple CLP 79.83 (low case) and the average CLP 84.45 (mid case). The target price of CLP 84.62 is 60.9% higher than the June 7 2013 price.

It is important to include in this valuation the effect of dividends in a different way, since the timing of cash flows through 2016 will have a significant impact on the annualized return. The IRR in the mid case scenario is 19.66%, in the high case 21.74% and in the low case 17.50%. With returns in excess of 17% per year for four years, SM-SAAM would appear to make an excellent risk-adjusted investment. According to these calculations, IRR would be 2% lower had the dividends not been included, and 0.5% lower without accounting for their timing.

2016 LEVERAGED RECAPITALIZATION

2016 EBITDA	$	213,469,909.95	2016 Net Income	$	78,780,539.67
Average Multiple		12.02x	Average Multiple		19.67x
Enterpirse Value	$	2,565,388,518.34			
Equity	$	1,728,771,878	Equity	$	1,549,537,389
Equity/Share USD	$	0.178	Equity/Share USD	$	0.159
Equity/Share CLP	**$**	**89.06**	**Equity/Share CLP**	**$**	**79.83**

Target Price	**$**	**84.45**
Price as of 05/08/2013	$	52.50
Upside		60.8%

Mid Case	2013*	2014	2015	2016
Dividend	$0.92	$1.03	$1.09	$1.16
Stock Price				$84.45
Investment	-$52.50			
Total CFs	*-$51.58*	*$1.03*	*$1.09*	*$85.60*
IRR	**19.66%**			

High Case	2013	2014	2015	2016
Dividend	$0.92	$1.03	$1.09	$1.16
Capital				$89.06
Investment	-$52.50			
Total CFs	*-$51.58*	*$1.03*	*$1.09*	*$90.22*
IRR	**21.74%**			

Low Case	2013	2014	2015	2016
Dividend	$0.92	$1.03	$1.09	$1.16
Capital				$79.83
Investment	-$52.50			
Total CFs	*-$51.58*	*$1.03*	*$1.09*	*$80.98*
IRR	**17.50%**			

Source: Horizon Kinetics LLC Estimates *While the dividend is received after the investment, the timing has minimal effect.

Obviously, all financing decisions should be examined very closely in a leveraged recapitalization, to avoid the probability of financial distress. One such decision is the dividend payout ratio. While it is required to be above 30%, could shareholder returns be enhanced by increasing the dividend, effectively funding it with debt? As demonstrated below, as the dividend payout ratio increases, so do returns. Also, since the effect on the 2016 target price is nonmaterial, the excess return stems from the timing of the cash flows.

Target IRR					
	Dividend Payout Ratio				
	30%	40%	50%	60%	70%
High Case	21.74%	21.96%	22.18%	22.41%	22.65%
Mid Case	19.66%	20.19%	20.72%	21.26%	21.81%
Low Case	17.50%	18.36%	19.22%	20.08%	20.96%

Target Price					
	Dividend Payout Ratio				
	30%	40%	50%	60%	70%
High Case	$ 89.06	$ 87.67	$ 86.27	$ 84.87	$ 83.47
Mid Case	$ 84.45	$ 83.75	$ 83.05	$ 82.35	$ 81.65
Low Case	$ 79.83	$ 79.83	$ 79.83	$ 79.83	$ 79.83

However, an increase in the payout ratio will significantly affect SM-SAAM's cash balance. Accordingly, a decision by the management to increase the ratio would probably be a signal that the expansion phase is nearing completion.

Cash Balance					
	Dividend Payout Ratio				
	30%	40%	50%	60%	70%
2014	$ 32.23	$ 19.65	$ 7.07	$ (5.52)	$(18.10)
2015	$ 30.28	$ 10.62	$ (9.03)	$(28.68)	$(48.34)
2016	$ 26.87	$ (0.26)	$(27.39)	$(54.52)	$(81.65)

Another risk to be examined is that of revenue growth. Although this valuation is based on, arguably, conservative assumptions, a change in revenue growth could materially affect a company with an aggressive debt-funded expansion plan. The sensitivity table below illustrates the effect on SM-SAAM's cash balance of one of the most important determinants of revenue growth, Latin America GDP growth (after 2013). It suggests that, all else equal, while the cash balance may decline to USD 18 million, and the effect on the company's stock will be negative, the company can still pursue a leveraged recapitalization and weather the results of a GDP slowdown.

Cash Balance					
	Perpetual Growth Rate				
	0.9%	2.4%	3.9%	5.4%	6.9%
2014	$ 29.61	$ 30.92	$ 32.23	$ 33.54	$ 34.85
2015	$ 24.89	$ 27.58	$ 30.28	$ 32.98	$ 35.70
2016	$ 18.14	$ 22.49	$ 26.87	$ 31.29	$ 35.74

Under the last scenario, SM-SAAM's stock will be valued based on the average acquisition premium paid by its most probable acquirer, Royal Boskalis Westminster. According to Bloomberg data, the average acquisition premium the company has paid is 35.57%. The premium is also very close to the average paid for two companies very similar in both operating model and size to SM-SAAM, which is 37.9%. The premium for the Dockwise acquisition was 56.89%, while for SMIT it was 18.95%. However, it should be noted that Boskalis made several attempts to acquire SMIT, and the low acquisition premium does not incorporate the rise of the stock due to the earlier bids. Assuming that, by the end of the year, SM-SAAM will be valued based on either current or forward multiples–similar to our first scenario valuation–we apply the average acquisition premium to arrive at a range of CLP 67.04 to CLP 96.07.

VALUATION

Forward Multiple	**$**	**67.04**
Current Multiple	**$**	**96.07**
Price as of 05/08/2013	$	52.50
Upside-High		83.0%
Upside-Low		27.7%

Forward Multiple		
2013 Stock Price	$	49.45
Average Acquisition Premium		35.58%
2013 Purchase Price	$	67.04

Current Multiple		
2013 Stock Price	$	70.86
Average Acquisition Premium		35.58%
2013 Purchase Price	$	96.07

Source: Horizon Kinetics LLC Estimates

Perhaps the most obvious benefit of an acquisition scenario is that remunerative investment returns could be realized within a short time frame, through the acquisition premium. One can also observe that, if Boskalis were to pay a premium closer to that for Dockwise, the SM-SAAM share price could double.

Target Price

	Acquisition Premium				
	20.58%	28.08%	35.58%	43.08%	50.58%
Forward Multiple	$ 59.63	$ 63.33	$ 67.04	$ 70.75	$ 74.46
Current Multiple	$ 85.44	$ 90.76	$ 96.07	$ 101.39	$ 106.70

Investment Summary

With SM-SAAM's stock price down 18% in CLP and 20% in USD since our initial report last year, the risk/reward profile now favors a purchase recommendation. There are several scenarios for the company's future, all of which could produce attractive returns.

If the company does not make significant changes to its capital structure, an appropriate base-level valuation range for the stock is roughly CLP 49.45 to CLP 70.86. Due to the conservative nature of its chosen business segments within the shipping industry and the company's low leverage, a further decline in price would appear to be less likely.

On the other hand, should SM-SAAM's management decide to expand its operating asset portfolio and aggressively expand by issuing debt – and recent joint venture activity is suggestive of this strategic direction – returns could be even higher. Our target price for 2016, under such a scenario, ranges from CLP 79.83 to CLP 89.06. Combined with dividends, which are expected to represent 30% of the company's net income, annualized returns could surpass 17.5% over the four-year period.

Lastly, there is additional optionality. SM-SAAM is a good strategic fit for Royal Boskalis Westminster, the company that has completed two similar acquisitions since 2009. With a potential acquisition price of CLP 67.04 to CLP 96.07, such an option could be the fastest way to monetize an investment in SM-SAAM.

Appendix A: Historical Financial Statements

Income Statement

	Q1 2012	Q2 2012	Q3 2012	Q4 2012	2012	Q1 2013	LTM
Revenue	110.56	109.93	111.19	116.37	448.05	120.79	458.28
Cost of Revenue	82.50	82.65	83.66	88.01	336.81	91.33	345.64
Gross Profit	28.06	27.28	27.53	28.36	111.24	29.46	112.64
Other Operating Revenue	0.57	3.31	0.26	3.30	7.44	0.54	7.41
Operating Expenses	13.58	13.52	15.73	16.67	59.50	13.79	59.70
Operating Income	15.05	17.08	12.07	14.98	59.18	16.22	60.34
Interest Expense	2.39	2.45	2.21	2.41	9.46	2.51	9.58
Interest Revenue	1.81	1.57	1.71	2.46	7.54	1.41	7.14
Earnings from Associates and JV	5.50	5.28	3.20	8.25	22.23	5.77	22.51
FX Gains	(0.34)	(1.67)	(0.63)	0.73	(1.91)	0.22	(1.35)
Pretax Income	19.62	19.81	14.14	24.02	77.58	21.11	79.07
Income Tax Expense	3.26	4.34	4.87	2.73	15.19	3.63	15.57
Income Before Minority Interest and X	16.37	15.47	9.26	21.29	62.39	17.48	63.50
Extraordinary Loss Net of Tax	-	-	-	-	-	-	-
Minority Interests	0.67	0.79	0.65	0.77	2.88	0.68	2.89
Net Income	15.70	14.68	8.61	20.53	59.51	16.80	60.61
Basic EPS	0.00	0.00	0.00	0.00	0.01	0.00	0.01
Basic Weighted Avg Shares	9,736.79	9,736.79	9,736.79	9,736.79	9,736.79	9,736.79	9,736.79
EBITDA	29.06	31.18	24.73	33.38	118.34	32.50	121.78
Depreciation Expense	8.51	8.82	9.46	10.14	36.93	10.51	38.93

EBITDA Margin	*26.29%*	*28.36%*	*22.24%*	*28.68%*	26.41%	*26.91%*	*26.57%*
Gross Margin	*25.38%*	*24.82%*	*24.76%*	*24.37%*	24.83%	*24.39%*	*24.58%*
Operating Margin	*13.61%*	*15.53%*	*10.85%*	*12.88%*	13.21%	*13.43%*	*13.17%*
Profit Margin	*14.20%*	*13.35%*	*7.74%*	*17.64%*	13.28%	*13.91%*	*13.23%*
ROE					*9.17%*		*9.19%*
ROA					*6.11%*		*6.01%*
Operating Income ROA					*6.07%*		*5.98%*
Asset Turnover					*0.46*		*0.45*

Cash Flow Statement

	Q1 2012	Q2 2012	Q3 2012	Q4 2012	2012	Q1 2013	LTM
Cash From Operating Activities							
Net Income	15.70	14.68	8.61	20.53	59.51	16.80	60.61
Depreciation & Amortization	8.51	8.82	9.46	10.14	36.93	10.51	38.93
Other Non-Cash Adjustments	(6.71)	5.10	(0.98)	(3.85)	(6.45)	(52.10)	(51.84)
Changes in Non-Cash Capital	(9.59)	5.81	10.27	(10.11)	(3.63)	40.92	46.89
Cash From Operations	7.91	34.40	27.35	16.70	86.36	16.13	94.58
Cash From Investing Activities							
Disposal of Fixed Assets	*0.37*	*0.52*	*1.32*	*0.10*	2.31	0.09	2.03
Capital Expenditures	(19.93)	(31.36)	(29.94)	(26.81)	(108.04)	(16.61)	(104.72)
Other Investing Activities	(0.68)	6.21	1.49	(1.25)	5.77	2.14	8.59
Cash From Investing Activities	(20.24)	(24.63)	(27.13)	(27.96)	(99.96)	(14.38)	(94.10)
Cash from Financing Activities							
Dividends Paid	(0.37)	(0.39)	(0.47)	(0.17)	(1.40)	(0.53)	(1.55)
Increase in Long-Term Borrowings	6.76	26.37	7.09	7.03	47.24	26.69	67.17
Decrease in Long-term Borrowings	(6.79)	(34.32)	(4.71)	(5.94)	(51.76)	(12.55)	(57.52)
Other Financing Activities	16.44	(0.44)	(6.20)	2.11	11.91	(1.15)	(5.68)
Cash from Financing Activities	16.04	(8.78)	(4.30)	3.04	6.00	12.46	2.42
Net Changes in Cash	**3.70**	**0.99**	**(4.08)**	**(8.22)**	**(7.60)**	**14.21**	**2.90**
Free Cash Flow to Firm	(12.34)	9.77	0.22	(11.26)	(13.60)	1.75	0.48
Free Cash Flow to Equity	4.07	1.38	(3.61)	(8.05)	(6.21)	14.74	4.46
Free Cash Flow per Basic Share	$ 0.00042	$ 0.00014	$ (0.00037)	$ (0.00083)	$ (0.00064)	$ 0.00151	$ 0.00046

Balance Sheet

	Q1 2012	Q2 2012	Q3 2012	Q4 2012	2012	Q1 2013	LTM
Assets							
Cash & Near Cash Items & ST Inves	48.02	49.29	44.68	38.26	38.26	40.21	40.21
Accounts & Notes Receivable	114.33	101.65	97.87	99.84	99.84	119.47	119.47
Inventories	13.29	12.56	13.06	15.36	15.36	16.79	16.79
Other Current Assets	23.23	22.69	23.67	27.58	27.58	29.71	29.71
Total Current Assets	198.87	186.20	179.27	181.04	181.04	206.19	206.19
LT Investments & LT Receivables	206.22	200.92	183.76	218.63	218.63	231.96	231.96
Net Fixed Assets	433.70	454.59	478.54	488.80	488.80	497.65	497.65
Other Long-Term Assets	88.03	123.71	150.46	126.11	126.11	126.44	126.44
Total Long-Term Assets	727.95	779.23	812.76	833.54	833.54	856.06	856.06
Total Assets	926.82	965.42	992.04	1,014.58	1,014.58	1,062.24	1,062.24
Liabilities & Shareholders' Equity							
Accounts Payable	54.08	51.58	56.06	53.17	53.17	56.14	56.14
Short-Term Borrowings	36.47	36.01	37.96	38.10	38.10	51.23	51.23
Other Short-Term Liabilities	10.12	21.80	27.70	34.33	34.33	51.57	51.57
Total Current Liabilities	100.67	109.38	121.72	125.60	125.60	158.93	158.93
Long-Term Borrowings	133.96	126.03	121.84	128.02	128.02	129.56	129.56
Other Long-Term Liabilities	55.11	91.01	93.75	94.99	94.99	95.93	95.93
Total Long-Term Liabilities	189.07	217.04	215.59	223.01	223.01	225.49	225.49
Total Liabilities	289.74	326.43	337.31	348.61	348.61	384.42	384.42
Minority Interest	8.74	9.29	9.55	9.99	9.99	10.22	10.22
Share Capital & APIC	586.51	586.51	586.51	586.51	586.51	586.51	586.51
Retained Earnings & Other Equity	41.84	43.20	58.67	69.48	69.48	81.09	81.09
Total Equity	637.08	639.00	654.73	665.97	665.97	677.82	677.82
Total Liabilities & Equity	926.82	965.42	992.04	1,014.58	1,014.58	1,062.24	1,062.24

Shares Outstanding	*9,736.79*	*9,736.79*	*9,736.79*	*9,736.79*	*9,736.79*	*9,736.79*	*9,736.79*
Total Debt	*$ 170.42*	*$ 162.04*	*$ 159.80*	*$ 166.12*	*$ 166.12*	*$ 180.79*	*$ 180.79*
Debt to BV Equity	*27%*	*25%*	*24%*	*25%*	*25%*	*27%*	*27%*
Debt to MV Equity							*18%*
Net Debt	*$ 122.41*	*$ 112.75*	*$ 115.12*	*$ 127.85*	*$ 127.85*	*$ 140.59*	*$ 140.59*
Net Debt to BV Equity	*19%*	*18%*	*18%*	*19%*	*19%*	*21%*	*21%*
Net Debt to MV Equity							*14%*
Debt to EBITDA					*1.40x*		*1.48x*
*Coverage Ratio**	*6.29x*	*6.98x*	*5.45x*	*6.23x*	*6.26x*	*6.46x*	*6.30x*
Montly Cash Burn Rate	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
Current Ratio	*1.98*	*1.70*	*1.47*	*1.44*	*1.44*	*1.30*	*1.30*
Quick Ratio	*1.61*	*1.38*	*1.17*	*1.10*	*1.10*	*1.00*	*1.00*
Acid Ratio	*0.48*	*0.45*	*0.37*	*0.30*	*0.30*	*0.25*	*0.25*

Appendix B: Pro Forma Financial Statements

Pro Forma Income Statement				
	2013E	*2014E*	*2015E*	*2016E*
Revenue	547.54	670.57	783.49	861.69
Cost of Revenue				
Gross Profit				
Other Operating Revenue				
Operating Expenses				
Operating Income	72.39	88.76	103.77	114.17
Interest Expense	16.63	28.46	39.33	45.74
Interest Revenue	7.14	7.14	7.14	7.14
Earnings from Associates and JV	23.27	24.18	25.12	26.10
FX Gains	-	-	-	-
Pretax Income	86.17	91.61	96.70	101.68
Income Tax Expense	16.96	18.03	19.04	20.02
Income Before Minority Interest and X	69.21	73.57	77.66	81.66
Extraordinary Loss Net of Tax	-	-	-	-
Minority Interests	2.88	2.88	2.88	2.88
Net Income	66.33	70.69	74.78	78.78
Basic EPS	0.007	0.007	0.008	0.008
Basic Weighted Avg Shares	9,736.79	9,736.79	9,736.79	9,736.79
EBITDA	142.18	169.90	195.45	213.47
Depreciation Expense	46.51	56.96	66.55	73.19

EBITDA Margin	25.97%	25.34%	24.95%	24.77%
Gross Margin				
Operating Margin	13.22%	13.24%	13.24%	13.25%
Profit Margin	12.11%	10.54%	9.54%	9.14%
ROE	*9.62%*	*9.59%*	*9.49%*	*9.36%*
ROA	*5.91%*	*5.17%*	*4.57%*	*4.25%*
Operating Income ROA	*5.88%*	*6.49%*	*6.35%*	*6.16%*
Asset Turnover	*0.49*	*0.49*	*0.48*	*0.47*

Pro Forma Cash Flow Statement

	2013E	2014E	2015E	2016E
Cash From Operating Activities				
Net Income	66.33	70.69	74.78	78.78
Depreciation & Amortization	46.51	56.96	66.55	73.19
Other Non-Cash Adjustments	-	-	-	-
Changes in Non-Cash Capital	(3.00)	-	-	-
Cash From Operations	109.84	127.65	141.33	151.97
Cash From Investing Activities				
Disposal of Fixed Assets	-	-	-	-
Capital Expenditures	(242.04)	(334.99)	(327.32)	(253.81)
Other Investing Activities	-	-	-	-
Cash From Investing Activities	(242.04)	(334.99)	(327.32)	(253.81)
Cash from Financing Activities				
Dividends Paid	(17.85)	(19.90)	(21.21)	(22.43)
Increase in Long-Term Borrowings	150.71	271.25	231.73	140.99
Decrease in Long-term Borrowings	-	-	-	-
Other Financing Activities	(2.86)	(47.84)	(26.49)	(20.12)
Cash from Financing Activities	130.00	203.51	184.03	98.44
Net Changes in Cash	**(2.20)**	**(3.83)**	**(1.96)**	**(3.40)**
Free Cash Flow to Firm	(132.21)	(207.34)	(185.99)	(101.84)
Free Cash Flow to Equity	15.65	16.07	19.25	19.03
Free Cash Flow per Basic Share	$ 0.002	$ 0.002	$ 0.002	$ 0.002

Pro Forma Balance Sheet

	2013E	2014E	2015E	2016E
Assets				
Cash & Near Cash Items & ST Inves	36.06	32.23	30.28	26.87
Accounts & Notes Receivable	119.47	119.47	119.47	119.47
Inventories	16.79	16.79	16.79	16.79
Other Current Assets	29.71	29.71	29.71	29.71
Total Current Assets	202.04	198.21	196.26	192.86
LT Investments & LT Receivables	218.63	218.63	218.63	218.63
Net Fixed Assets	684.33	962.37	1,223.14	1,403.75
Other Long-Term Assets	126.11	126.11	126.11	126.11
Total Long-Term Assets	1,029.07	1,307.11	1,567.88	1,748.49
Total Assets	1,231.11	1,505.32	1,764.13	1,941.35
Liabilities & Shareholders' Equity				
Accounts Payable	56.14	56.14	56.14	56.14
Short-Term Borrowings	47.84	26.49	20.12	-
Other Short-Term Liabilities	53.61	54.92	56.15	57.35
Total Current Liabilities	157.59	137.54	132.40	113.48
Long-Term Borrowings	266.13	510.90	722.50	863.49
Other Long-Term Liabilities	94.99	94.99	94.99	94.99
Total Long-Term Liabilities	361.12	605.89	817.49	958.48
Total Liabilities	518.71	743.43	949.89	1,071.96
Minority Interest	9.99	9.99	9.99	9.99
Share Capital & APIC	586.51	586.51	586.51	586.51
Retained Earnings & Other Equity	115.91	165.39	217.74	272.89
Total Equity	712.40	761.89	814.24	869.38
Total Liabilities & Equity	1,231.11	1,505.32	1,764.13	1,941.35

Shares Outstanding	*9,736.79*	*9,736.79*	*9,736.79*	*9,736.79*
Total Debt	*$ 313.97*	*$ 537.38*	*$ 742.62*	*$ 863.49*
Debt to BV Equity	*44%*	*71%*	*91%*	*99%*
Debt to MV Equity	*31%*	*53%*	*73%*	*85%*
Net Debt	*$ 277.91*	*$ 505.15*	*$ 712.34*	*$ 836.62*
Net Debt to BV Equity	*39%*	*66%*	*87%*	*96%*
Net Debt to MV Equity	*27%*	*50%*	*70%*	*82%*
Debt to EBITDA	*2.21x*	*3.16x*	*3.80x*	*4.05x*
*Coverage Ratio**	*4.35x*	*3.12x*	*2.64x*	*2.50x*
Montly Cash Burn Rate	*N/A*	*N/A*	*N/A*	*N/A*
Current Ratio	*1.28*	*1.44*	*1.48*	*1.70*
Quick Ratio	*0.99*	*1.10*	*1.13*	*1.29*
Acid Ratio	*0.23*	*0.23*	*0.23*	*0.24*

Appendix C: Comparables

Company	Mkt Cap	P/E	Forward P/E	T12M EV/EBITDA	Forward EV/EBITDA	Debt/Equity	Profit Margin	Operating Margin	EBITDA Margin
JSL SA	$ 1,707.14	43.85x	22.27x	9.11x	6.83x	296.3%	1.9%	7.6%	N.A.
Sumitomo Warehouse Co Ltd	$ 1,383.07	19.19x	19.10x	7.70x	10.69x	53.0%	4.2%	6.5%	11.0%
Ezion Holdings Ltd	$ 1,671.44	18.21x	8.64x	21.25x	7.22x	102.1%	49.7%	36.4%	58.4%
Wuhu Port & Transport-A	$ 1,385.02	23.00x	12.50x	N.A.	N.A.	349.4%	1.2%	2.8%	N.A.
Hitachi Transport System Ltd	$ 1,942.60	16.76x	16.12x	5.69x	6.92x	42.4%	2.1%	3.6%	6.6%
Far Eastern Shipping-CLS	$ 649.28	N.A.	5.17x	N.A.	3.38x	48.1%	0.0%	11.4%	19.7%
Hutchison Port Holdings TR_U	$ 7,230.21	24.51x	23.34x	13.42x	13.12x	34.1%	17.7%	34.8%	57.1%
Average	$ 2,281.25	24.26x	15.31x	11.44x	8.03x	132.2%	11.0%	14.7%	30.6%
Median	$ 1,671.44	21.10x	16.12x	9.11x	7.07x	53.0%	2.1%	7.6%	19.7%
High	$ 7,230.21	43.85x	23.34x	21.25x	13.12x	349.4%	49.7%	36.4%	58.4%
Low	$ 649.28	16.76x	5.17x	5.69x	3.38x	34.1%	0.0%	2.8%	6.6%
Excluding Wuhu Port Storage & Traspor & JSL									
Average	$ 2,575.32	19.67x	14.47x	12.02x	8.27x	55.9%	14.7%	18.5%	30.6%
Median	$ 1,671.44	18.70x	16.12x	10.56x	7.22x	48.1%	4.2%	11.4%	19.7%
High	$ 7,230.21	24.51x	23.34x	21.25x	13.12x	102.1%	49.7%	36.4%	58.4%
Low	$ 649.28	16.76x	5.17x	5.69x	3.38x	34.1%	0.0%	3.6%	6.6%