Network of Ports and the connections of the ports with the hinterland

Ports, Vessels, Inland Strategy and Operations For CMA-CGM

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CONTENT OF PRESENTATION

Network of Ports and the connections of the ports with the hinterland

- -Introduction CMA-CGM
- -What do our Customers require
- -Factors and dominant issues
- -Strategy of the shipping lien
- -Shipping line to play coordinating role

Introducting CMA-CGM

CMA CGM, a leader in container shipping

Founded by Jacques R. Saadé, CMA CGM is currently the world's third largest container shipping company and is ranked number one in France.
Operating a fleet of 352 vessels, including 85 company-owned, the Group serves over 400 ports around the world.

In 2009, it carried 7.9 million TEUS (twenty-foot equivalent units). With a presence on all continents and in 150 countries through its network of 650 agencies, the Group employs 16,400 people, including 4,100 in France.

The Group's international development strategy is built upon the creation of new shipping lines, promotion of external growth and strategic alliances, diversification in intermodal transport, investments in port terminals, and expansion of its real estate assets.

Key Figures

Turnover 09	10.5 billion US dollars
Volumes 09	7.9 million TEUS
Vessels	352
Services	170
Staff worldwide	16,400
Staff France	4,100
Offices worldwide	650
Ports of call	400

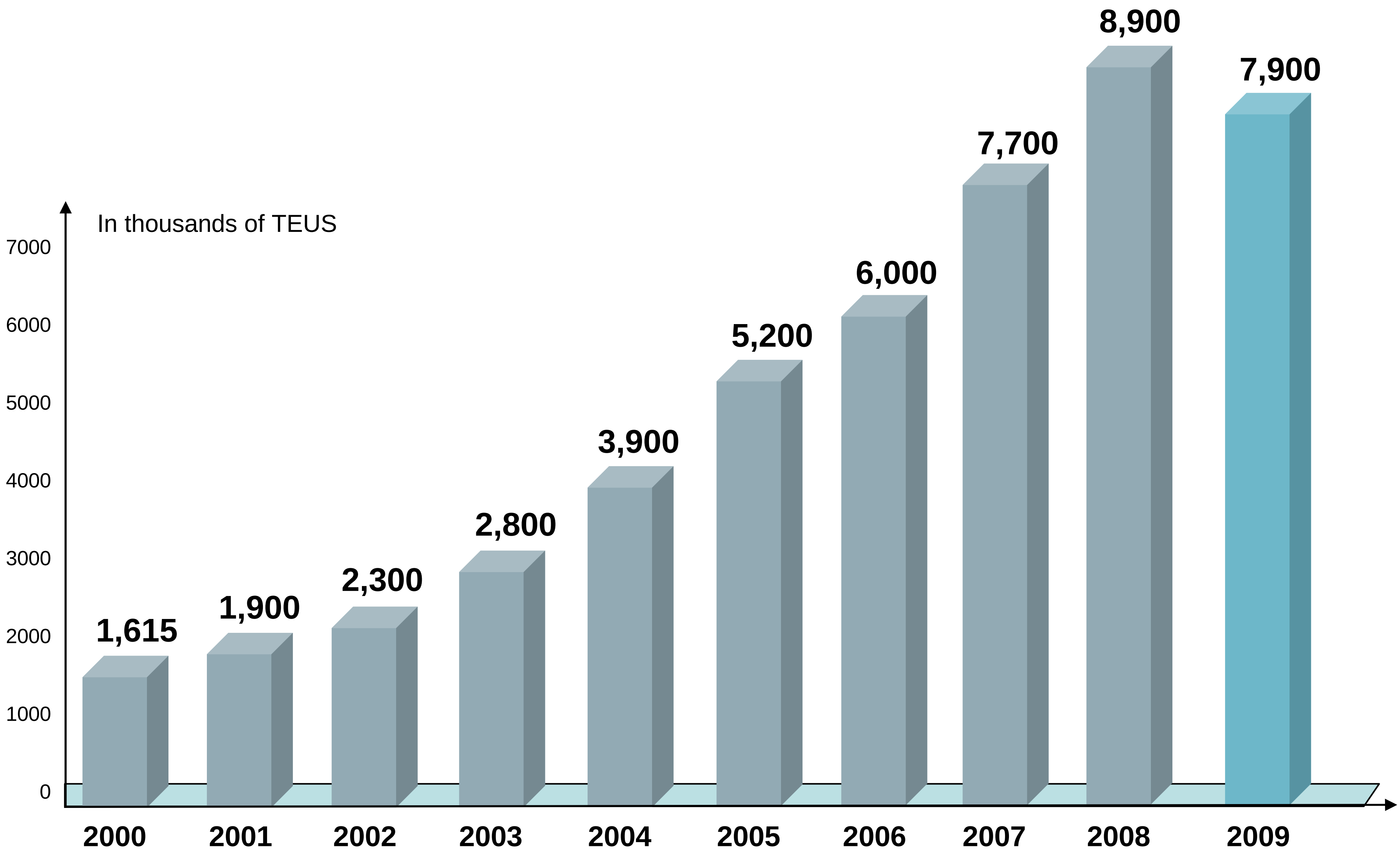
Ranking: **3rd** worldwide

Top 10

1.	Maersk Line	Denmark	2,000,000	15 %
2.	MSC	Switzerland	1,500,000	11.5 %
3.	**CMA CGM**	**France**	**1,000,000**	**7.5 %**
4.	Evergreen	Taïwan	630,000	5 %
5.	COSCO	China	500,000	3.7 %
6.	Hapag Lloyd	Germany	500,000	3.7 %
7.	APL	Singapore	500,000	3.7 %
8.	CSCL	China	450,000	3.4 %
9.	NYK	Japan	420,000	3.2 %
10.	MOL	Japan	380,000	3.0 %

Source: AXS – Alphaliner april 2009

Containers Carried



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Source: CMA CGM Datas

Dedicated to Transport

CMA CGM

SHIPPING

- CMA CGM ADVANCED SHIPPING
- ANL
- DELMAS
- MacAndrews
- OT AFRICA LINE
- كوماناف COMANAV
- CNC
- USL U.S. LINES

INTERMODAL

- TERMINAL LINK
- River Shuttle Containers
- PROGECO CONTAINER MANAGEMENT
- PORTSYNER GY France
- CMA Rail
- LTI LAND TRANSPORT INTERNATIONAL

OTEHER ACTIVITIES

- CMA CGM LOGISTICS
- CMA SHIPS
- CMA CGM SYSTeMS

CRUISE

- THE TRAVELLER'S Club
- COMPAGNIE DU PONANT
- tapis Rouge

What do our customers require?
What are the key service components our customers are looking for?

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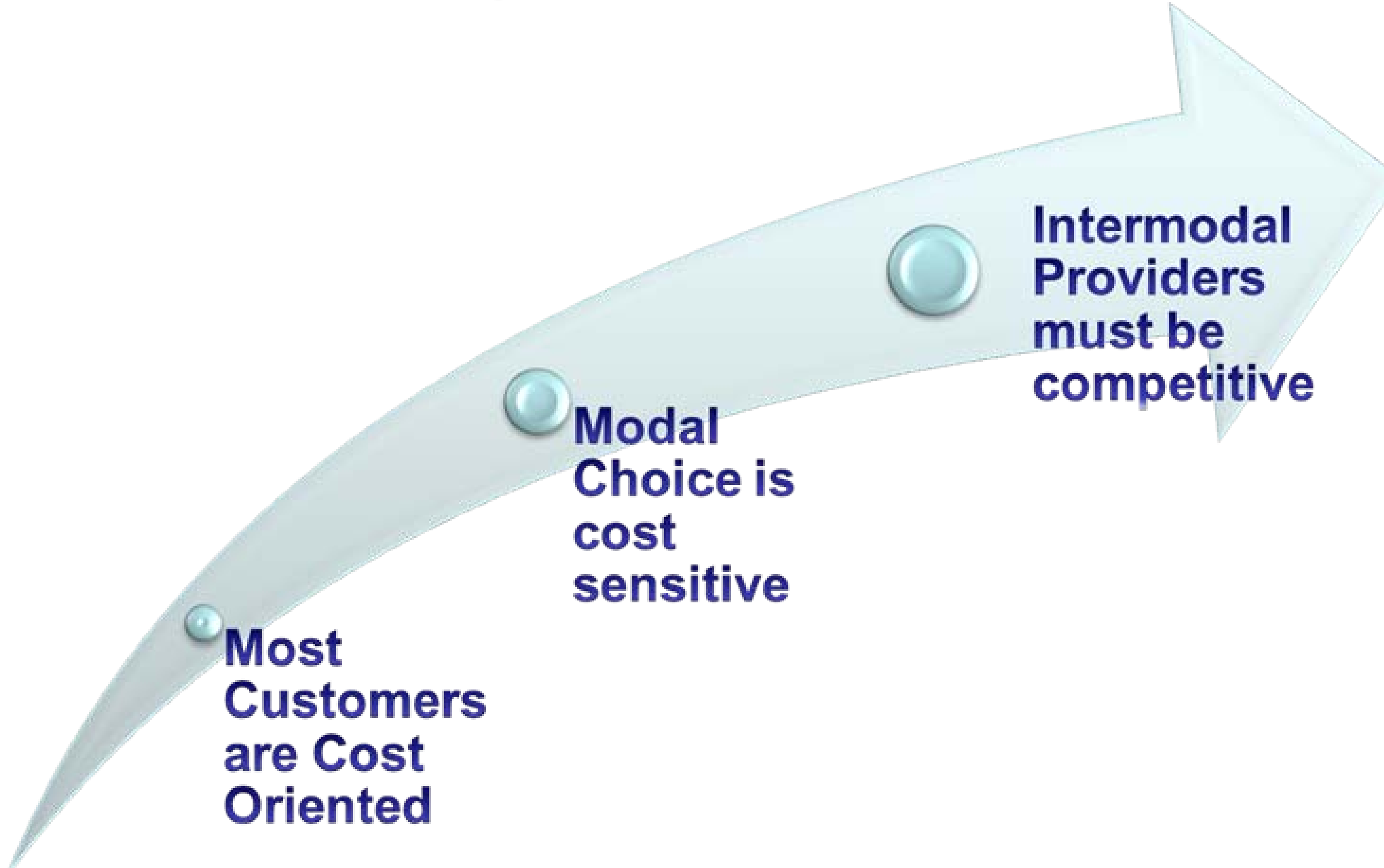

Factors in global supply chain, focused at door-to-door services: What are the dominant issues?

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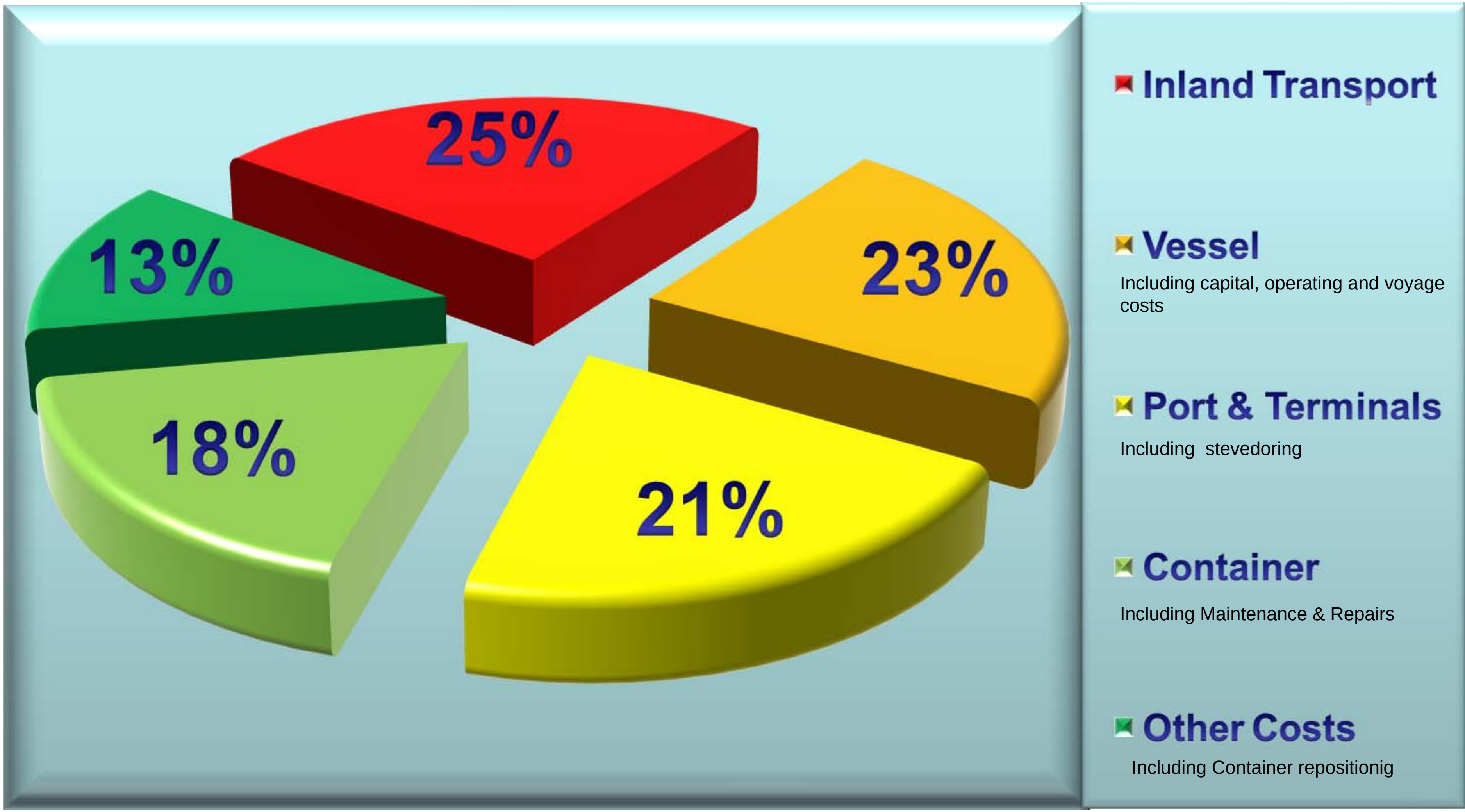
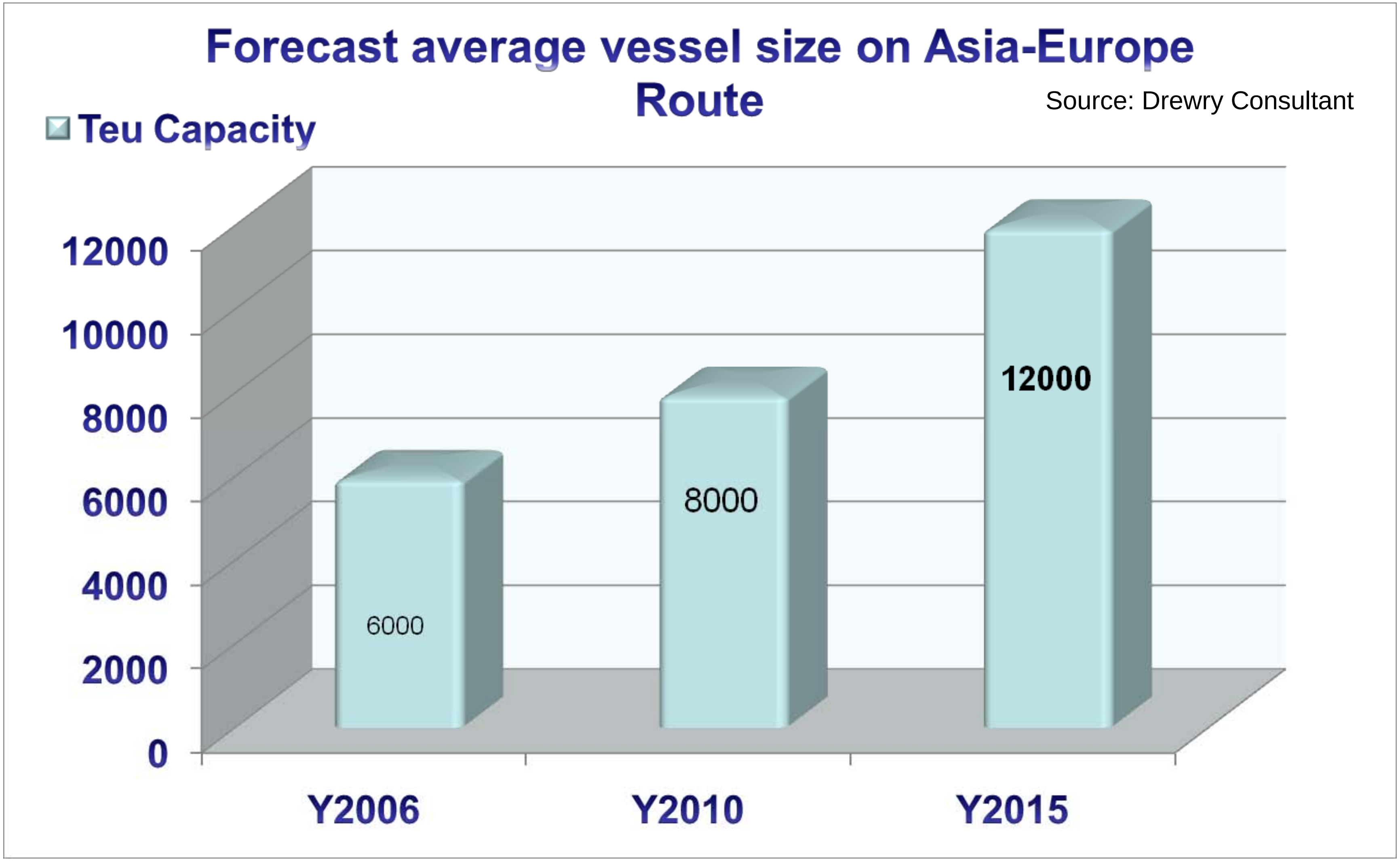
Cost share in a Door to Door transportation



Factors in global supply chain, focused at door-to-door services: what are the dominant issues?



Factors in global supply chain, focused at door-to-door services: what are the dominant issues?

Larger vessels, restoration of schedules, VSA's amongst all parties

Vessels Call Time in the ports **is longer. This results in higher port related cost vs optimized utilization**

Larger shots of containers discharged/loaded.

Port duration/stay time up from 133 to 200 hrs

VSA: which shipping line and selecting the right terminal

Factors in global supply chain, focused at door-to-door services: what are the dominant issues?

Upsizing would result in an increase in the average exchange per port call

Vessel Size	Average N Europe port exchange
8,000 teu, 4 calls	2,200 containers
10,000 teu, 4 calls	2,800 containers (+27%)
12,000 teu, 4 calls	3,300 containers (+50%)
12,000 teu, 3 calls	4,400 containers (+100%)

Total port time in Europe per voyage would increase with vessel size:

Vessel Size	Average N Europe port exchange
8,000 teu	5.4 days
10,000 teu	6.5 days (+ 1 day)
12,000 teu, 4 calls	7.4 days (+2 days)
12,000 teu, 3 calls	8.7 days (+3.3 days)

Source: Drewry Shipping Consultants

Vessel Size Gigantism

CMA CGM 13,800 TEUS

<u>Dimensions</u>

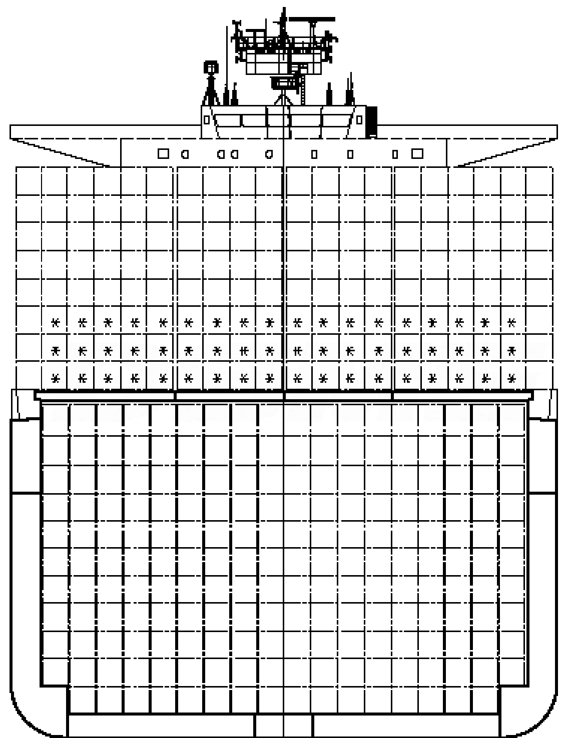
Length h.t.: 365 m

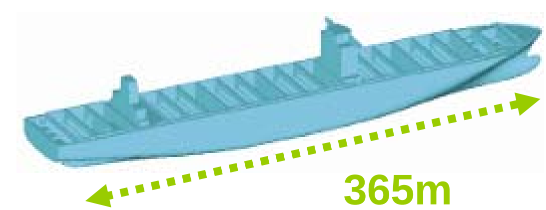
Width: 51.20 m

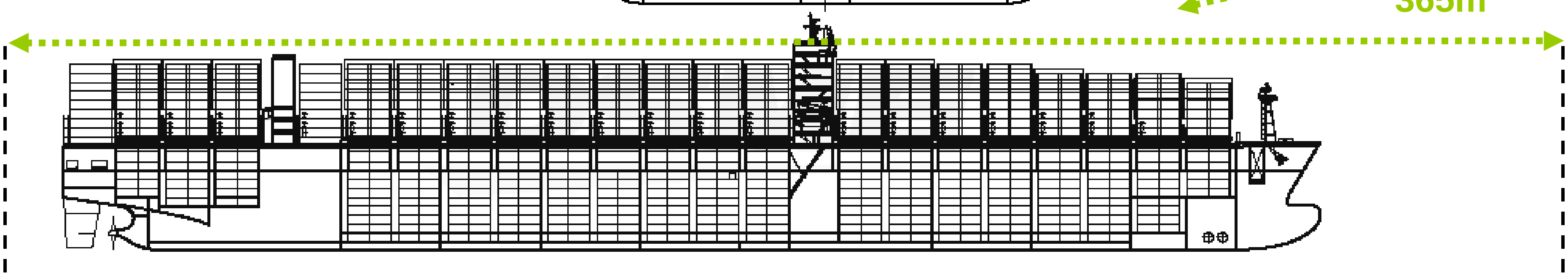
Gross weight: 132,800 t

Speed: 24.1 kn

Delivered in November 2009







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One of the youngest and most competitive fleets

Total fleet = 352 vessels

(including 85 owned)

CMA CGM Christophe Colomb 13,800 TEUS

Factors in global supply chain, focused at door-to-door services: what are the dominant issues?

Super eco speed, so **more** stock/inventory on the water. **But also 20% more containers on the water.** So enhanced focus on equipment turn times

Ecological factors, CO_2 emission: both in deep sea, terminals, and hinterland transport.

Financial crisis, focus at cost: last year overall transport cost went down with > 15%. Why didn't we do this before?

More ports to be served? Only the **large** ports? Role of the outports?

Factors in global supply chain, focused at door-to-door services: what are the dominant issues?

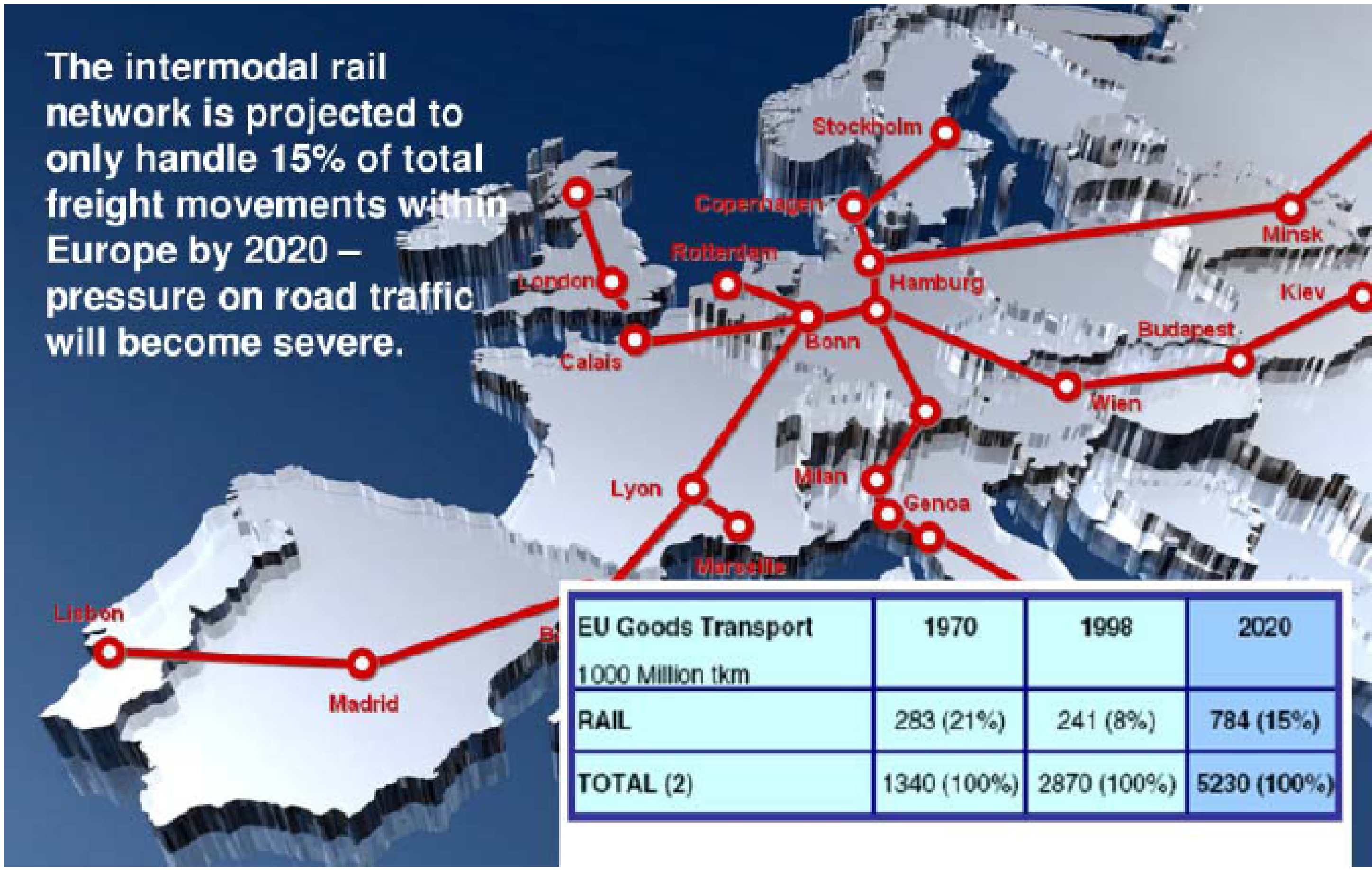
Multiple terminals per port

Focus on the hinterland: will it elevate the port-pressure?

Can all ports/terminals handle the vessels? What are the flows from/to the North/Med ports? Can we influence the port selection based on Inland cost and opportunities?

Will the European rail network be able to handle more volume? Are we able to change the mode split?

Factors in global supply chain, focused at door-to-door services: what are the dominant issues?



EU Goods Transport 1000 Million tkm	1970	1998	2020
RAIL	283 (21%)	241 (8%)	784 (15%)
TOTAL (2)	1340 (100%)	2870 (100%)	5230 (100%)

Source: EUROSTAT/UIC Statistics

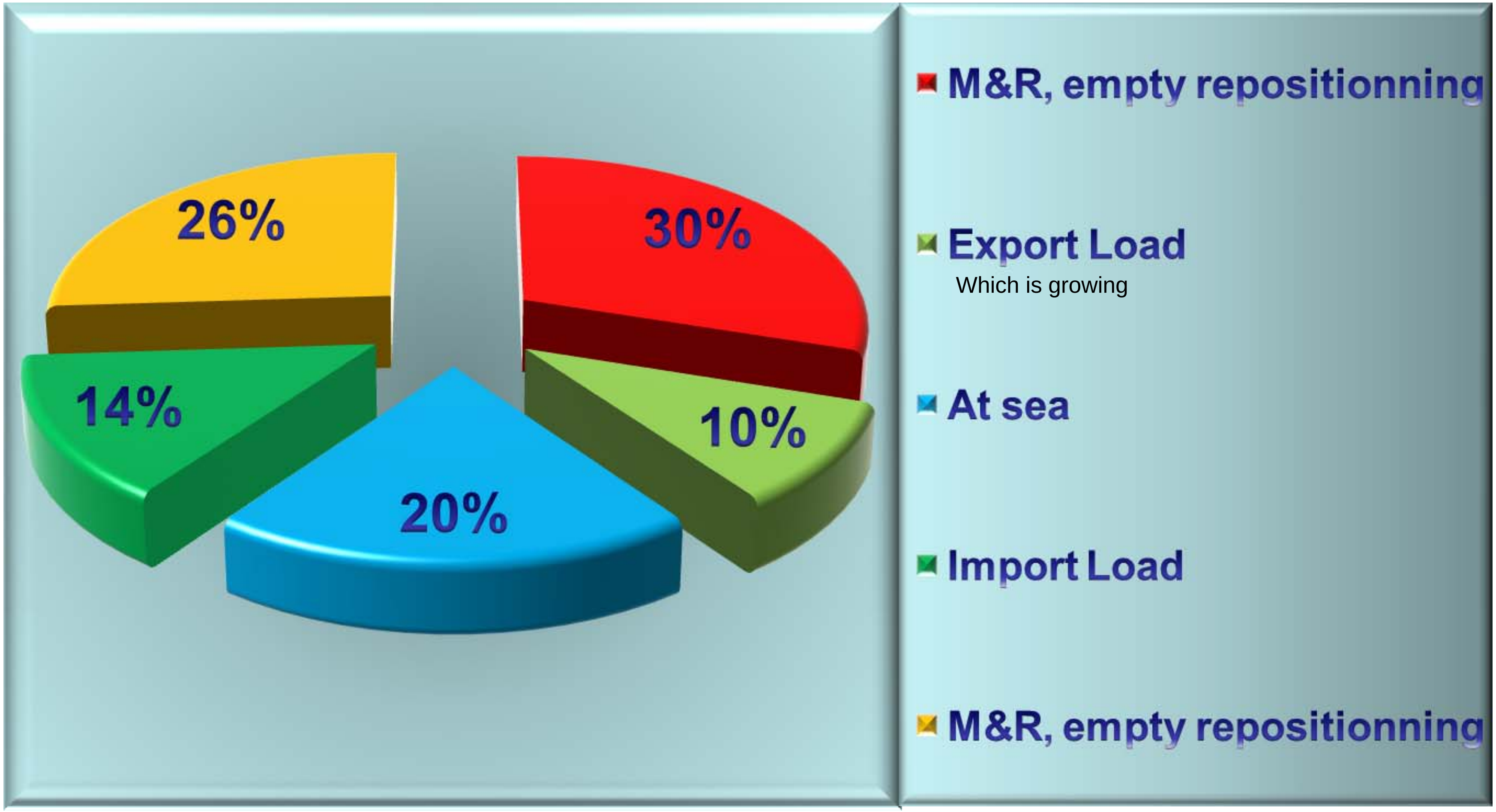
Factors in global supply chain, focused at door-to-door services: what are the dominant issues?

Terminals developing Terminal Haulage. Goal is to attract business to the deep-sea terminal by selling an efficient and effective connection with the hinterland.

MICH, merchant inspired carrier haulage: pre-set conditions and haulier selection, that impacts the synergy in transport planning

Factors in global supply chain, focused at door-to-door services: what are the dominant issues?

Container rotation cycle



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Source: ROI Container Cargo Alliance (2002)

CMA CGM
ADVANCED SHIPPING

Strategy of the shipping line

Strategy and objectives of CMA CGM

Connect **all ports: either with the Key Trades (larger vessels) or by means of vast network of feeder services to the outports.**

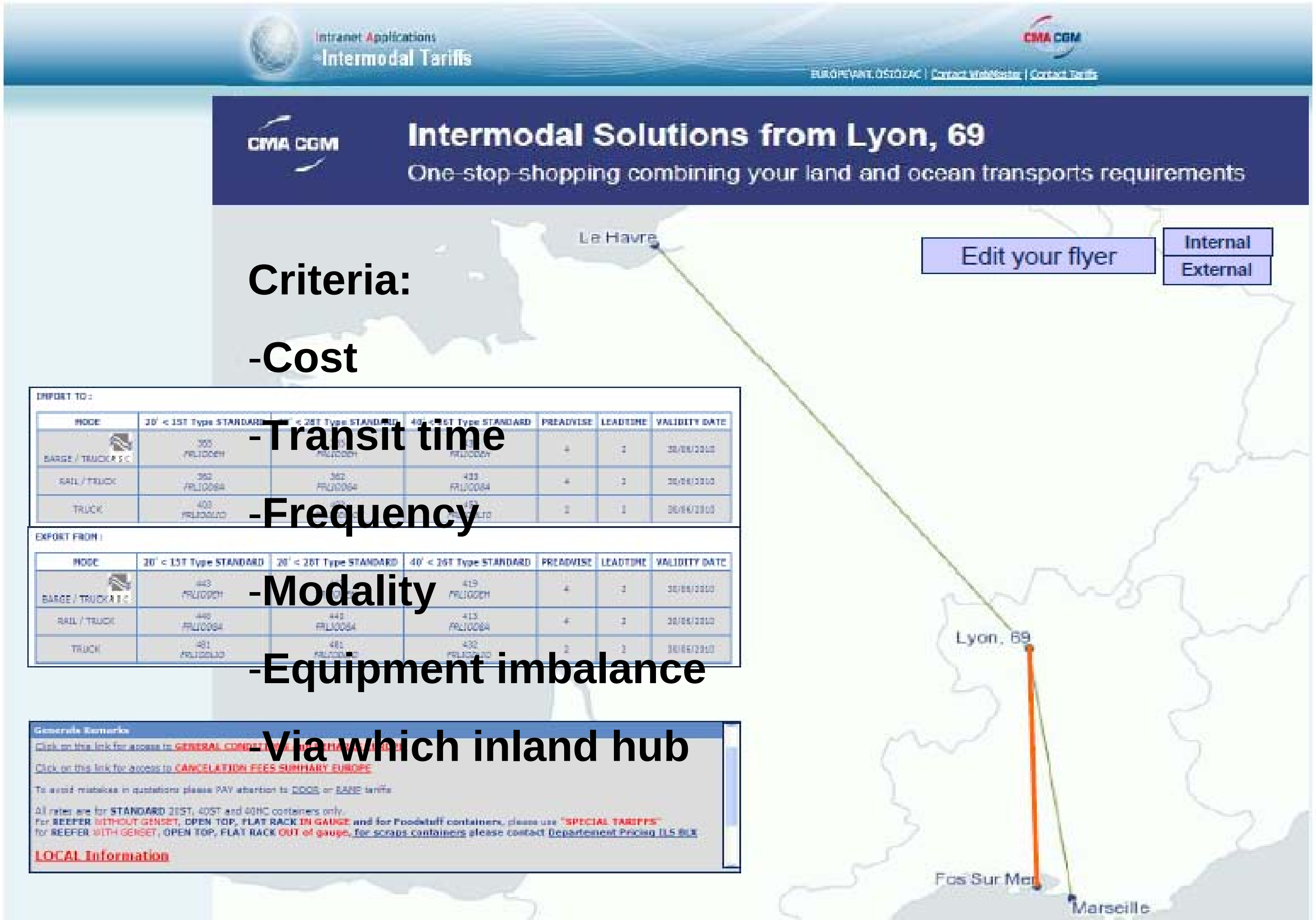
Port selection based on **technical/maritime aspects, commercial function/service area, maritime and handling cost aspects, connection to the hinterland, level of partnership and forward focus**

Strategy and objectives of CMA CGM

Connect **all ports** to its **logical hinterland** in the **most efficient way** (Intermodal focus, lower than market rates, customer tailored as well as mass transports): **BEST ROUTES**

Develop the hinterland to **MASSIFY the flows,** set up dedicated routes and instruct lines accordingly: **PREFERRED ROUTES**

Strategy and objectives of CMA CGM

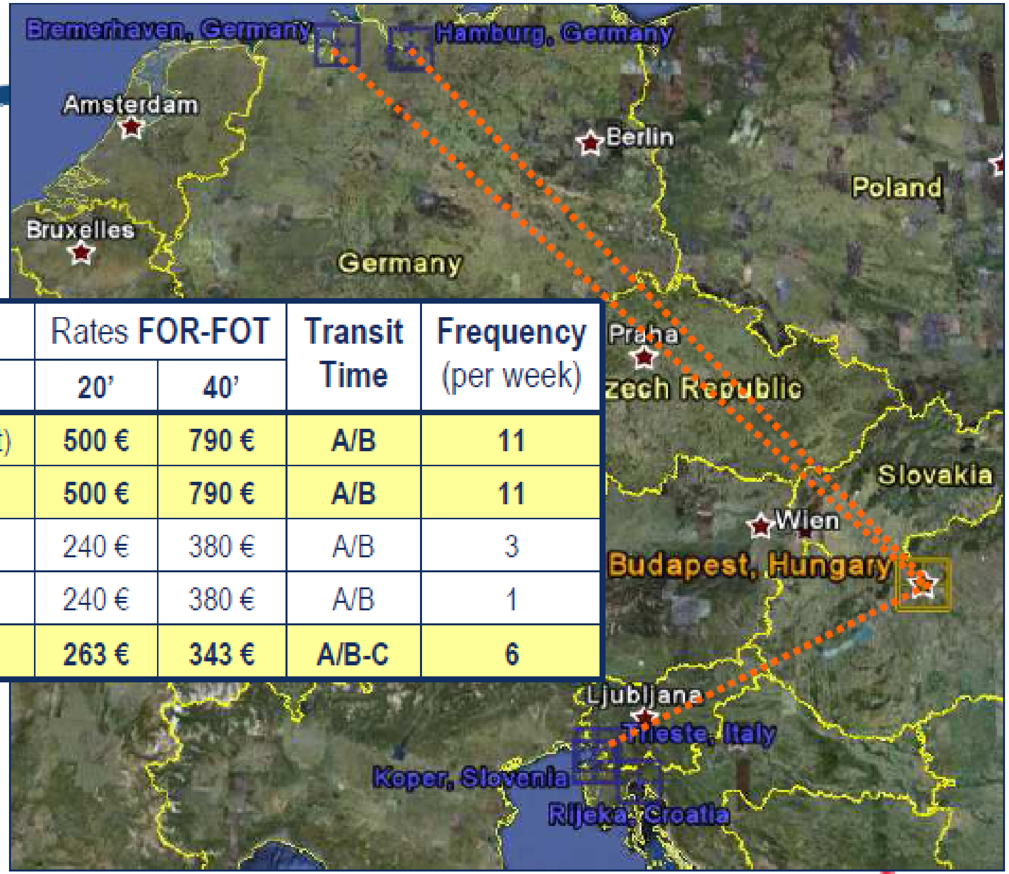


Criteria:

- **Cost**
- **Transit time**
- **Frequency**
- **Modality**
- **Equipment imbalance**
- **Via which inland hub**

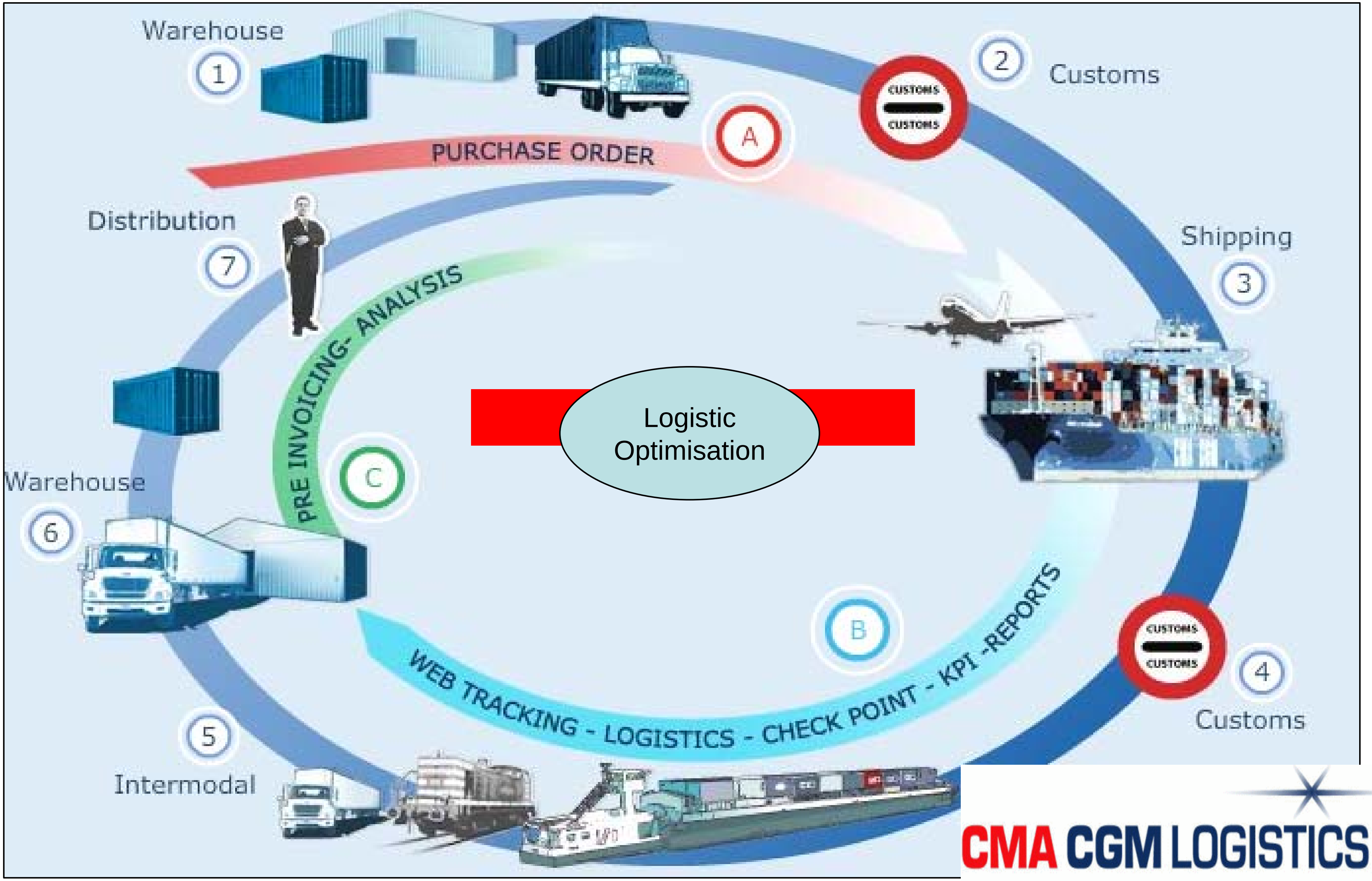
Strategy and objectives of CMA CGM

Hungary: main hub is Budapest



BEST ROUTES	Rates FOR-FOT		Transit Time	Frequency (per week)
(Validity: 30.06.2010)	20'	40'		
Bremerhaven (Budapest city limit)	**500 €**	**790 €**	**A/B**	**11**
Hamburg(Budapest city limit)	**500 €**	**790 €**	**A/B**	**11**
Koper	240 €	380 €	A/B	3
Rijeka	240 €	380 €	A/B	1
Trieste	**263 €**	**343 €**	**A/B-C**	**6**

CMA CGM Logistics can provide Supply Chain operations from origin to destination



Strategy and objectives of CMA CGM

Invest in own inland service providers and develop partnerships

CMA CGM purchases inland solutions to 3rd party service providers

Service providers are the basis to produce cheap and reliable solutions

Efficiently set-up and implemented with players involved, **intermodal transport becomes the support shipping lines need to cover the global network**

Strategy and objectives of CMA CGM

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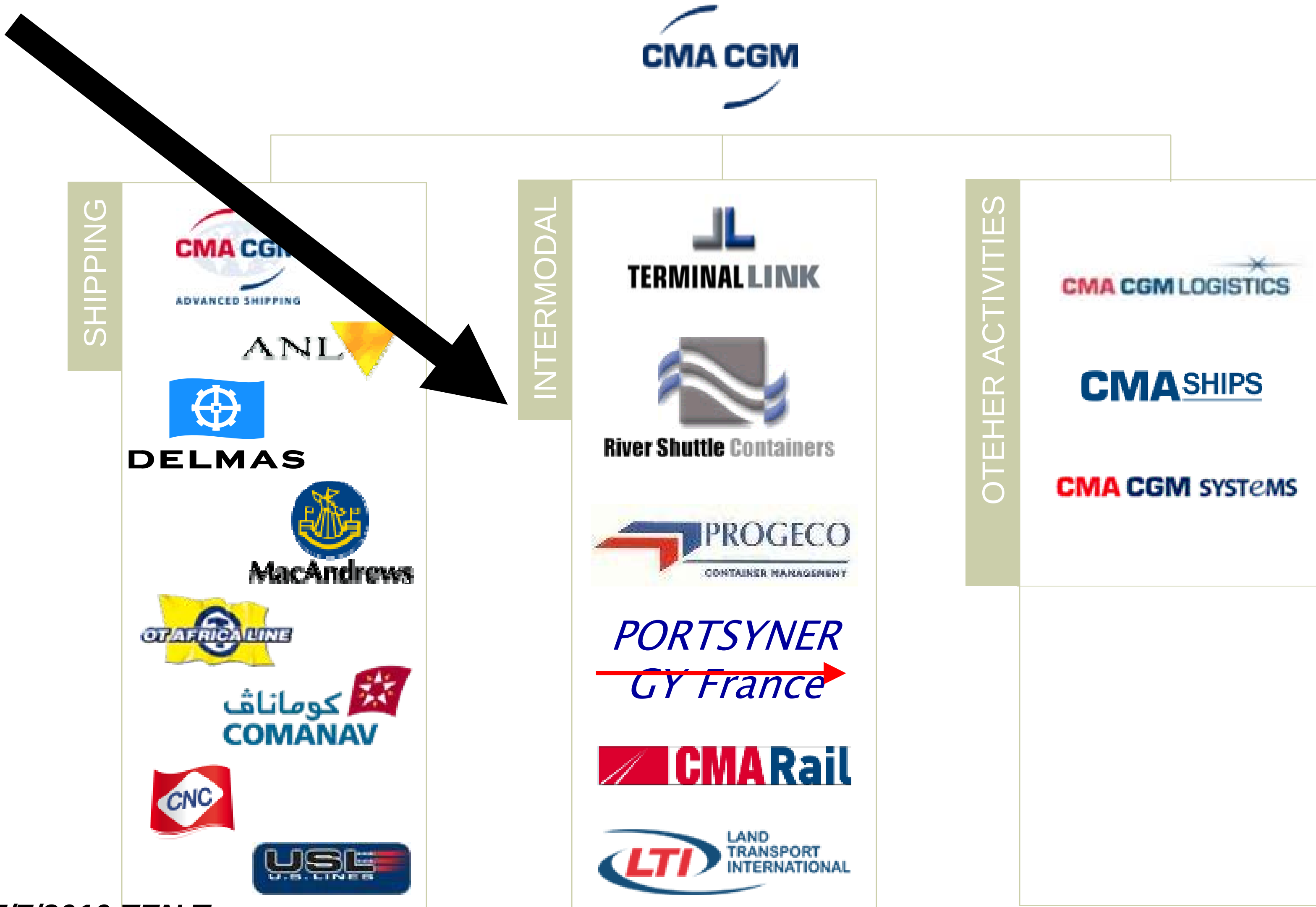
Dedicated to transport: offering Shipping, Intermodal and Logistics Solutions to our Customers



A large presence in port terminals to optimize vessel operations: make sure to control terminal operations

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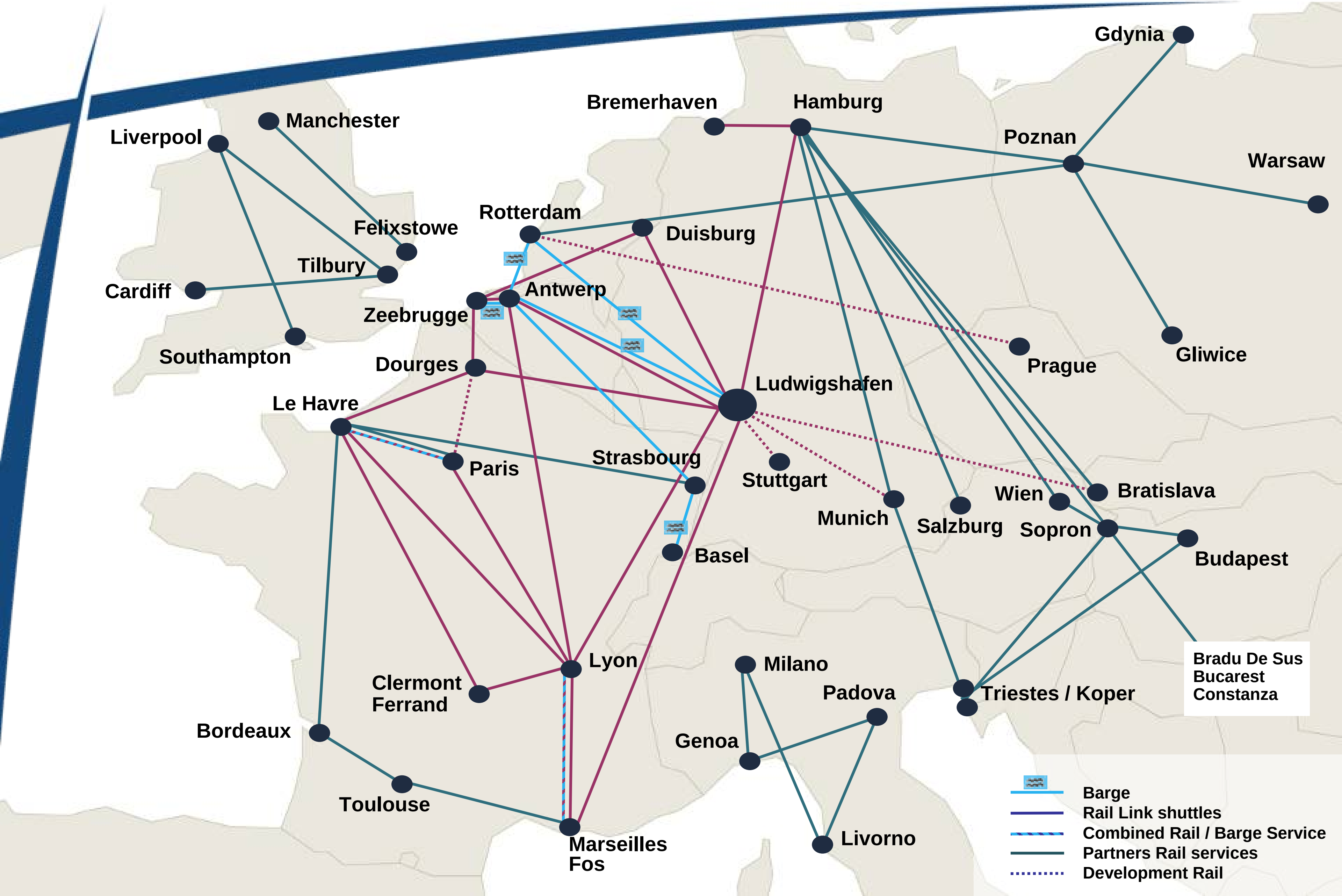
Rail and Barges in Europe: a strategic development to connect to the customers locations



The shipping line: Best positioned to play the coordinating role and offer end-to-end solutions to our customers

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Reduction of transports costs, global networks and development of logistics services (thanks to powerful information systems) answer to the shipper’s needs

↓

Shipping lines serve their customer (shipper or forwarder) taking advantages of the opportunities that containerization brings (KUIPERS, 2005).

The shipping line: best positioned to play the coordinating role and offer end-to-end solutions to our customers

The increase of the ship size leads mechanically to increase the transfer of cost from the sea side to the land side **(NOTTEBOOM, 2002 ; NOTTEBOOM, 2004a)**

For the shipping lines, the objective of the vertical integration is double:

1 play a role in inland logistics by managing flows and cost

2 to position itself as a logistics provider in order to create a comparative advantage and then long term competitiveness ashore

The shipping line: best positioned to play the coordinating role and offer end-to-end solutions to our customers

Two alternatives:

1 the shipping lines restrict their role to the sea part

2 OR they chose for door to door logistics chains managing

The shipping line becomes integral logistics service provider

The shipping line: best positioned to play the coordinating role and offer end-to-end solutions to our customers

Benefits of Integral concepts **(TO Consulting)**

Reduce transshipment time and costs **estimated to 10-30% reduction**

Bring better capacity use **(handling capacities) through maximization of capacity utilization**

Reduce costs of storage **(depots and storage facilities)**

Major effect on jobs creation **in the Hinterland**

Development of trimodal infrastructure **in the Hinterland**

CMA CGM ADVANCED SHIPPING

The shipping line: best positioned to play the coordinating role and offer end-to-end solutions to our customers

Respecting the environment

- To fight climate change
- To preserve the marine environment
- To develop Eco-friendly solutions
- To promote an environmental culture

Partnerships:

Face today’s and tomorrow’s challenges using the intermodal creativity

THANK YOU FOR YOUR ATTENTION

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