

The long term impact of the collapse of Hanjin: “Like Lehman brothers for shipping”????



Agenda

- What happened in the last two months?
- What will happen in the future: pitches by:
 - Larissa van der Lugt
 - Rob Zuidwijk
 - Bart Kuipers

Seaspan CEO: Hanjin Fallout Is Like Lehman for Shipping



TRENDING
BUSINESS



Bloomberg

**EVALUATING ALL OPTIONS AFTER
HANJIN RECEIVERSHIP: SEASPAN**



Shipwrecked

Shipping firms capacity, twenty-foot equivalent unit*, m Of which: ■ ships on order

September 5th 2016

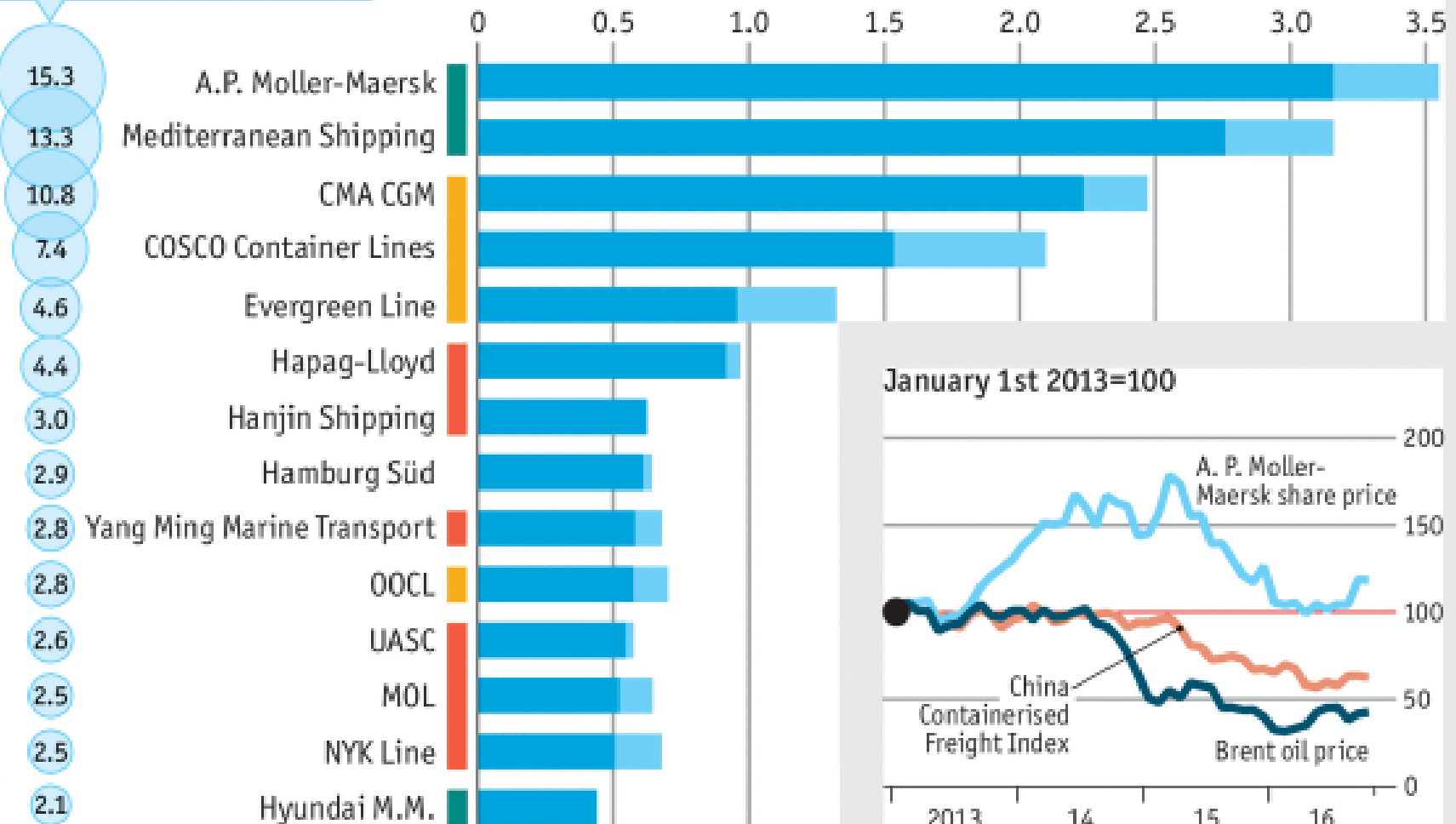
Share of worldwide capacity, %

Proposed alliances:

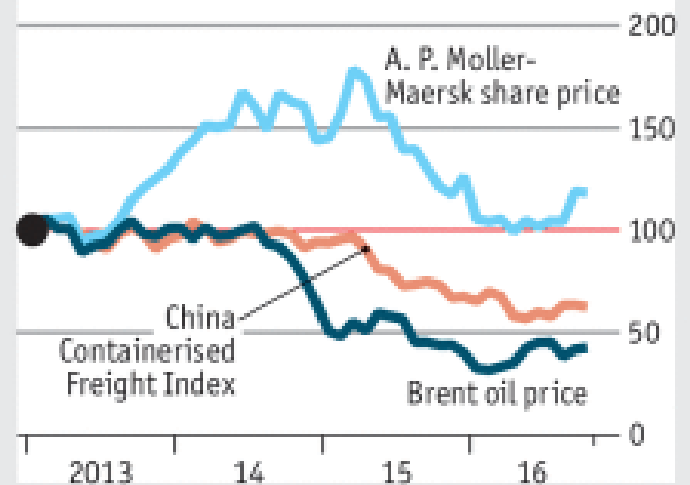
■ 2m

■ Ocean Alliance

■ The Alliance



January 1st 2013=100



Sources: Alphaliner; Thomson Reuters

*Standardised volume measure for container-ship capacity

STALLED CARGO

The collapse of Hanjin has caused havoc in global trade networks and a surge in freight rates, as more than half of Hanjin's 141 ships have been blocked from docking at ports. Here's a look at where Hanjin's container ships are currently located as of Sept. 9, 0800 GMT:

○ 51 chartered ○ 37 owned



Table 1

Hanjin Shipping containership fleet, as of 31 December 2015

Size (teu)	Owned		Chartered		Total	
	No.	000 Teu	No.	000 Teu	No.	000 Teu
13,000	5	66	4	52	9	118
10,000	5	50	10	101	15	151
9,000	0	0	3	27	3	27
8,000	5	43	0	0	5	43
7,000	0	0	5	37	5	37
6,000	8	53	0	0	8	53
5,000	2	11	2	12	4	22
4,000	12	52	10	44	22	96
3,000	0	0	13	46	13	46
<3,000	0	0	11	24	11	24
Total	37	274	58	344	95	618

Source: Hanjin Shipping

Hanjin Brings One of World's Busiest Shipping Terminals Close to Standstill

by Heejin Kim

September 13, 2016 – 11:00 PM CEST *Updated on* September 14, 2016 – 4:00 AM CEST



Hanjin collapse

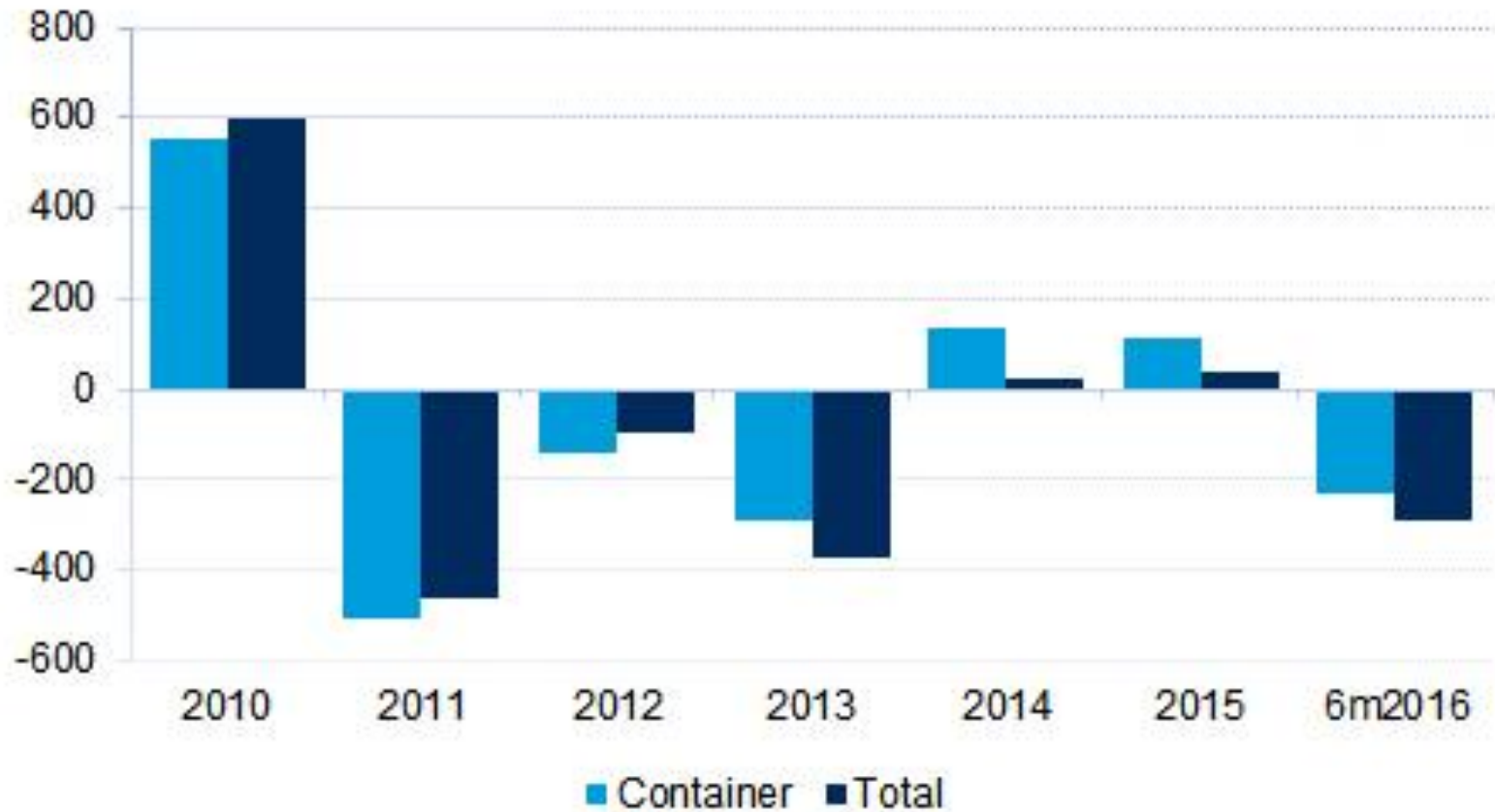
- \$14,5 billion worth of cargo in Hanjin containers
- Samsung Electronics: \$39,7 million TV's on two Hanjin ships
- Sony and Nike also big problems
- 540.000 containers on ships, deepsea terminals, hinterland modes and inlandterminals
- 97 ships at sea / in ports
- Peak season: end of year sales (Christmas etc.)

How could Hanjin collapse?

- Very bad financial position because of investment in big ships
- Cargo volumes very disappointing: big ships not fully loaded so limited economies of scale
- Low tariffs for container transport
- Bad management
- “Too big to fail” attitude
- Other reasons?

Figure 1

Hanjin Shipping operating income/losses (US\$m)



Source: Drewry Maritime Research (www.drewry.co.uk)

October 25, 2016

Table 2

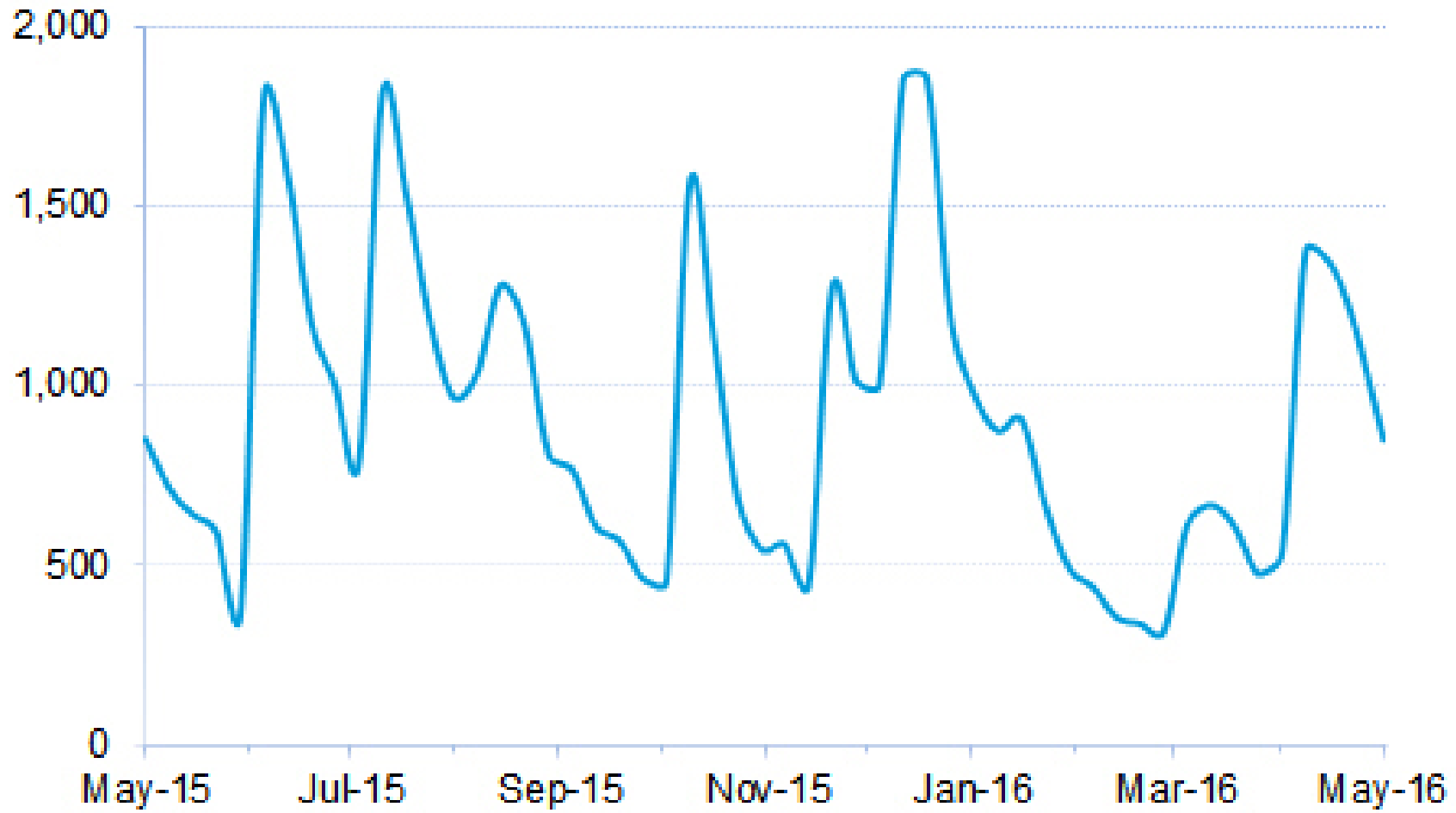
Hanjin Shipping volumes, revenue by trade 2015

Trade	Teu		Revenue		Rev/teu	
	('000)	Y/Y % change	(USD millions)	Y/Y % change	(US\$)	Y/Y % change
Transpacific	1,855	0.2%	\$2,574	-6.4%	\$1,388	-6.6%
Intra-Asia*	1,321	21.1%	\$819	-0.1%	\$620	-17.5%
Asia-Europe	1,272	-7.6%	\$1,121	-30.2%	\$882	-24.4%
Emerging	140	-16.9%	\$132	-38.8%	\$940	-26.4%
Transatlantic	37	-44.8%	\$45	-47.4%	\$1,230	-4.7%
Total	4,624	1.6%	\$4,690	-14.4%	\$1,014	-15.7%

Note: *Includes South Asia and Middle East

Source: Hanjin Shipping

World Container Index Shanghai to Rotterdam (US\$/40ft)



Source: World Container Index assessed by Drewry

Source: Drewry

TRADE LANE: Asia – Northern Europe and Medi

Figure 1: Demand ('000s teu) v. Allocated capacity* ('000s teu) – Asia / northern Europe (sum of both directions)

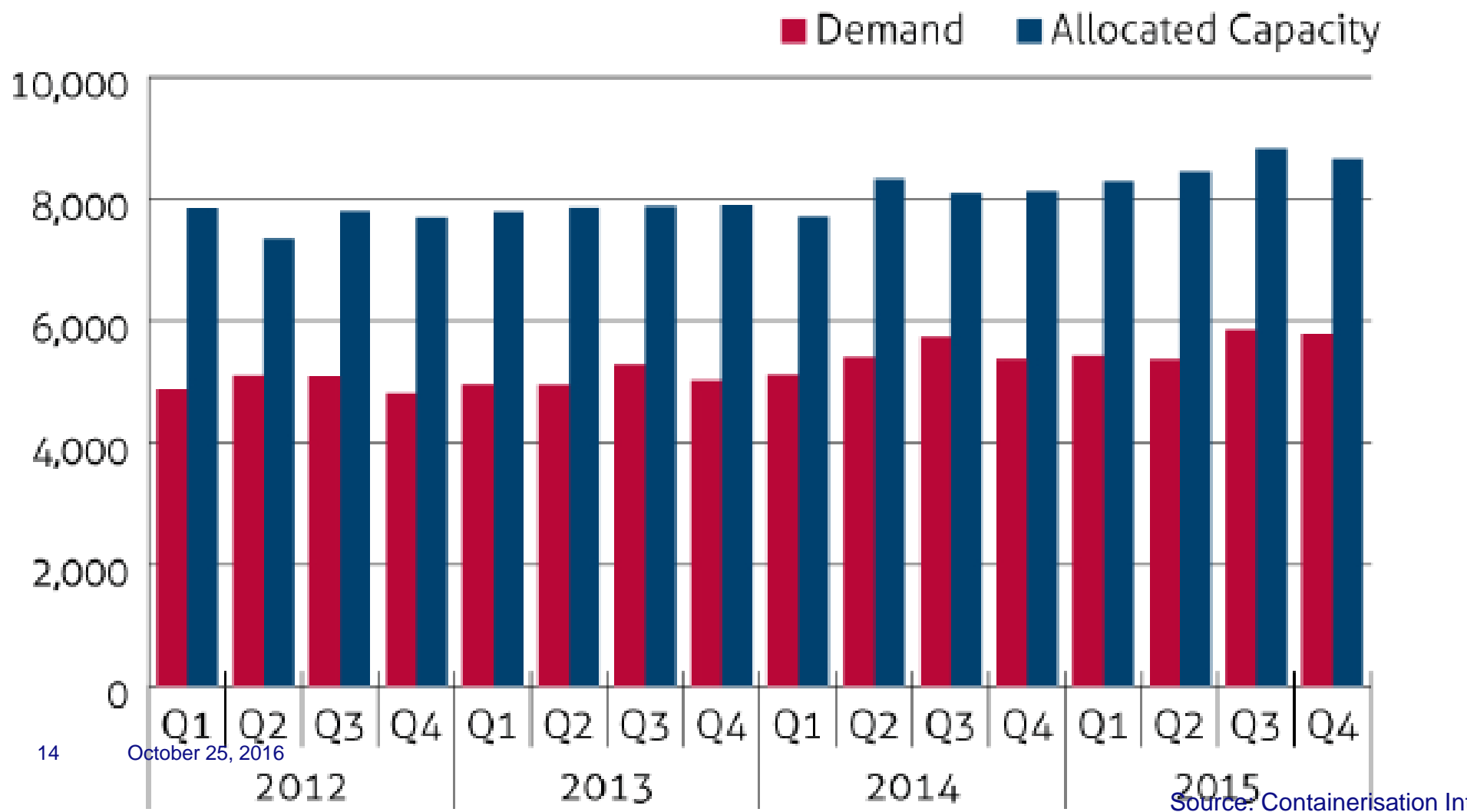


Figure 2: Unit revenue (\$/teu) v. Unit cost (\$/teu) – Asia / northern Europe (sum of both directions), Index 2011Q1=100

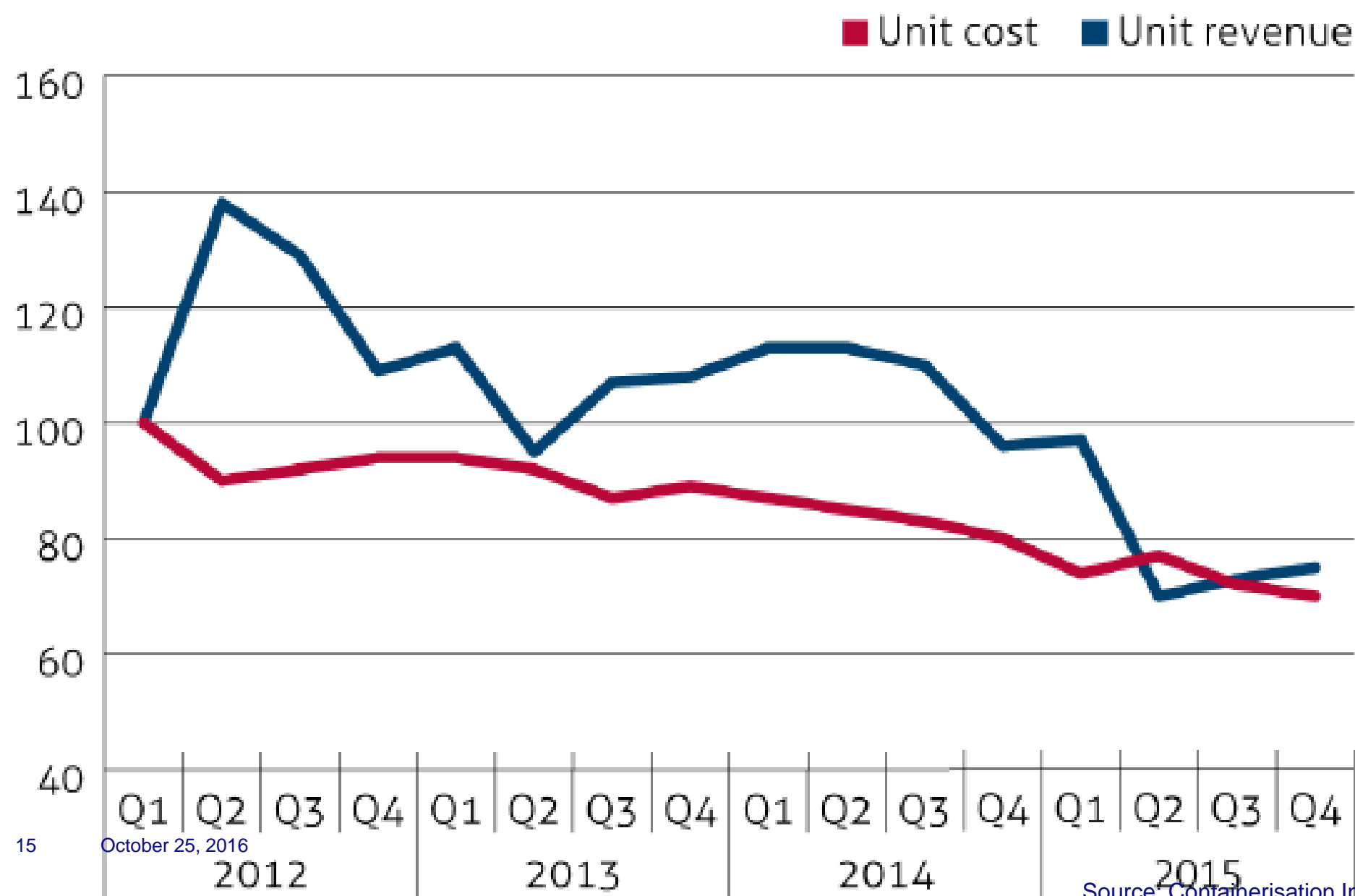


Table 1

Trends in ocean carrier sales, volumes and unit revenue, 1Q16 v 1Q15

Carrier	Container		
	revenue	Rev/teu	teu
APL	-29%	-23%	-6.4%
CMA CGM	-15%	-18%	2.9%
*Hanjin Shipping (container)	-31%	-23%	-1.8%
*Hapag-Lloyd	-18%	-20%	2.1%
*K Line (liner)	-26%	-20%	-3.2%
Maersk Line	-20%	-26%	7.0%
OOCL	-17%	-20%	4.2%
Zim	-20%	-25%	3.0%

Note: *After currency conversion into US dollars

Source: Drewry Maritime Research (www.drewry.co.uk), derived from carrier financials

Hanjin collapse; short term effects

- Higher costs for container transport
- Insurance premiums rise
- Ships are 'arrested' and containers not free
- Ships are not allowed in ports and canals (Suez)
- Complicated operations terminals and hinterland modes
- Other alliance members: disturbed operations
- Production processes disturbed
- Empty shops?

- What to do in the short term?
 - ✓ Air cargo for emergencies
 - ✓ Financial injections by 'mother company'
 - ✓ Ships sold for immediate cash

Hanjin wordt geliquideerd, zeggen reorganisatiedeskundigen (+video)

15 september 2016 11:40 SURSEANCE



Hanjin-crisis levert luchtvracht nog geen extra lading op

14 september 2016 12:13 CHARTERVLUCHTEN



'Schepen rederij Hanjin in de verkoop'

14 september 2016 09:48 CONTAINERVAART

NT Nieuwsblad
Transport



20 De in oktober 2016 verkerende Zuid-Koreaanse rederij Hanjin Shipping heeft twee containerschepen in de verkoop gezet om schulden te drukken.

Bart Kuipers

- Lehman brothers?
 - Too early: Lehman September 2008, lowest point crisis: august 2009.
 - No: container system more stable
 - Container system much smaller
 - Container carriers not too big to fail
- Long term impact?
 - More visibility for shippers in container chain
 - More IT-investment in general by carriers to increase data analytics own operations
 - Increased consolidation (less choice for shippers)
 - Increased impact rail and near/re shoring
 - Less investment in large ships (Maersk!)
 - More stable rate development?

Bart Kuipers

- Impact on Rotterdam
 - Advantage large ships will diminish in the future
 - Impact on volumes because of near sourcing/reshoring / rail services
 - IT-based strategy (IoT) the right choice
 - More pressure on productivity terminals
 - Consolidation industry: more powerful and larger container carriers