



CSAV informs capital increase processes to face Hapag Lloyd negotiations

- *CSAV decided to make two capital increases. The first, for US\$ 200 million and the second for up to US\$ 400 million, which will be materialized only if the merger of the container ship business with Hapag Lloyd is materialized.*

February 13, 2014. Through a Material Information (“Hecho Esencial”) filed to the Chilean Regulator (Superintendencia de Valores y Seguros), Compañía Sudamericana de Vapores (CSAV) explained the structure of the necessary capital increases to complete an eventual merger with the German shipping company Hapag Lloyd (HL). On January 22 this year, both companies signed a non binding Memorandum of Understanding for the combination of CSAV’s container business activities with HL and agreed the start-up of a due diligence phase to continue with the process.

During its today’s session , the company’s Board of Directors decided to carry out two capital increase processes.

The first of them, subject to the approval of an Extraordinary Shareholders Session, to be held on March this year, will be for an amount of US\$ 200 million and it is aimed to complete the financing of the seven 9,300 TEU container vessels currently under construction at the Samsung Heavy Industries shipyard in Korea. In addition, this capital increase aims to fulfill some of the conditions for the closing of the eventual merger with the German shipping company.

The Material Information also indicates a proposed mechanism to define the share price for such capital increase.

Quiñenco, the controlling shareholder of CSAV, is committed to subscribe any remnant unsubscribed shares to complete this US\$200 million capital increase process.

CSAV’s Chief Executive Officer, Oscar Hasbún, explained that “the price setting mechanism to be proposed at the Shareholders Session should result in a significantly higher share price than the current one. This, combined to the commitment of the controlling shareholder of CSAV to subscribe, if necessary, the total capital increase is a strong proof of it’s confidence in the company and this operation”.

The second capitalization will be carried out only if the merger of the CSAV’s container business activities with Hapag Lloyd materializes. In such event, CSAV shall make a second capital increase for up to US\$ 400 million. Such proceeds will be used to subscribe the amount committed by CSAV in Hapag Lloyd’s Euro 370 million capital increase (Euro 259 million, equivalent to 70% of such capital raising). The balance will be used to cover the operation’s closing expenses.

The Board of Directors deems it is necessary that for this second capital increase at least an amount of US\$ 200 million shall be raised, so that CSAV has the necessary proceeds to participate in its corresponding prorata in Hapag Lloyd’s capital increase and the necessary resources for final closing adjustment of the transaction.

Regarding of any existing balance of this second capital increase (up to US\$ 200 million) and with the purpose of making sure that the funds needed to complete the transaction are available, the Board of Directors requested CSAV's Management to explore different financing sources, including inviting investors to participate in Hapag Lloyd's capital increase (through the corresponding CSAV's subscription rights) or financial debt.

The company's Board of Directors had particularly emphasized in the Material Information the relevance of making sure CSAV shareholders benefit themselves by receiving 100% of the free cash flow proceeds of CSAV's investment in HL, by having an efficient structure for those purposes, and by making sure that a proper Corporate Governance in HL secures visibility and proper information for CSAV shareholders..

CSAV's Chief Executive Officer, Oscar Hasbún, mentioned that "given an efficient structure, which also allows CSAV shareholders to receive all the proceeds resulting from Hapag Lloyd's investment, we must ensure that our investors have access to on-time, quality Hapag Lloyd's business information. Another positive aspect is that, in practical terms, CSAV shares could become an alternative vehicle for any investor worldwide who might decide to invest in Hapag Lloyd prior to its Initial Public Offering, given the value generation that a merger of this kind may create".

Also, he reminded that "the current discussions with Hapag Lloyd are consistent with the strategy defined by the company some years ago, which step by step has transformed CSAV in a renewed and more efficient company".