

Transshipment of new cars through Baltic ports to Russia

➤➤ **Current situation and future trends**

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LOGISTICS

Agenda

- **Wallenius Wilhelmsen Logistics in short**
- **The shipping market**
- **The Russian auto market**
- **Current entry points into Russia**
- **What new entry points are likely to emerge?**
- **Future entry point drivers**
- **Conclusions and Q&A**

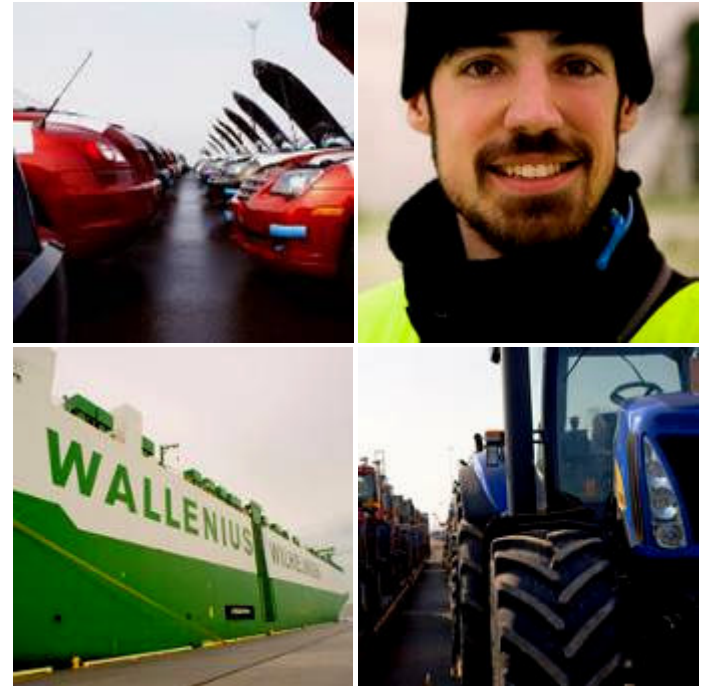
A complete offering covering the entire outbound logistics value chain



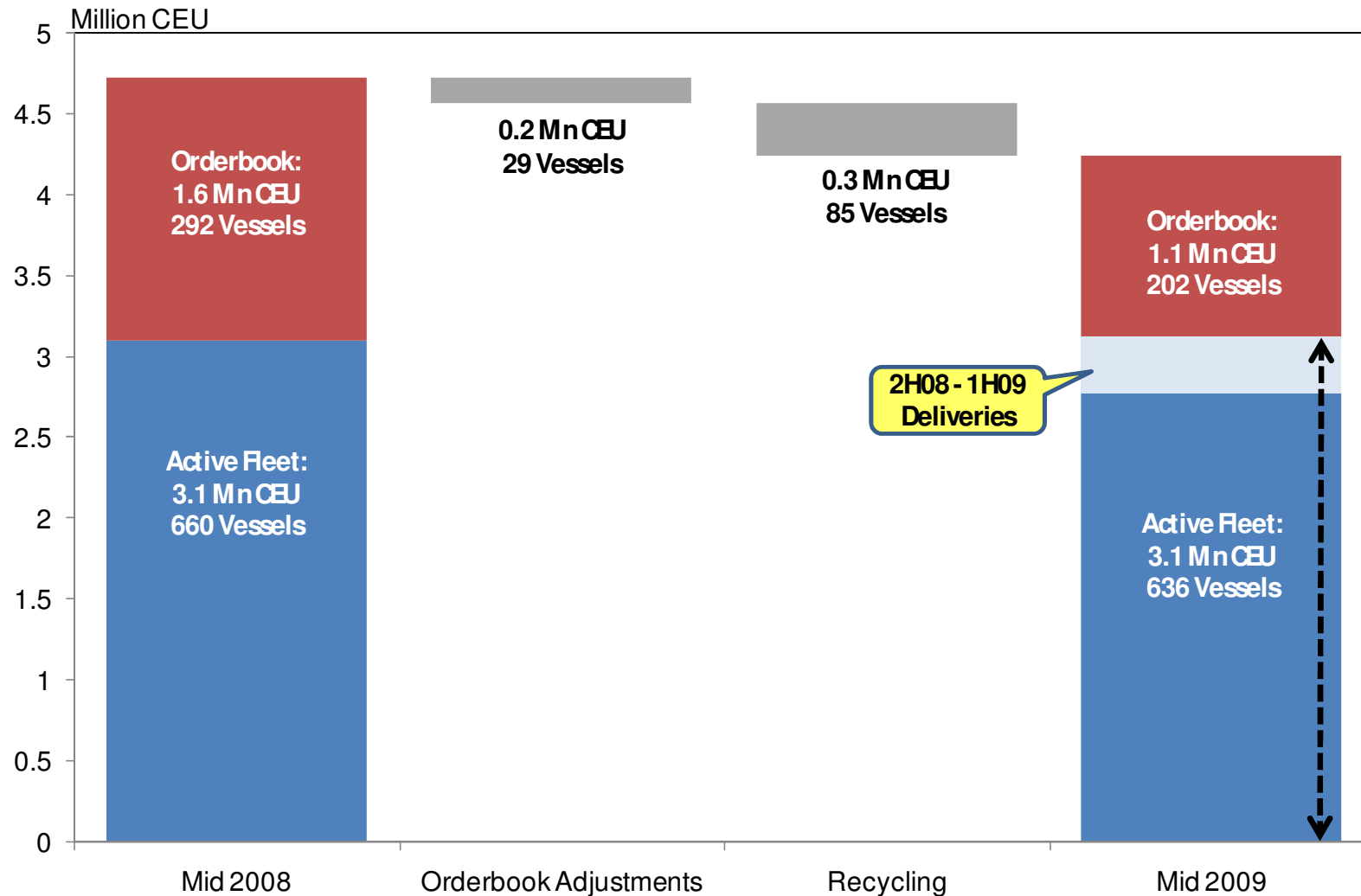
Wallenius Wilhelmsen Logistics in 2008



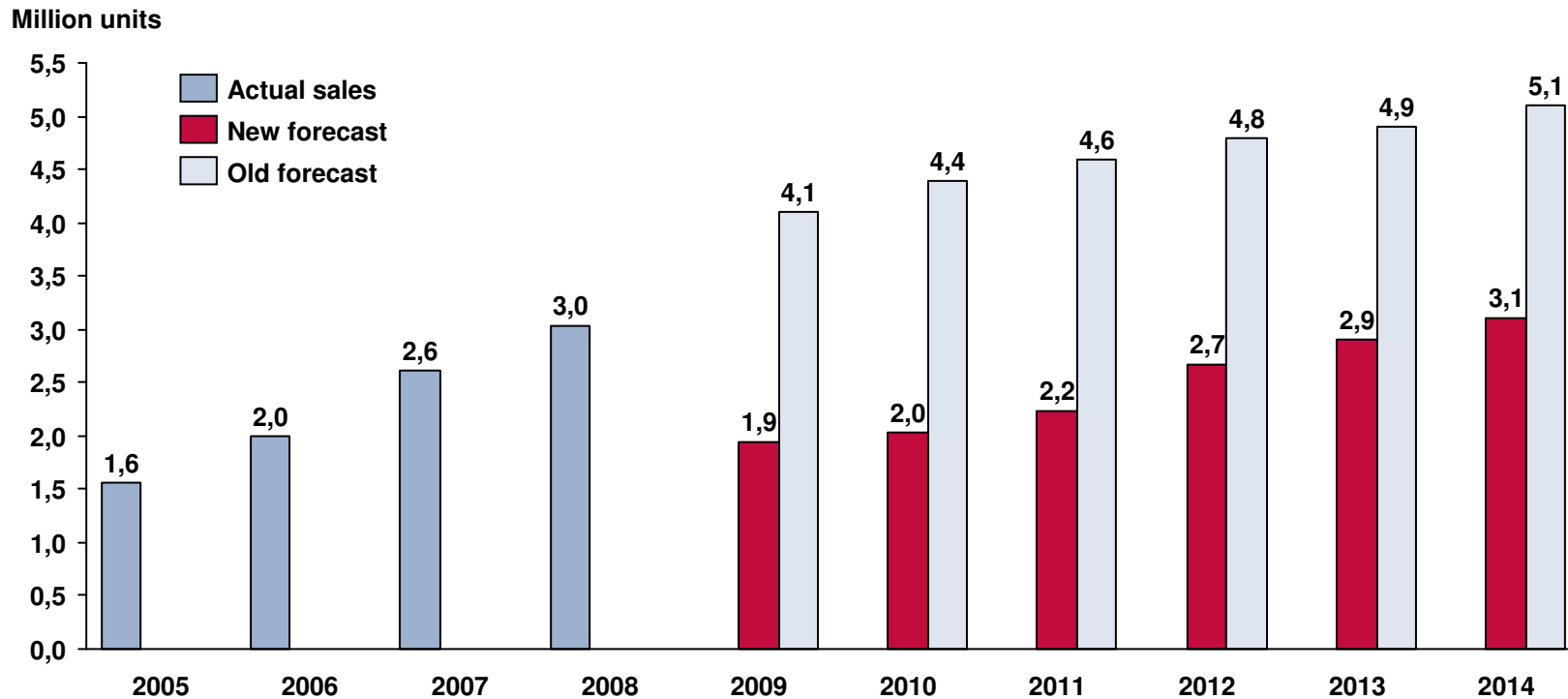
- ❖ **Operating a global ocean- and land-based network of highly effective entities**
- ❖ **4.3 million movements of autos and rolling equipment globally**
 - 2.3 million in ocean transportation
 - 2.0 million in inland transportation
- ❖ **3 Million throughput of autos and rolling equipment through Technical Services**
- ❖ **More than 60 vessels in operation**
- ❖ **The World Leader independent finished vehicle transporter**



The PCTC fleet and order book development. A comparison of mid 2008 and mid 2009.



Russian auto sales are forecasted to slowly pick-up, but there are many uncertainties



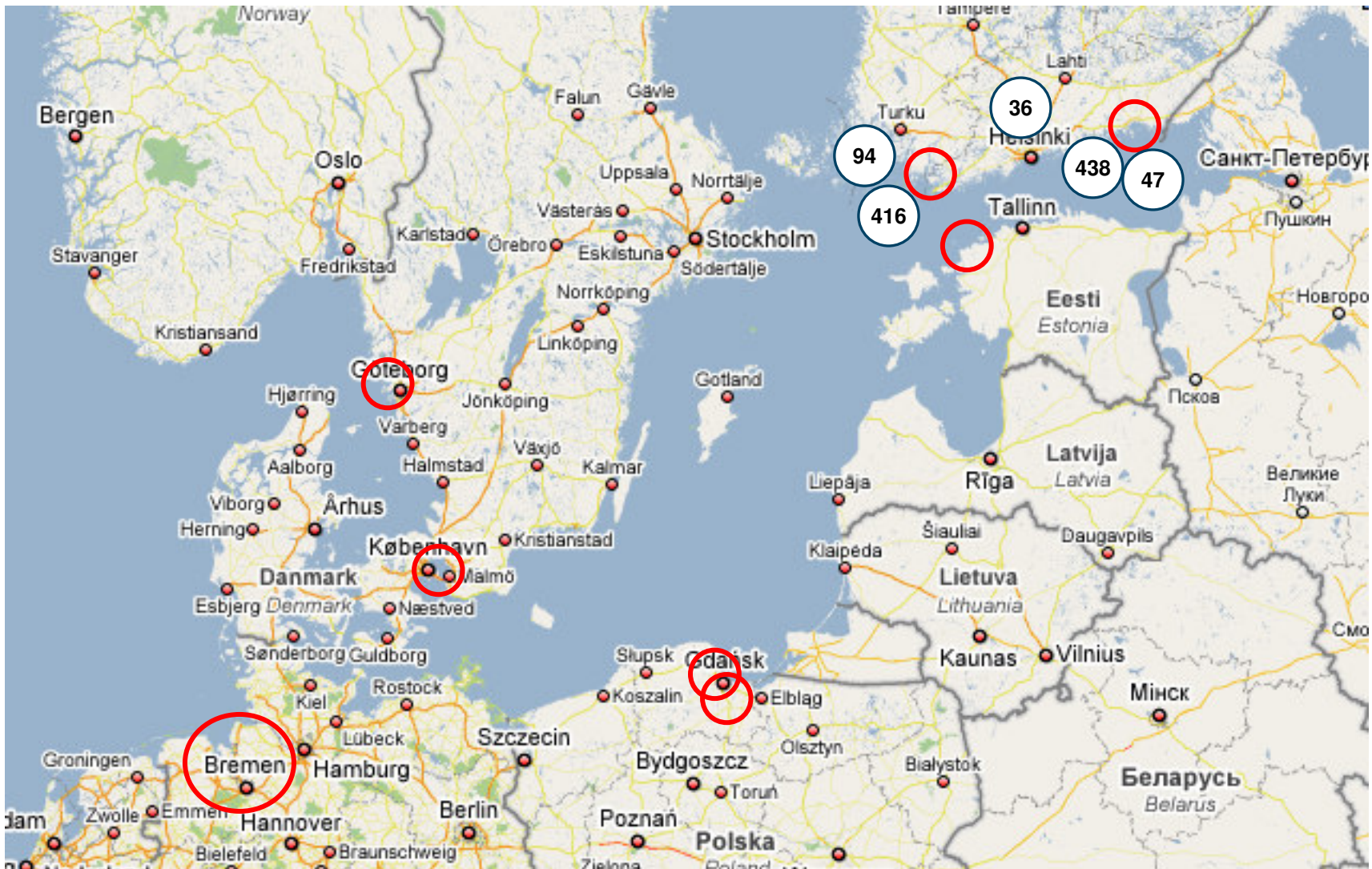
The Russian market collapse has been driven by the financial crisis, but in addition, coupled with a devalued ruble

The imports from Japan and Korea are set to decline from today.

Source	2008 sales (million units)	2014 sales (million units)
Japan	0.464	0.338
Korea	0.219	0.145
Middle East	0.086	0.081
China	0.023	0.032
India	0	0.035
NAFTA	0.059	0.069
Thailand	0.011	0.022
Europe (incl. Russia)	2.166	2.368
Total	~3 million	~3.1 million units

Foreign brands producing in Russia are expected to weather the storm the best.

Which Baltic ports handle finished autos destined for Russia?



Russian car consumption is dominated by Moscow and St. Petersburg, but is spreading rapidly

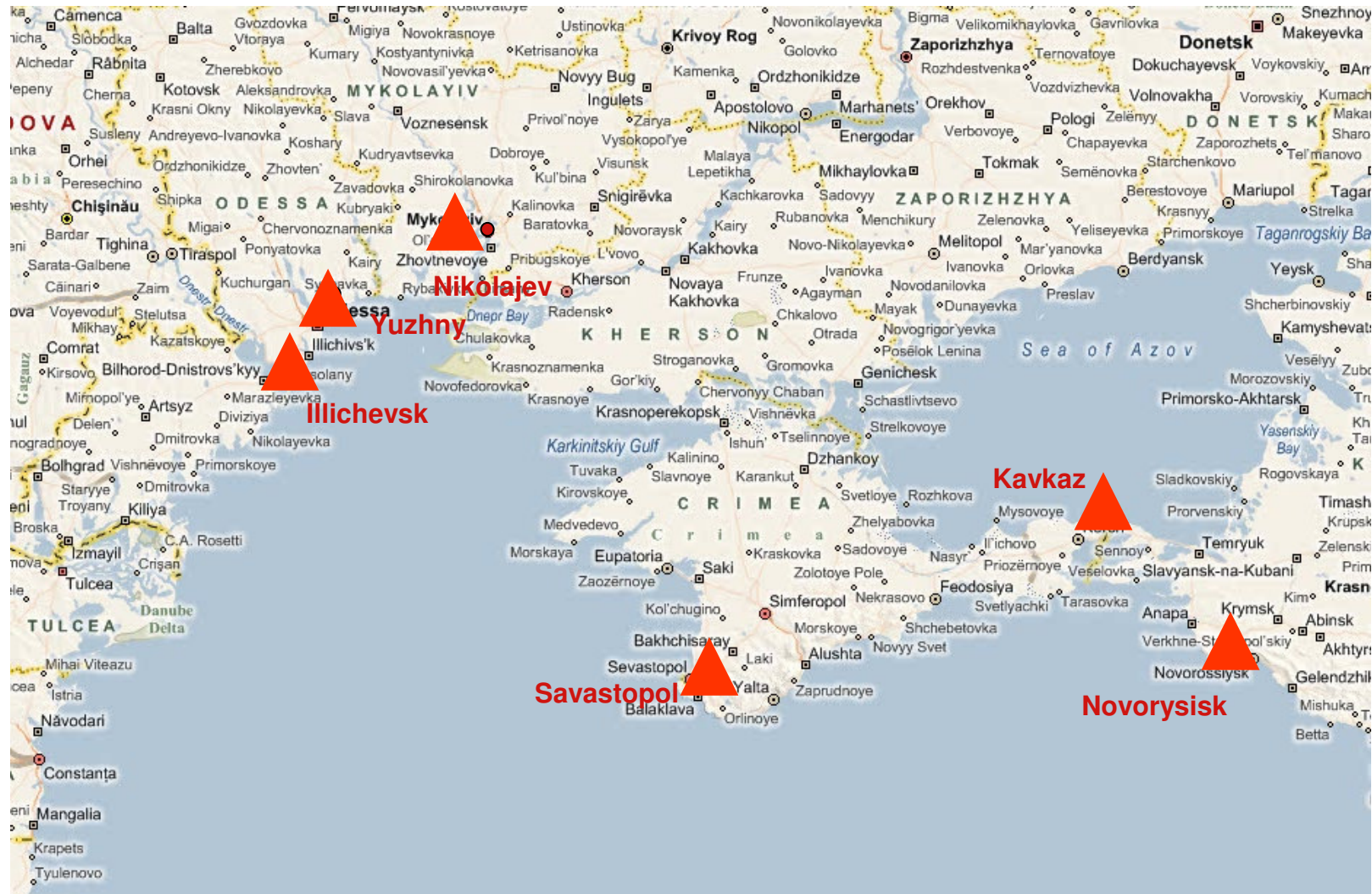


The main consumption markets have been Moscow and St. Petersburg. The second tier cities with populations of more than 1 million are rapidly taking a larger share of the vehicles sales

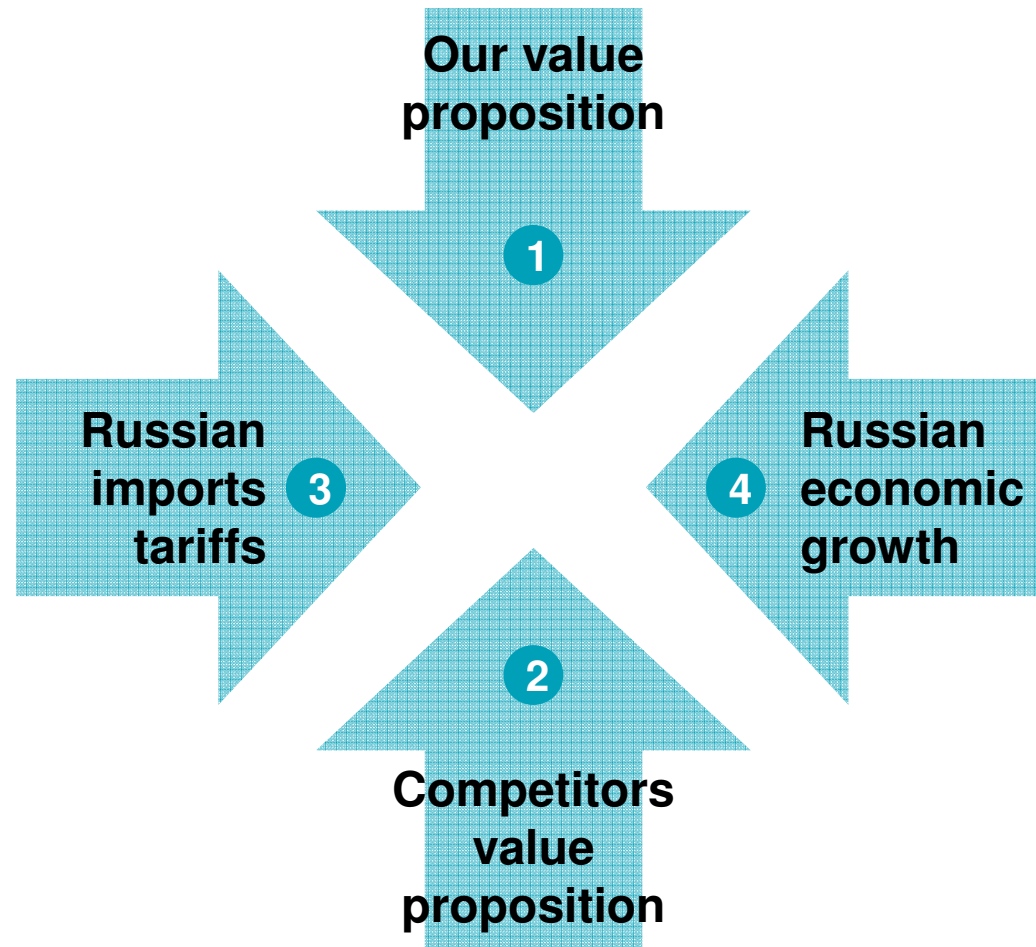
New entry points will emerge as consumer patterns change and infrastructure develops



The Black Sea is of particular interest.



What are the key drivers of Russian auto imports through the Baltics?



Conclusions (I)

- ❖ **Economic development in Russia is difficult to predict.**
- ❖ **Russian legislation and level of protectionism (read taxation) is difficult to predict. Today, Russia supports locally manufactured cars. Scrapping schemes are also likely to impact any rebound of the market.**
- ❖ **Russia will continue to remain an important importer of finished vehicles, but internal production is set to increase.**
- ❖ **Competitive entry points are likely to increase, but the Baltics will remain an important entry point into Russia.**
- ❖ **Too many entry points are currently in use, resulting in inefficient solutions.**
- ❖ **A shake out of Baltic ports is likely to occur.**

Conclusions (II)

✦ Are there any questions?