

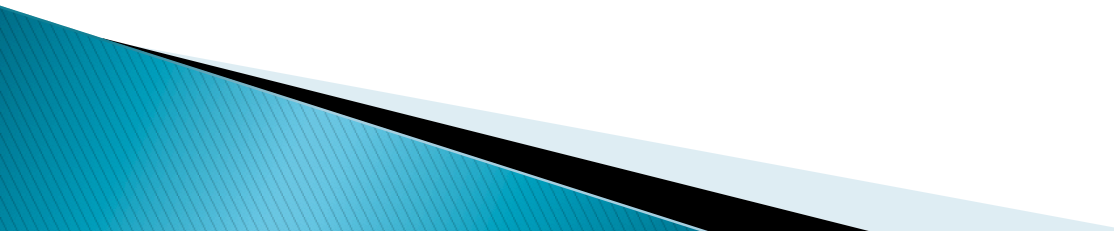


MID-SHIP GROUP LLC

Individually Strong ~ Unbeatable as a Team!

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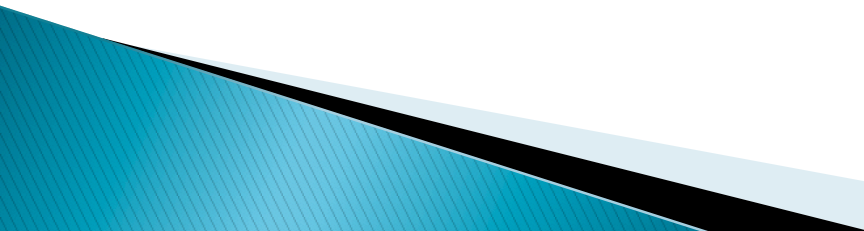
Topics

- ▶ Shipping
 - ▶ FOB vs. C&F Transactions
 - for both the seller & the buyer.
 - ▶ Container Shipping
 - ▶ Bulk Shipping
 - ▶ Organization Needs, Risk Management, Pricing...
 - ▶ How Mid-Ship can help.
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Shipping Overview

- ▶ Shipping is steep in history.
- ▶ Most people are uncomfortable.
 - Because they are unfamiliar.
- ▶ Requires monitoring & paying attention.
- ▶ The Role of the Trading House.
 - The one who controls the shipping & logistics.
 - Better view of the commodity pricing, changes in the values & the markets.
- ▶ Container Shipping & Bulk Shipping is similar.
 - But components have to be managed differently.

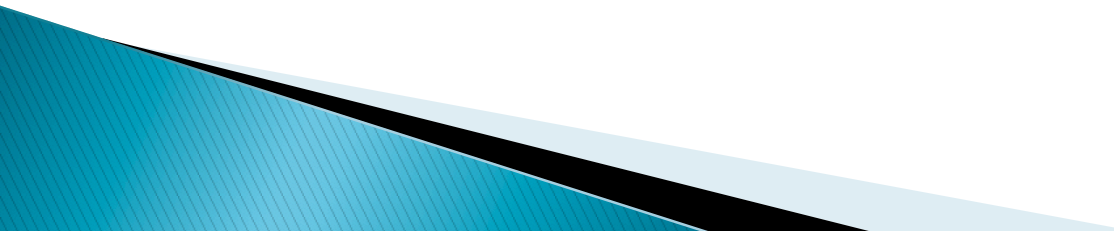
Shipping Overview (cont'd)

- ▶ Help is available.
 - Good help & expertise is less available.
 - ▶ Commodity Pricing
 - Usually done at points of transfer.
 - Either physically of the commodity or by ownership of the commodity.
 - ▶ Logistics components change the pricing.
 - Between each point of transfer.
 - Needs to be managed.
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C&F vs. FOB – The Seller

- ▶ When selling with a letter of credit, you always want to control the freight...ALWAYS!!!
- ▶ Logistics is critical when loading.
 - Control & coordinate this for maximum efficiency.
- ▶ Price Discovery
 - Without knowing the freight, there is no way to determine the true value of your commodity (even back at the origin).

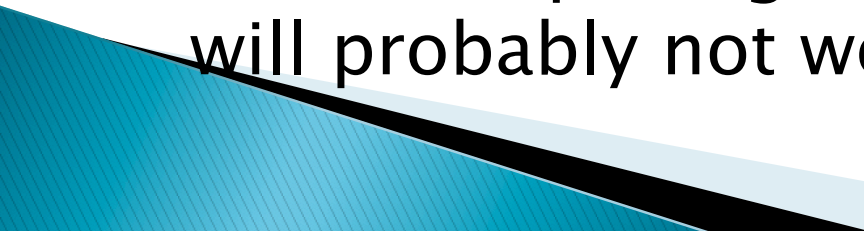
C&F vs. FOB – The Buyer

- ▶ How are you going to get the best price without knowing the pricing of the logistics components & the various pricing points along the supply chain?
 - ▶ Arrival of the timing of the product is important for pipeline purposes.
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CONTAINERS – Advantages

- ▶ Potentially less expensive.
 - ▶ Smaller quantities allow for smaller sales & less financing requirements.
 - ▶ Door-to-door service potential.
 - ▶ Smaller customers may become active as they can handle smaller volumes & not entire shiploads.
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CONTAINERS – Disadvantages

- ▶ Container lines do not always efficiently (economically) go to all the ports.
 - ▶ Freight rate pricing can change dramatically & rates do not usually get held for very long.
 - ▶ Larger customers may not have the infrastructure to handle a lot of containers at one time.
 - ▶ Supply of containers & their location can be a problem.
 - ▶ Back haul pricing works, front haul pricing will probably not work.
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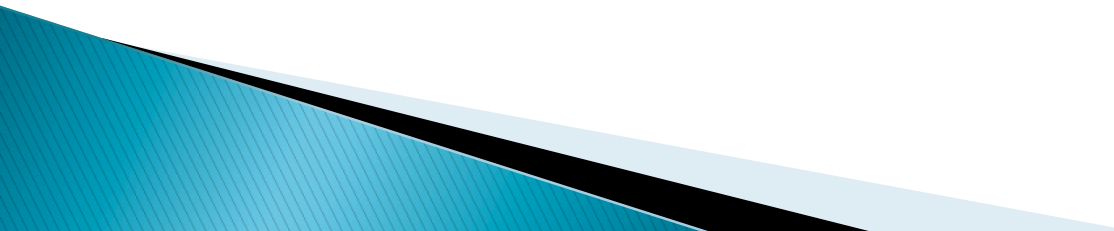
BULK– Advantages

- ▶ Can be less expensive than containers.
- ▶ Larger quantities can be moved efficiently.
- ▶ Forward pricing can be locked in.
- ▶ If a country has a port, bulk can go there.
 - Depending on the restriction of the port.
 - Bulk business is by increment not by schedule.
- ▶ Reasonable flexibility on size.
 - We can do full shiploads or partial shiploads.
 - It depends on the destination & what else is flowing in that destination.

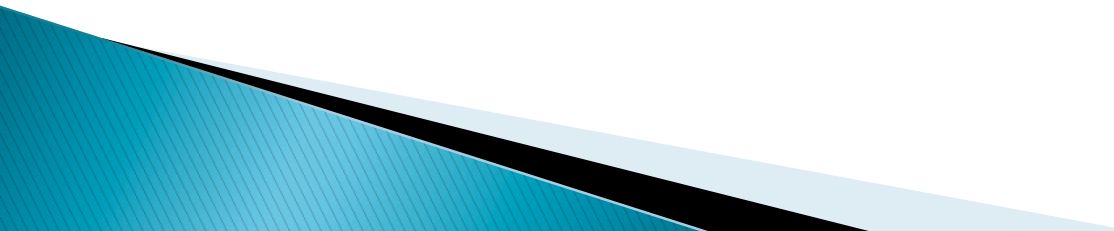
BULK– Disadvantages

- ▶ If the bulk is in a container backhaul trade lane, bulk will probably not be a price competitive.
- ▶ Once you load the container, it is sealed, delivered to the shipping or rail company, and the seller can relax a bit.
 - There is potentially extra handling in bulk.
- ▶ Need to gather large quantities to ship at one time & the buyers financing needs will be bigger per shipment.
 - Container shipment can be as little as 22–28 metric tons.
 - Bulk shipment will need to be at least 5–10,000 metric tons to be competitive.
- ▶ Coordination at loading is important.

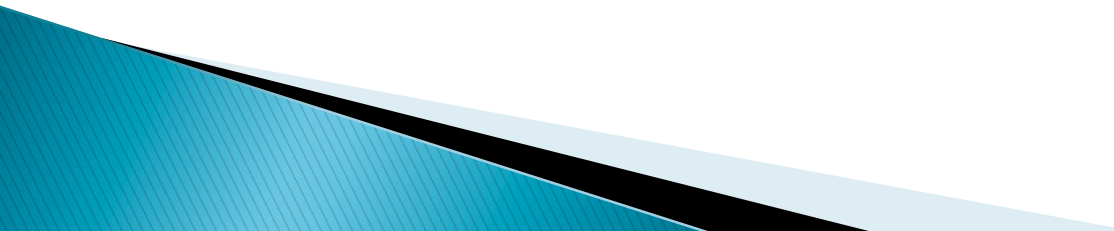
Organization Needs, Etc...

- ▶ Export Coordinator
 - ▶ Relationship with a bank.
 - International transactions are integral to their business.
 - ▶ Freight Forwarder
 - ▶ Ability to negotiate pricing of transfer points & freight rates.
 - ▶ Knowledge in negotiating shipping contracts.
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Can MID-SHIP Help?

- ▶ In a word – Yes.
 - ▶ We can provide one-stop shopping for your shipping needs.
 - We will work closely with the customer & tailor programs specific to that customer.
 - ▶ We can truck/rail/ship (in bulk) with our in-house talent pool.
 - Through strategic alliances we can do container moves & pricing while also working with freight forwarders to ensure documentation is correct.
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Can MID-SHIP Help?

- ▶ We can negotiate shipping & logistics contracts where required.
 - ▶ Depending on the volumes and on who is the counterparty, we have the ability to finance the freight function for our clients.
 - ▶ We can assist in managing risk where possible.
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THANK YOU!

Questions?

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