



INGRAM MARINE GROUP

The Coal Institute Fall Education and Engineering Seminar

OCTOBER 25, 2018



**12,000 MILES
IN 38 STATES**

219 LOCKS AT 176 SITES

NEARLY
**600 MILLION
ANNUAL TONS**

VALUED AT OVER \$300 BILLION

**20% OF COAL
60% OF GRAIN**

MOVED ON OUR RIVER SYSTEM

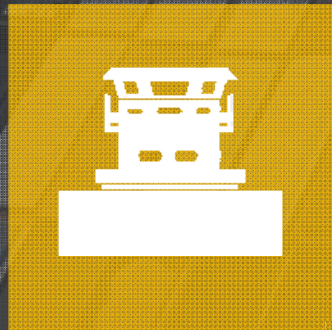
TODAY'S U.S. INLAND WATERWAYS SYSTEM

A CRITICAL PART OF THE TRANSPORTATION SUPPLY CHAIN

AS MANY AS
540,000 JOBS
DEPEND ON INLAND NAVIGATION

**THE SAFEST AND
MOST ENERGY-EFFICIENT**
MODE OF SURFACE TRANSPORTATION





**INGRAM
MARINE
GROUP**
OVERVIEW

Ingram's Flagship
M/V E. Bronson Ingram
Nashville, TN





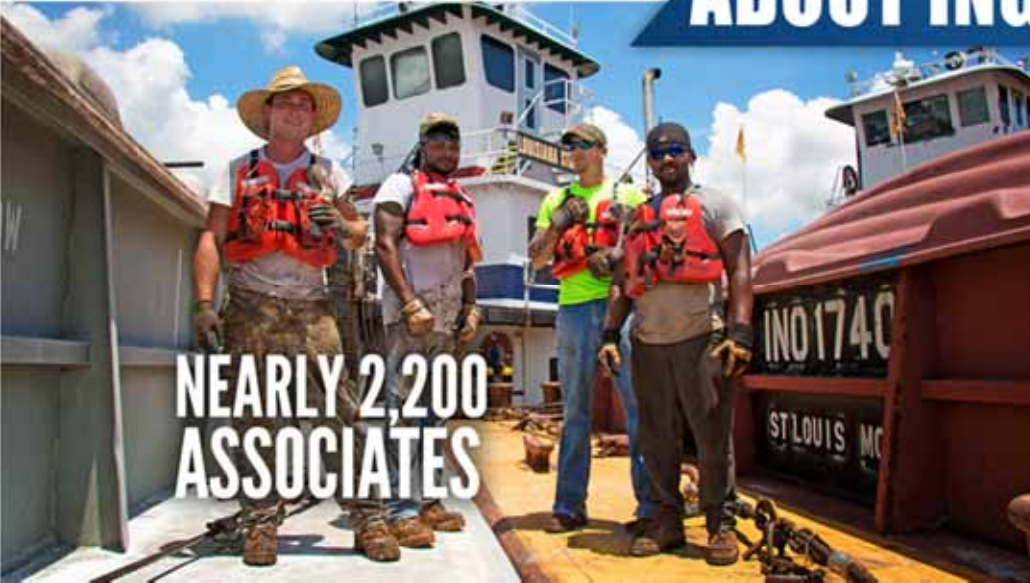
ORRIN INGRAM
CHAIRMAN & CEO, IBCO



JOHN INGRAM
CHAIRMAN OF THE BOARD

OWNED &
OPERATED BY
FAMILY

ABOUT INGRAM BARGE



What Makes Ingram Different

Stability Private/family owned and operated for more than 70 years
We're in it for the long haul: next generation of family involved

Agility We're dedicated to having a comprehensive understanding of your business, allowing us to responsively address your needs

Efficiency Superior, knowledgeable customer service team ensures your cargo reaches its destination efficiently and safely

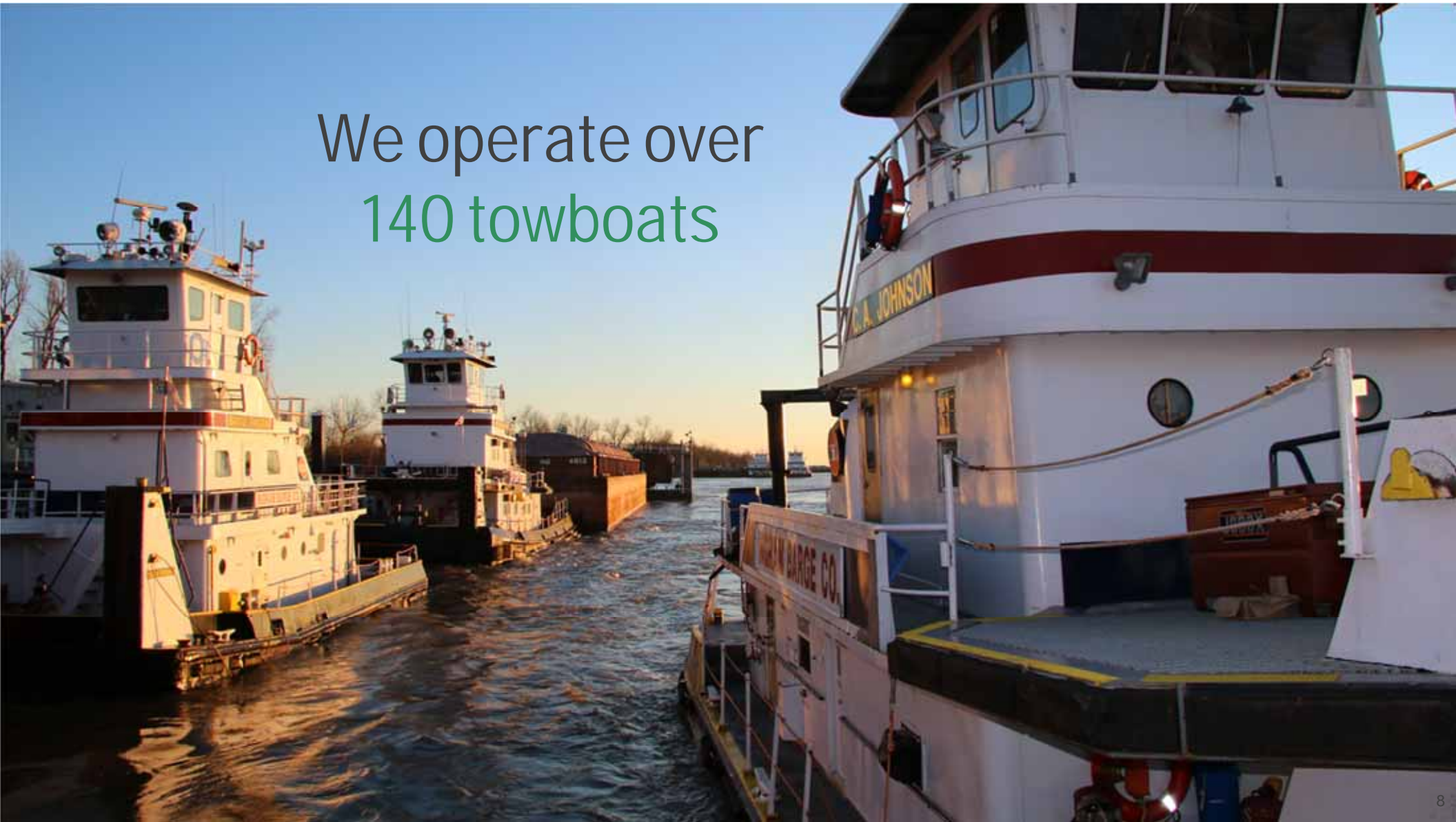
Safety We strive to set the standard in the marine industry; committed to protecting our associates, assets, and the environment
Zero Harm is our guiding principle

Presently Ingram is the largest dry cargo carrier;
4th largest liquid carrier

| | Barge Company | Dry Barges | Tank Barges |
|----------------------|--------------------|------------|-------------|
| Private/Family Owned | Ingram | 4,220 | 248 |
| | ACBL | 3,219 | 426 |
| Shipper Owned | ADM | 1,762 | 82 |
| | Cargill/Marquette | 1,465 | - |
| | Bunge/SCF | 1,190 | - |
| | Crouse | 1,136 | - |
| | AEP | 533 | - |
| | Canal | 403 | 308 |
| Public | Kirby | - | 841 |
| Private Equity | FMT | 218 | 236 |
| | Blessey | - | 165 |
| | Enterprise/Genesis | - | 80 |

Source: Informa Economics, March 2018

We operate over
140 towboats



With nearly 5,000 hopper and tank barges, Ingram is the largest dry cargo carrier and fourth largest liquids carrier on America's inland waterways

Accounts for approximately 25% of total industry fleet





St. Louis, MO



Paducah, KY



Columbus, KY



Grand Rivers, KY



Port Allen, LA



LaPlace, LA

Ingram Linehaul Boats by River

- Ohio/Monongahela
- Illinois
- Upper Mississippi
- Lower Mississippi
- Cumberland/Tennessee/Tennessee-Tombigbee
- Gulf Intracoastal

20

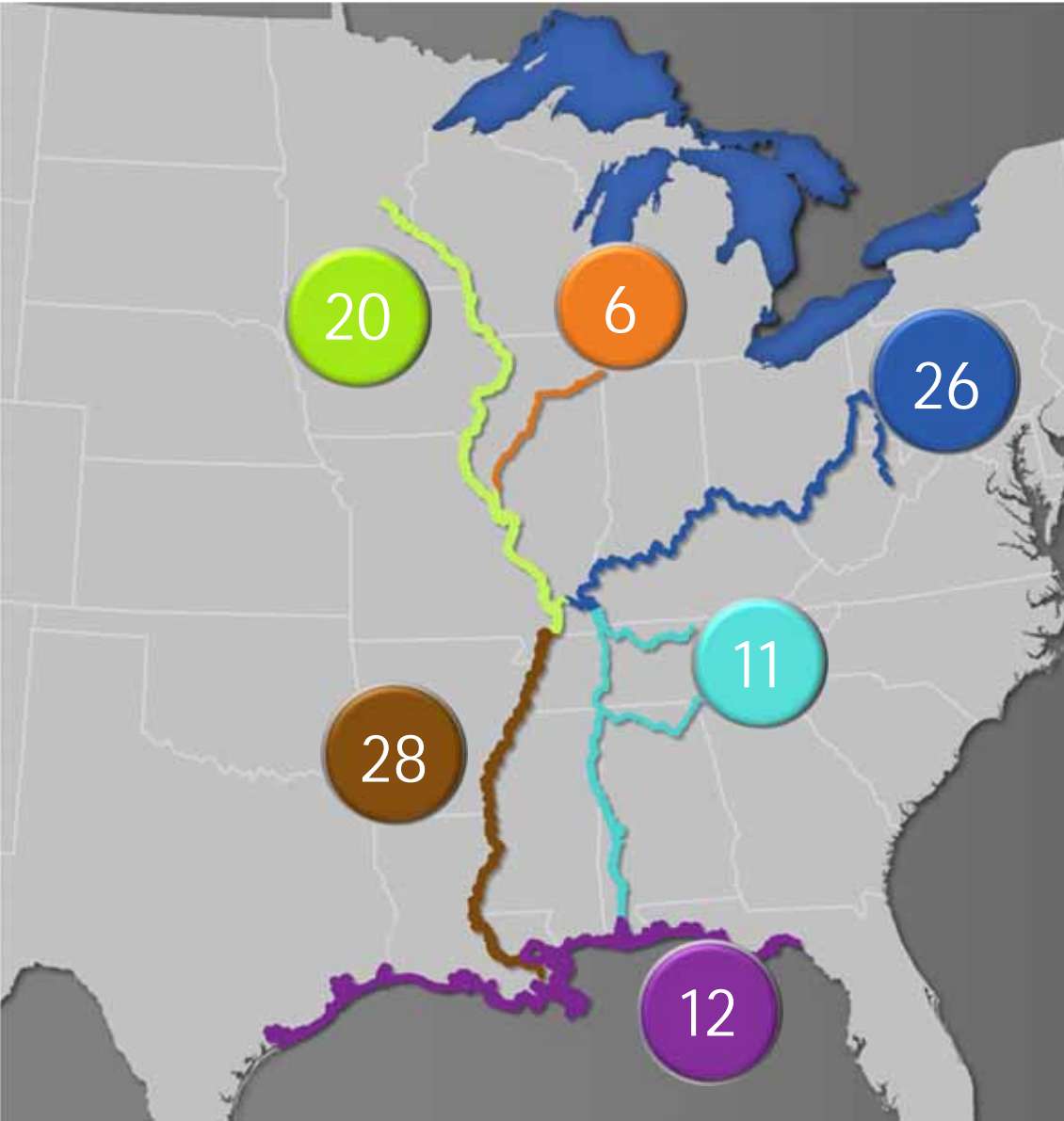
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Investing in New Construction

Ingram has built 1,700 new barges since 2007



Investing in Associates

Associates in Junior Engineer Program

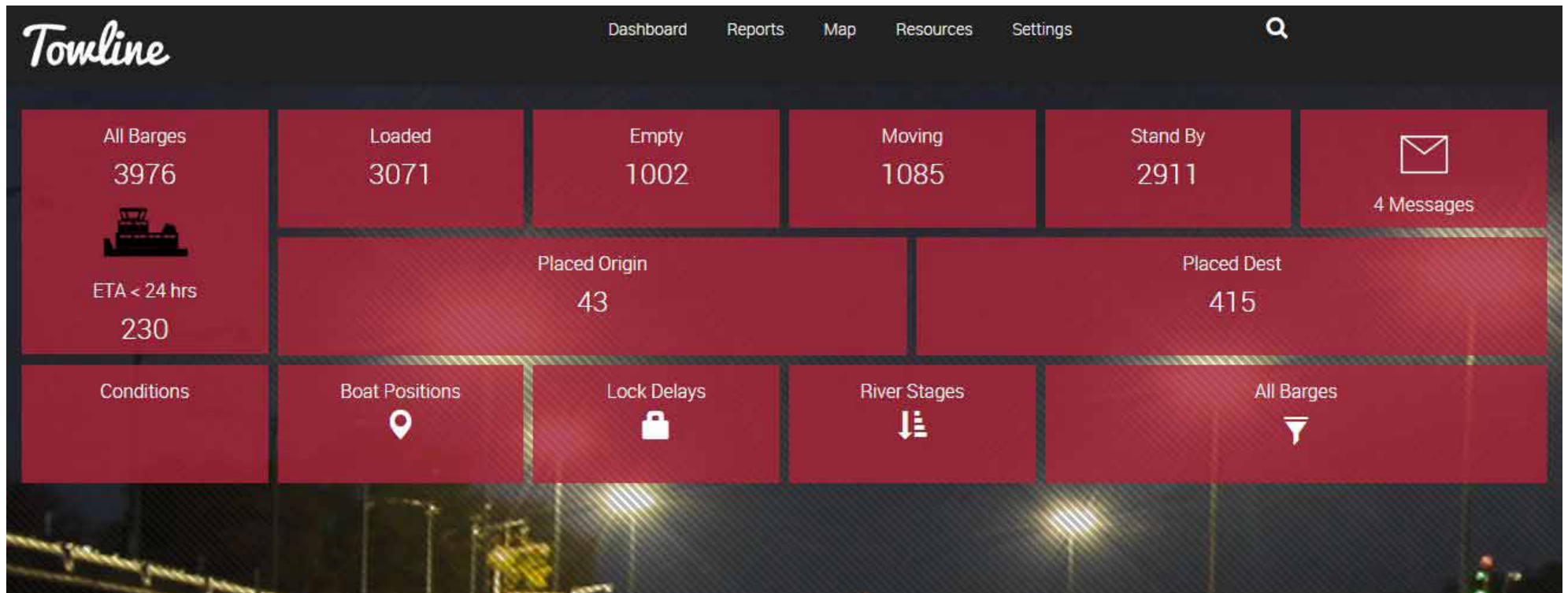


Steersman in Wheelhouse Training Program



Investing in Technology

Towline



Investing in Research and Development

KPI (Key Performance Indicator) Dashboard





SAFETY

Operate to Win: Achieve *Zero Harm*

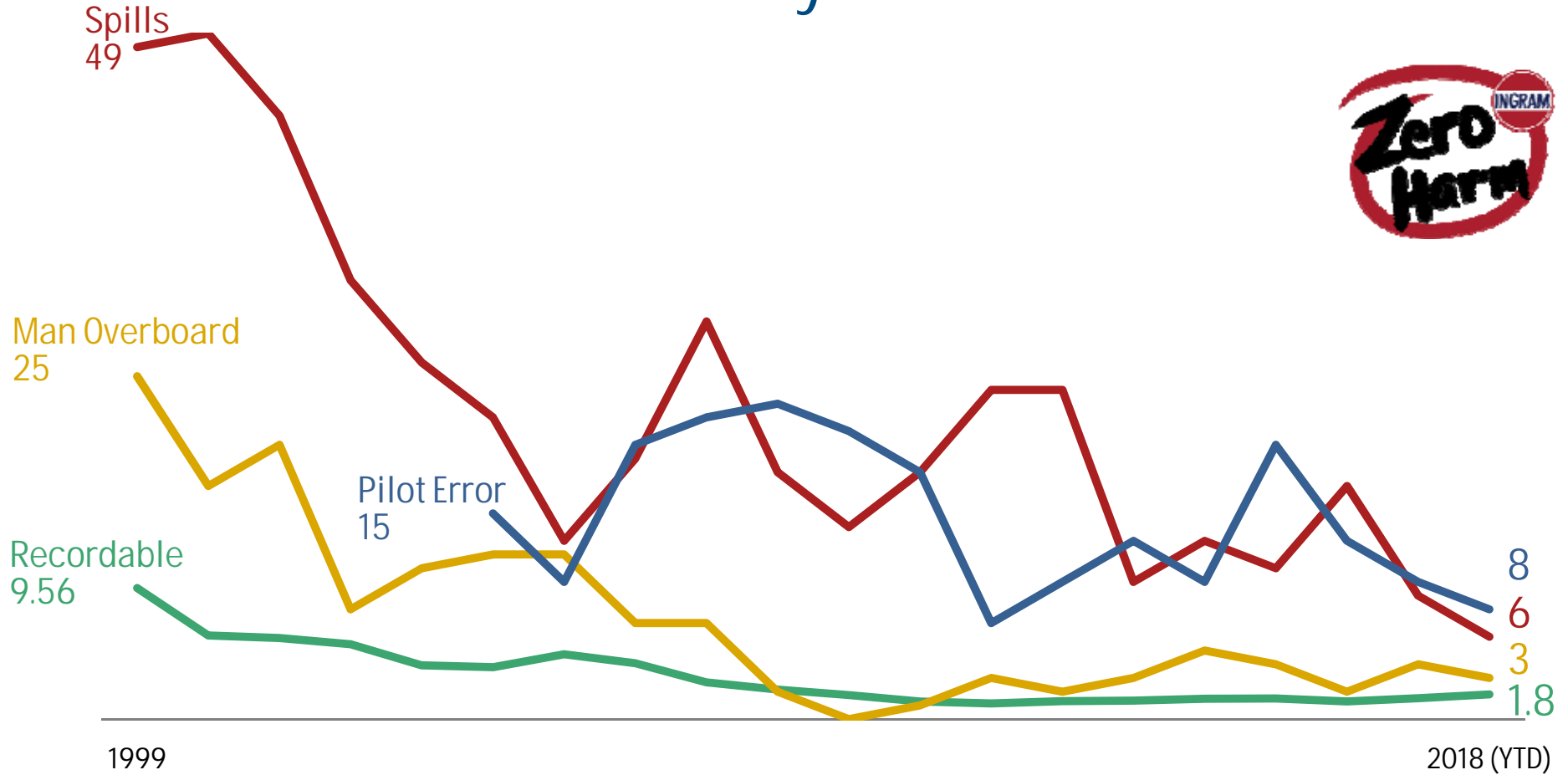


Stringent hiring practices & safety training

In-house deckhand training school



Safety Trends



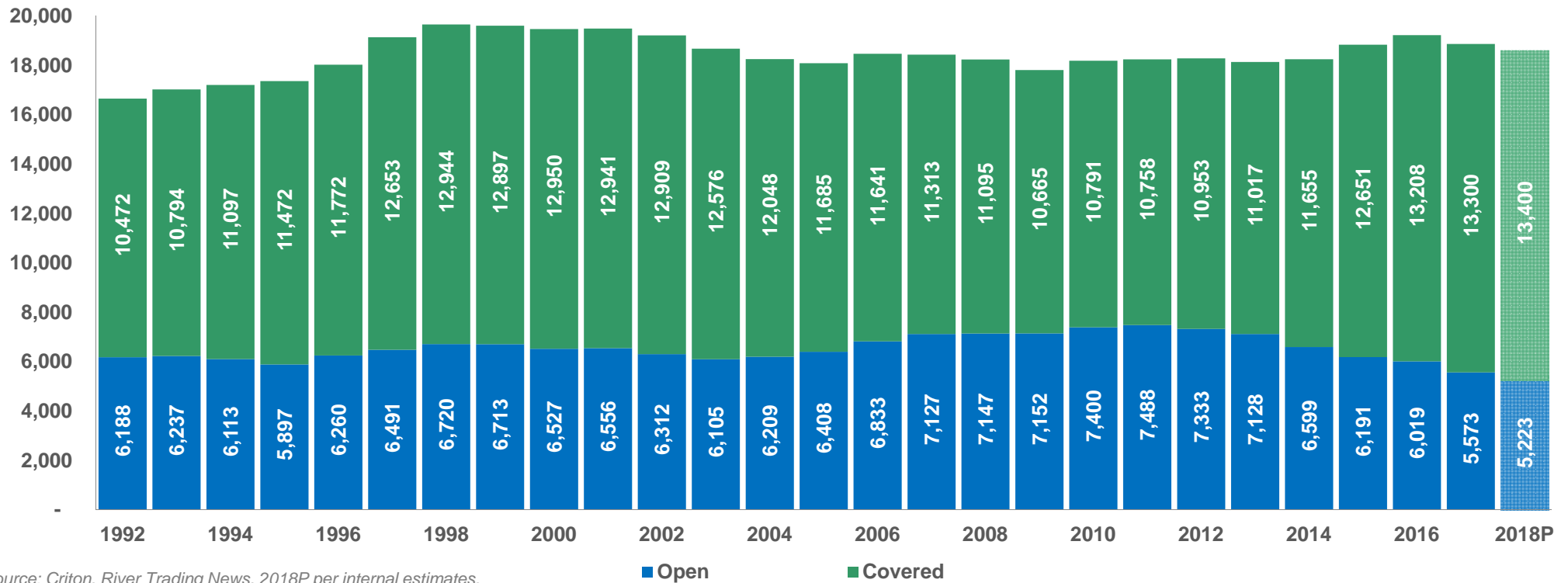
*Figures YTD through August 2018



BARGE INDUSTRY FLEET

Industry Dry Cargo Fleet

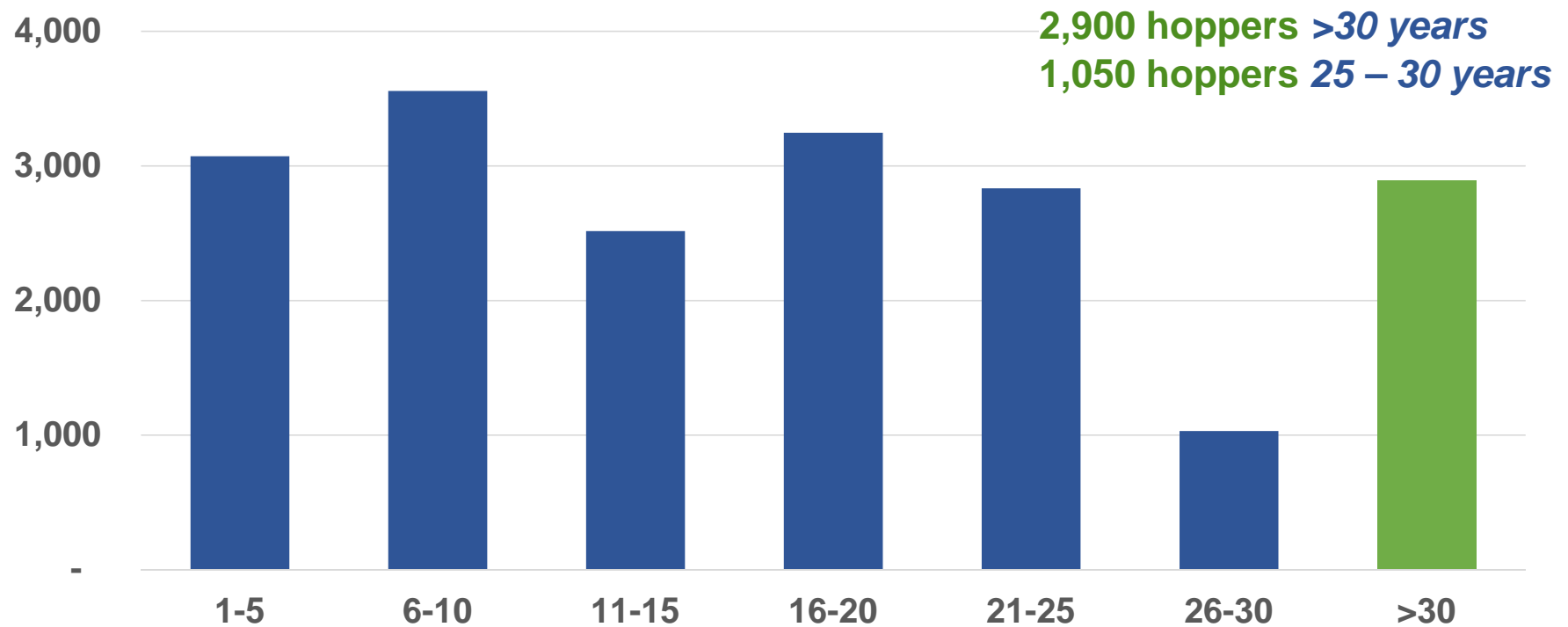
“For the first time since 2013, the inland jumbo hopper barge fleet decreased in size in 2017 as the diminutive new build numbers were more than offset by barge scrapping activity.”
 ~ River Trading News



Source: Criton, River Trading News, 2018P per internal estimates.

Young Fleet, but Plenty of **Retirements** Ahead

*Age Distribution of the **Dry Cargo Fleet***



Source: Merchant Vessels Database, September 2018. Includes valid CODs.



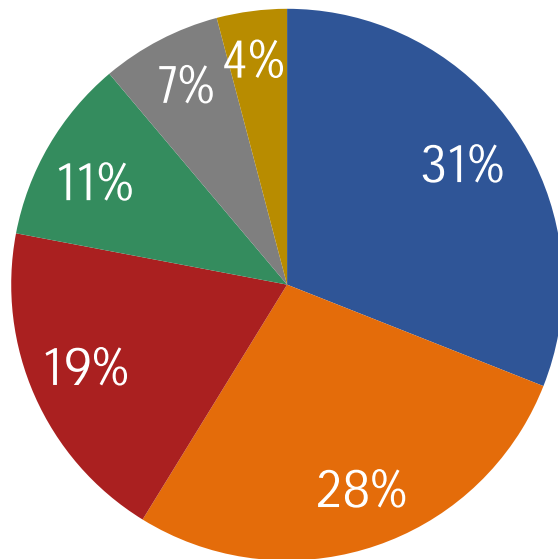
BARGE INDUSTRY MARKETS



Demand for Inland Marine Services

Allocation of inland marine cargo types has been relatively stable over past several years, with some changes expected

Barge Tonnage Share



Long-Term Commodity Outlook

| | |
|--------------------|--|
| Coal | Domestic: Modest Decline Export: Continued Growth |
| Agriculture | Growth; Ratable Demand |
| Aggregates | Growth |
| Chemicals | Growth |
| Steel | Growth |
| Other | Opportunities |

Impact of Tariffs

- **US metals industry enjoying much better health and elevated prices - keeping barge building well in check**
- **Global agriculture inventories are too tight not to export**
- **Closely monitoring import demand (Northbound)**



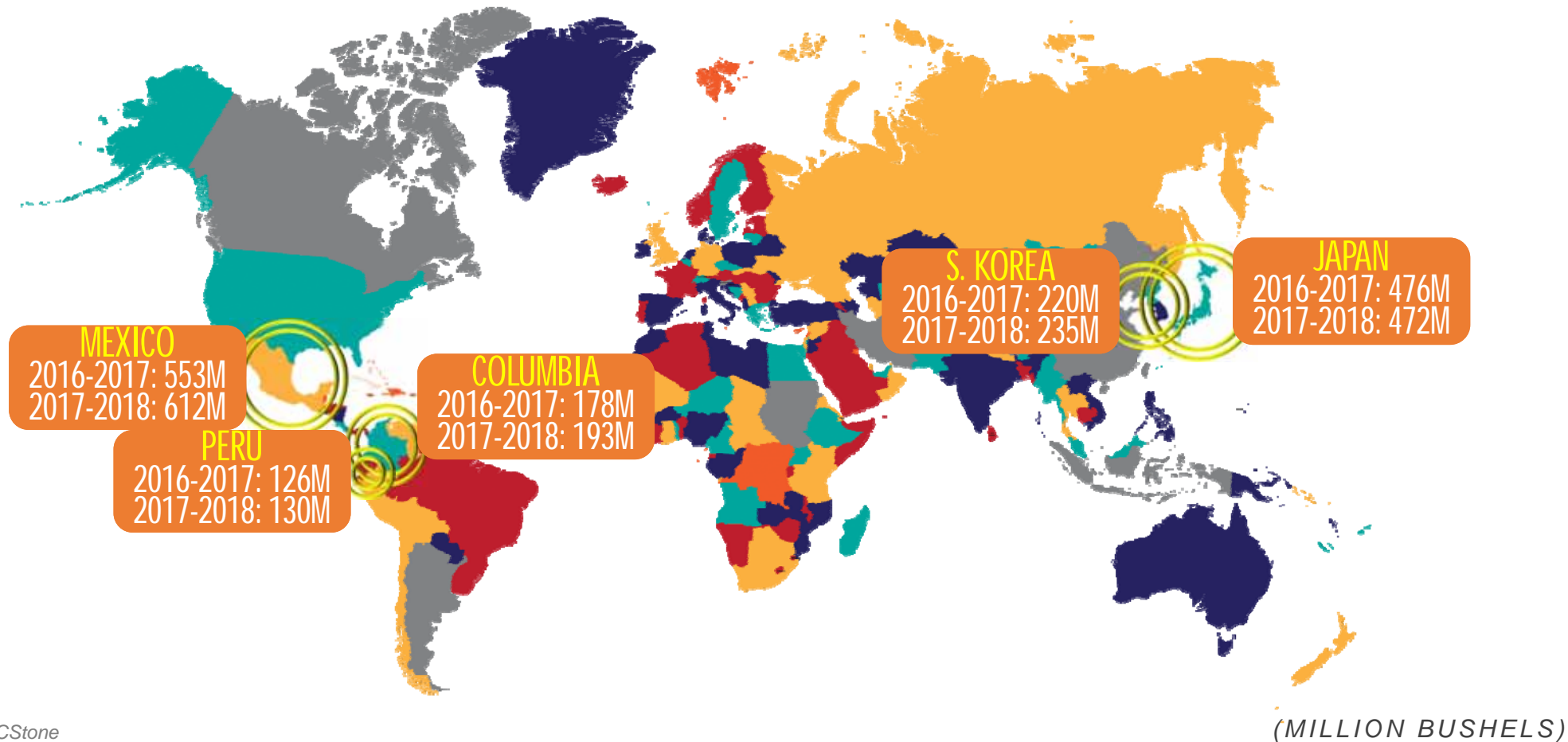
GRAIN

GRAIN EXPORTS

- Nearly 120M metric tons annually
- 60% of soybean and 58% of corn exports by barge



...Someplace to Go
Top Importers of U.S. Corn



...Someplace to Go
Top Importers of U.S. Soybean



USDA Grain Projection (18/19)



| | 16/17 | 17/18 | 18/19 (as of 10/2) |
|---------------------------------|-------|--------|------------------------|
| Acres Planted | 94M | 90M | 89M |
| Yield (bushels/acre) | 174.6 | 176.6 | 181.3 Record! * |
| Exports (bushels) | 2.3B | 2.425B | 2.4B * |
| Good/Excellent Condition | | 63% | 69% |



| | 16/17 | 17/18 | 18/19 (as of 10/2) |
|---------------------------------|-------|-------|--------------------|
| Acres Planted | 84M | 90M | 90M |
| Yield (bushels/acre) | 52.0 | 49.1 | 52.8 * |
| Exports (bushels) | 2.2B | 2.13B | 2.060B * |
| Good/Excellent Condition | | 60% | 68% Record! |

* USDA Projection



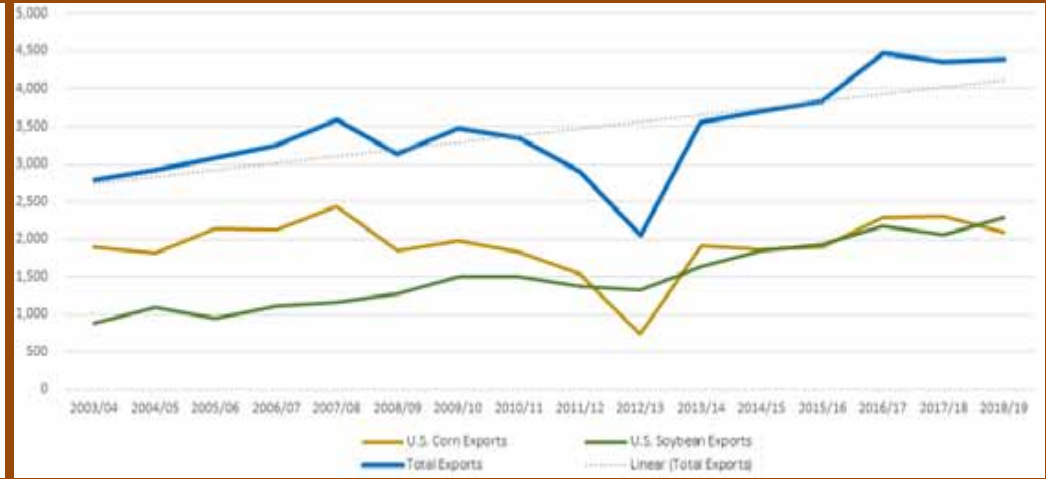
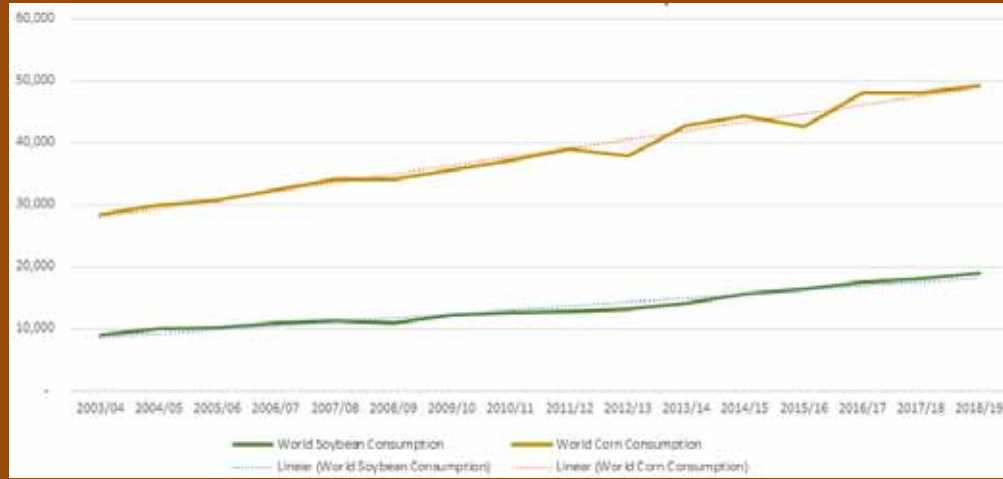
Tariff on U.S. Soybeans

- **China's domestic feed requirements continue to rise; few quality substitutes**
- **U.S. is the most competitive soybean origin**
- **U.S. soybean exports increased in the month of July, from 85.2 mb in 2017 to 125.9 mb in 2018**
- **U.S. soybean exports also increased in the month of August, from 109.9 mb in 2017 to 123.7 mb in 2018**
- **Increased exports to Europe favor barge transportation**

Key Grain Trends

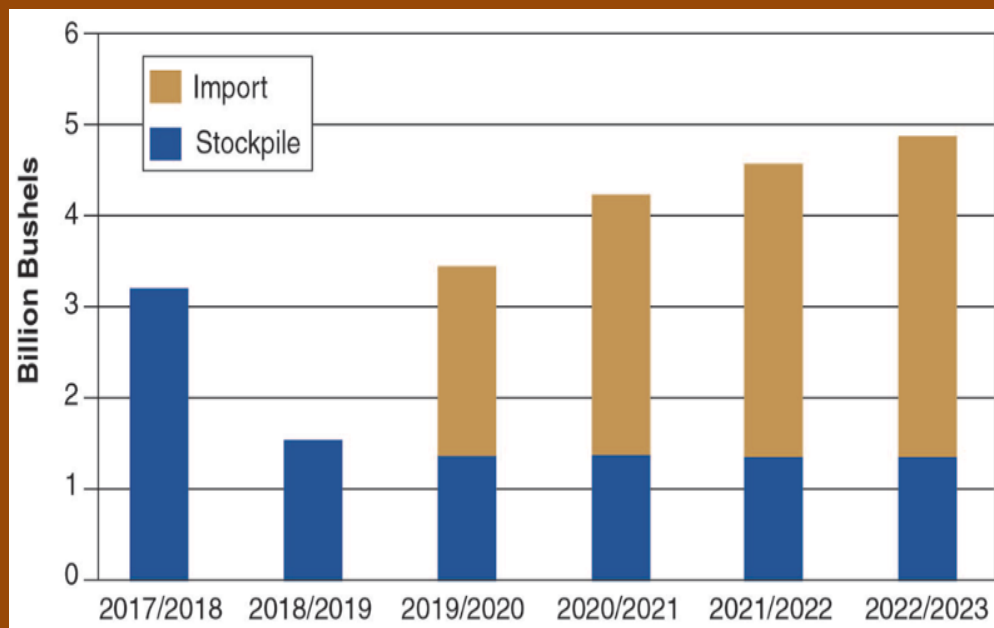
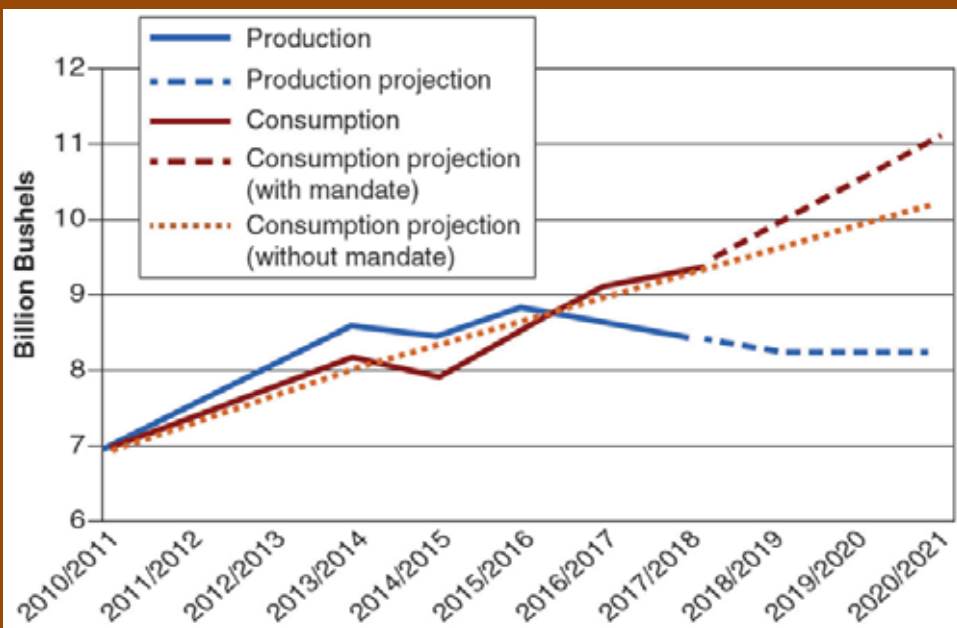
World Consumption (MM Bushels)

US Grain Exports (MM Bushels)



China E-10 Mandate

Bullish for US Grain in Long Term



Agriculture Long Term

Global Grain Stocks-To-Use Decline is Bullish U.S. Exports

World Corn Balance Sheet

| | 2013/2014 | 2014/2015 | 2015/2016 | USDA 2016/2017 Estimate | USDA 2017/2018 Forecast | JPMC 2017/2018 Forecast | JPMC 2018/2019 Forecast |
|----------------------------------|-----------|-----------|-----------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Total Supply | 1,254 | 1,322 | 1,322 | 1,426 | 1,414 | 1,409 | 1,392 |
| Total Use | 1,080 | 1,113 | 1,107 | 1,194 | 1,216 | 1,220 | 1,254 |
| Surplus/deficit | 48 | 53 | (15) | 41 | (27) | (36) | (50) |
| Ending Stock | 174 | 210 | 214 | 231 | 198 | 188 | 138 |
| STU (%) (<i>stocks to use</i>) | 18% | 22% | 22% | 22% | 19% | 18% | 13% |

Prior forecast issued Fall 2017 for 2018/2019 was **15%**



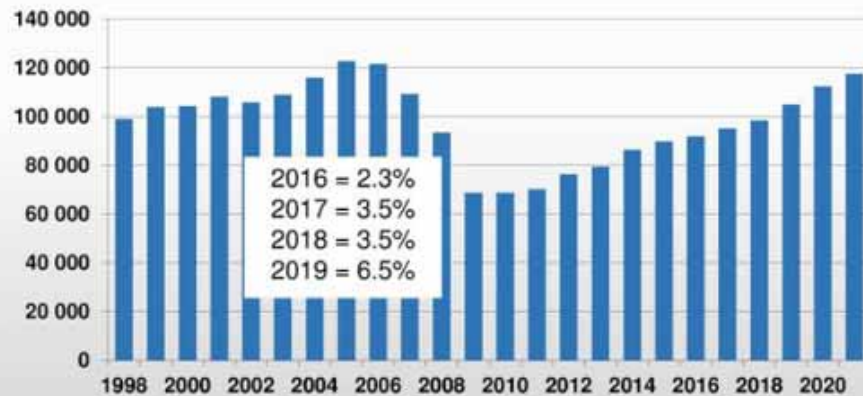
CONSTRUCTION

Cement Consumption & Supply

Recent Economic Initiatives Result in Accelerated Cement Consumption

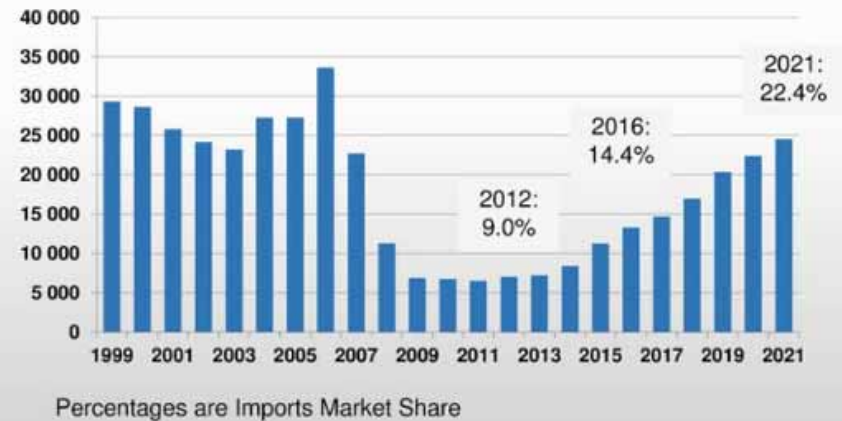
Portland Cement Consumption

Thousand Metric Tons



Cement Imports

Thousand Metric Tons



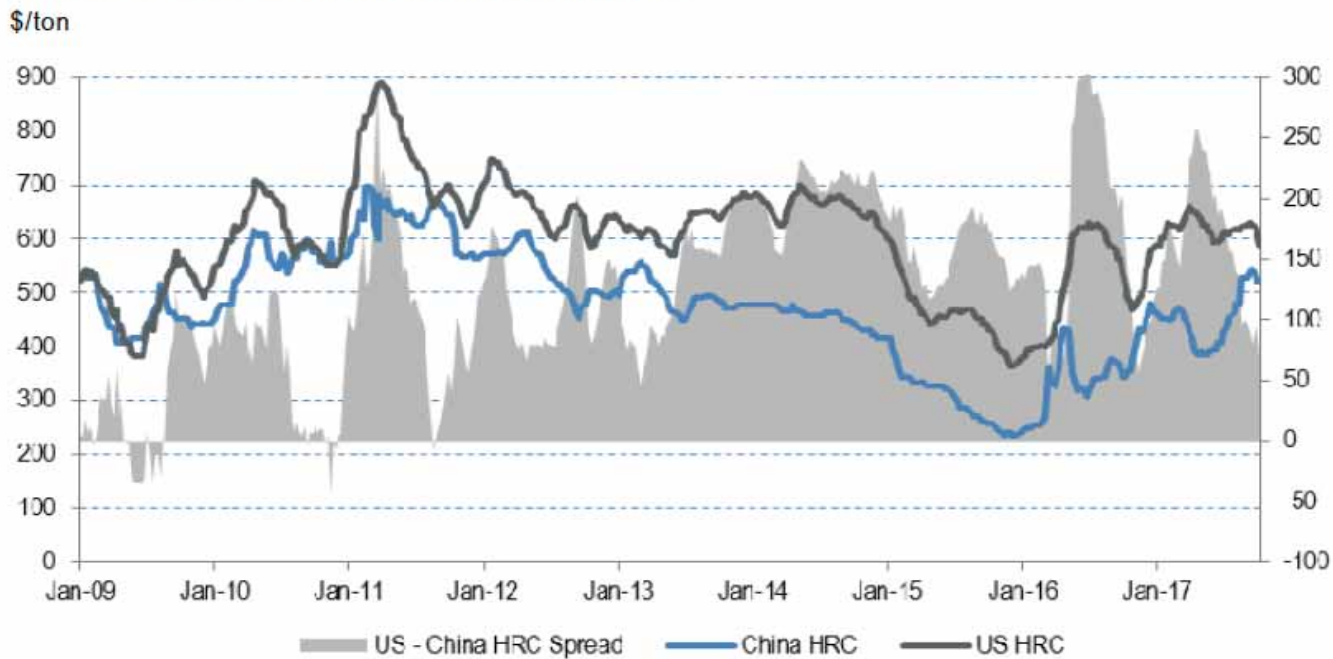


STEEL

Steel Sector

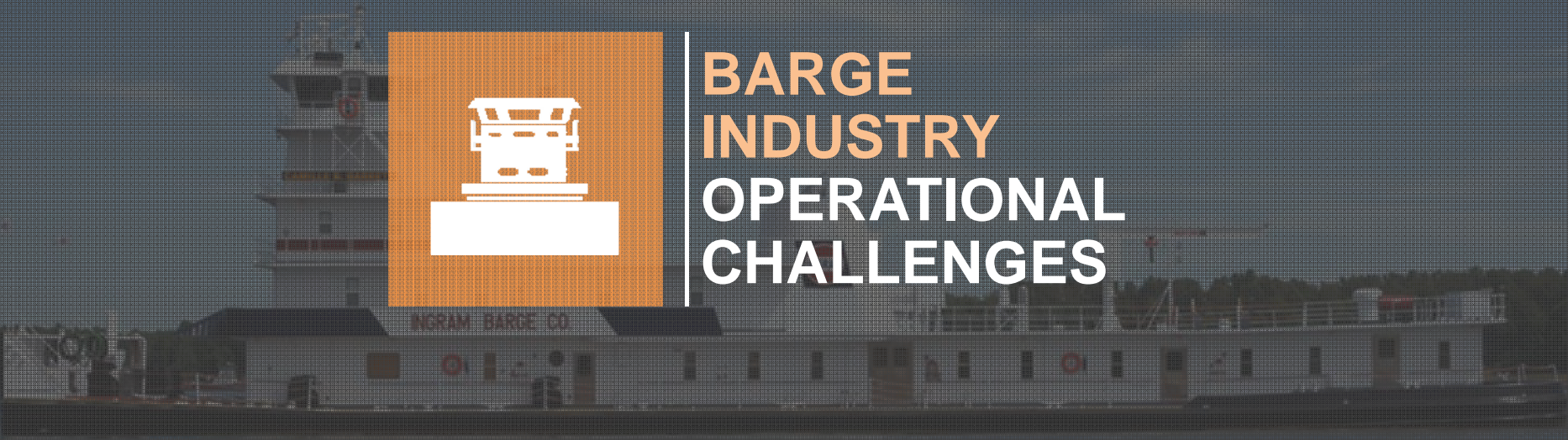
Chinese steel prices continue to rise and nearly meet domestic prices, which is obviously healthy for American producers

Figure 3: U.S./China HRC Premium Has Narrowed





**BARGE
INDUSTRY
OPERATIONAL
CHALLENGES**



Investment in Infrastructure

- For FY 2017, Army Corps of Engineers received **\$6 billion** for Lock & Dam funding
- Inland Waterway Trust Fund
 - Fuel tax of \$0.29 per gallon paid by barge industry generates approximately \$120 million
 - Funds are matched by the U.S. Treasury, totaling **\$220-\$240 million**



Operational Challenges

| Challenge | Impact |
|--|--|
| Lock and Dam 52 & 53 outages | Significant industry-wide costs |
| Heavy icing on the Illinois and Ohio | Significant delays, reduced tow sizes, breakaways, and river closures |
| Low water on the Lower Mississippi and Ohio | Decreased drafts, tow sizes and delays associated with groundings |
| UMR and Gulf infrastructure repairs | Increased delays due to channel closures |
| High water in St. Louis and Columbus | Decreased fleet efficiency, surcharges |
| Extensive fog delays in the Gulf | Navigation halted |
| High water on the UMR | Lock closures, reduced tow sizes |

Areas Impacted By Operational Challenges



Operational Challenges – Fog Delays in the Gulf

- Extensive fog and inclement weather delays in the Gulf
- Major logistical impact on barge fleet
- Significant delays (> 2 weeks) for linehaul boats and tug boats
- Docks unable to load/unload
- Increased external services costs



Operational Challenges – Significant Lock Delays

Newburgh OH 776: 6/4 – 9/28
Melvin Price UMR 201: 7/16 – 8/10
Calcasieu GIWW 238: 5/15 – 12/25
Montgomery OH 31: 8/9 – 9/10
Bayou Sorrel PAC 36: 8/31 – 12/1

Average delay for June, July and August
up **41%** over 2017 average



