Ocean Market update

09.04.2021

CREATING CHAINS OF TRUST.

Market Situation

The ocean freight market keeps on experiencing space and equipment challenges for shipments/cargo in all major East – West Trades.

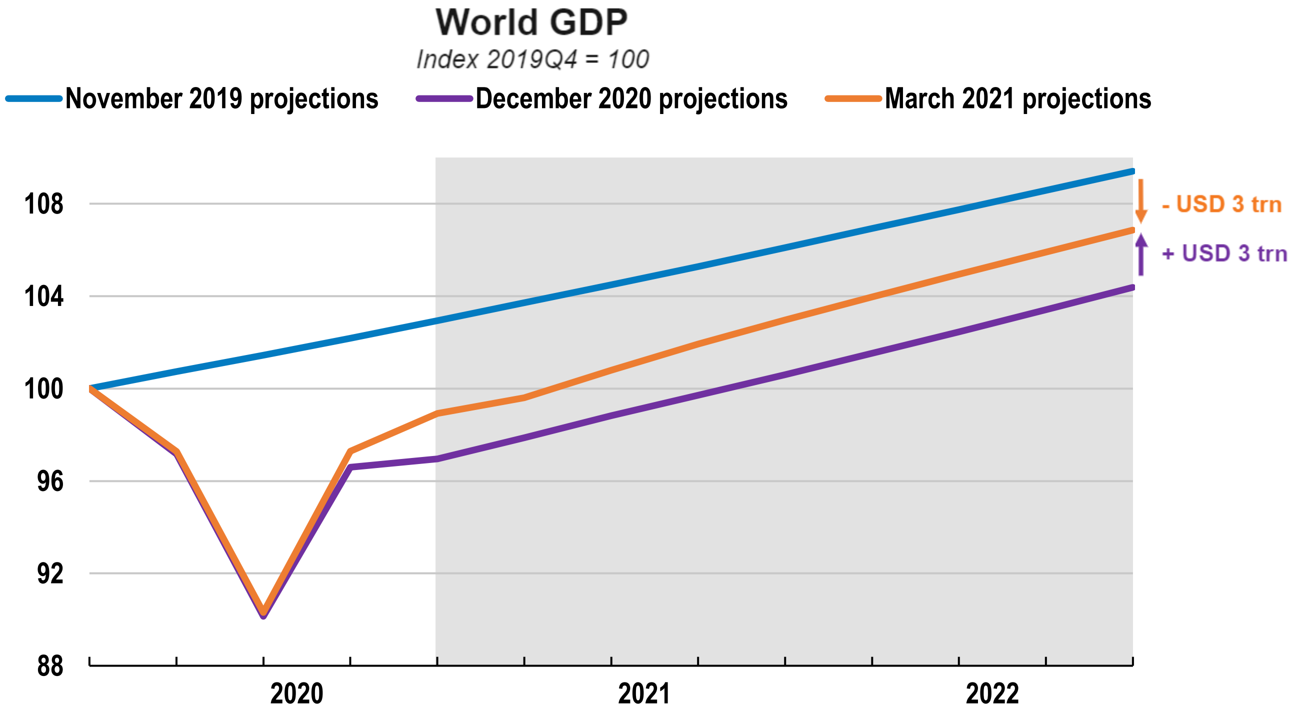
1. Disrupted supply chains
   - While prices keep on raising, service level of ocean carriers is rather poor.
   - Schedule reliability has reached another historical low with 35 % and an average delay of ca. 7 days.
2. Strong market fundamentals (an unbalanced demand / supply equation)
   - Strong demand especially on the outbounds from Asia, but also on European Exports.
   - Carriers have limited assets to service the demand, since:
     - There is a bottleneck applying to the available tonnage in needed vessel classes
     - Equipment flow is disrupted and suffering from longer dwell times (e.g., triggered by global port congestions, longer dwell time at consignees) & limited availability of lease & new built units
3. Historically high base rates in combination with numerous emergency surcharges, such as:
   - Peak Season Surcharges
   - Equipment Imbalance Surcharges
   - Port Congestion Surcharges
   - Premium Surcharges in order to grant loading priorities
4. At the same time charter rates and bunker prices keep on increasing as well.

Paradigm change to a seller's market, oversupply and carriers hunting for market share are gone.

5. The blockage of the Suez Canal will create some further constraints to an already pressured global container shipping industry.

Forecast Global Volume

Global economic prospects have improved.



Source: OECD (2020), OECD Economic Outlook Interim Report March 2021, OECD Economic Outlook:Statistics and Projections (database)

The OECD has updated their economic outlook for 2021, it appears to be rather optimistic, compared to last analysis, which took place in fourth quarter of 2021.

Its largely related to the vaccination campaigns, which is overall progressing in key western economies. The recovery would be even stronger if vaccines are rolled out faster, boosting confidence and lowering uncertainty.

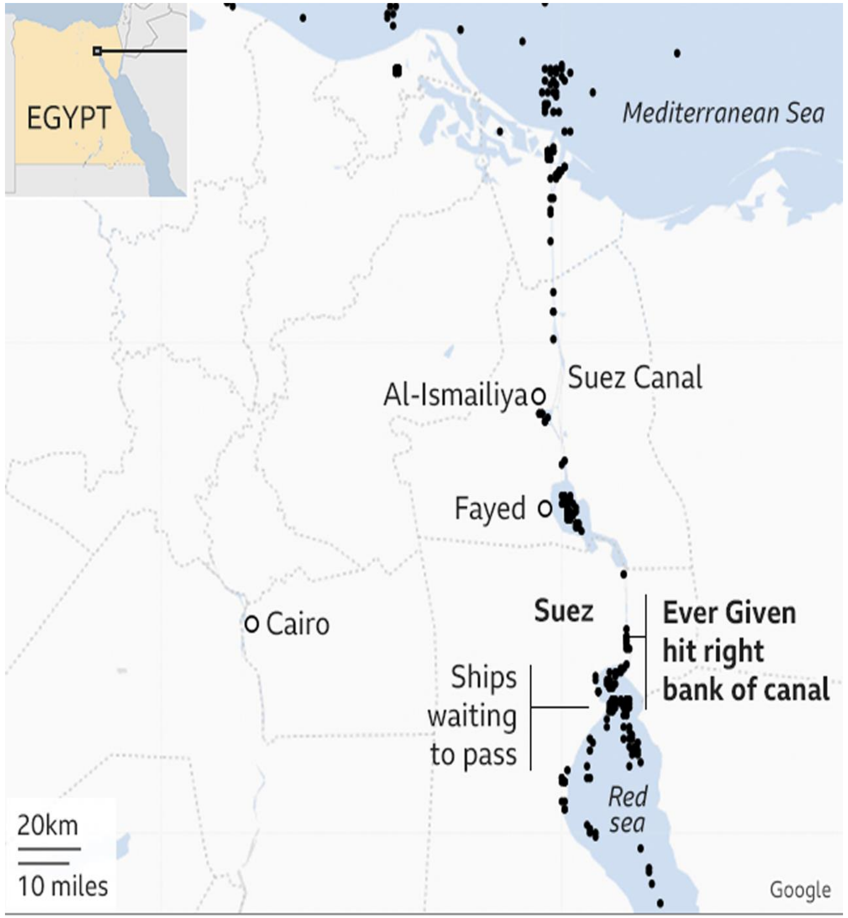
The bounce-back will be strongest in the Asian countries that have brought the virus under control but even by the end of 2021, many economies will have shrunk from 2019 levels before the pandemic.

Even in the “optimistic” case, global GDP will not be back up to 2019 levels by the end of 2022.

However trade container volumes in major East West Corridors are expected to remain very strong throughout 2021.

Suez Canal Blockage

Murphys Law, the least the Ocean Freight market needed was a queue of ships waiting to pass one of the most important passage for global trade.

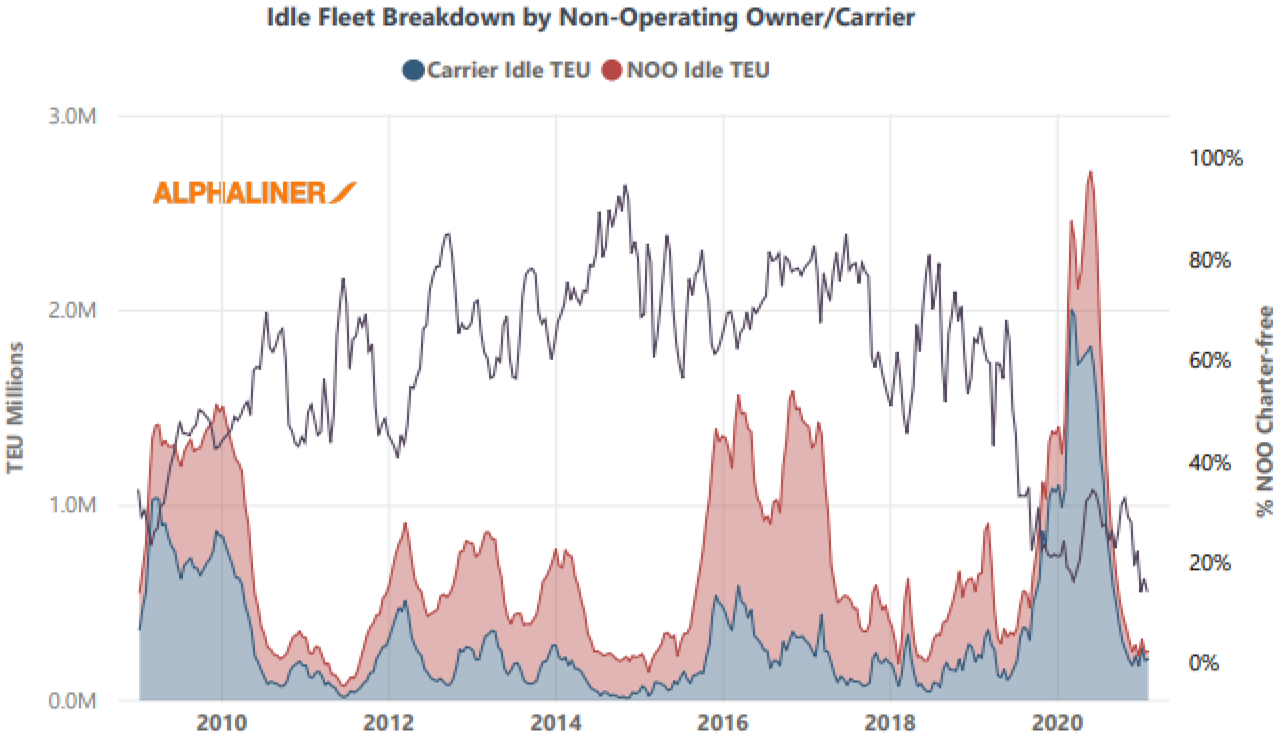


Source: MarineTraffic.com, 24 March, 09.55 GMT BBC

- Journey of ca. 370 vessels were affected (accumulated goods value ca US$ 9bn)
- Carriers expect to see a 1 to 2 week delay on surpassing canal passage or routing around the Cape of Good Hope.
- Asia – Europe – Asia networks will be heavily impacted with severe disruption schedule reliability.
- As consequences the market will be experiencing:
    - Heavy port congestion in Europe in conjunction with some heavy constraints on infrastructure
    - The empty equipment situation will further deteriorate on global scale
    - Majority of carriers introduced hard booking stops and are launching blank sailing programs, to get schedule integrity under control again
    - Capacity and allocations are curtailed triggering further rate spikes.
- We expect that it´ll take until QI3 to have the challenges ,triggered by this incident, fully cleared.

Tonnage Shortage

While the carriers have proven their improved asset management capabilities 2020. The availability of tonnage is limiting them to respond to ongoing increase in demand.

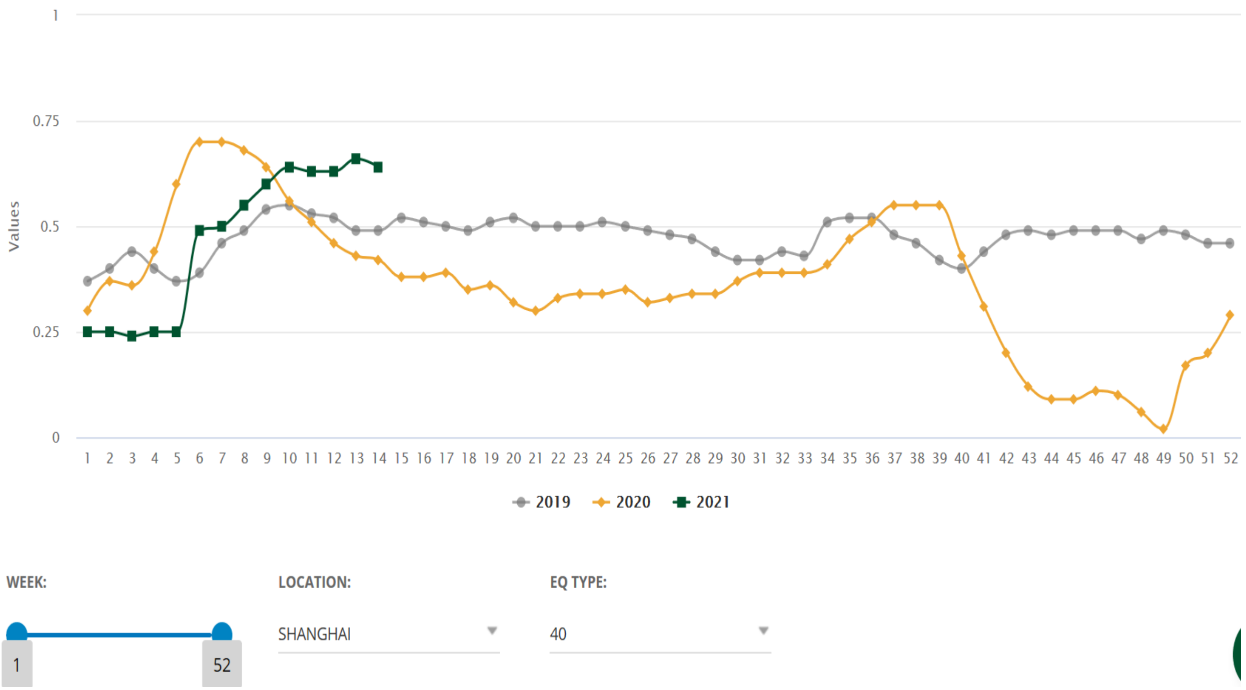


Source: Alphaliner, Monthly Monitor February 2021

- In response to COVID – 19, many countries introduced lockdowns, impacting consumption & industrial production. Carriers started to protect their cost position and adjusted their networks (blank sailings, service mergers, etc.). As the lockdowns were eased in some key markets, the demand picked up again, without any rational explanation. This has called carriers to reinstall suspended services and an introduction of extra loader services.
- The inactive fleet has massively decreased to 430.000 TEU in late October compared to the May – peak at 2.7 MIO TEU. The boom in demand was largely driven by catch up effect, limited air freight market, a strong increasing demand for hygiene products and a shift in consumption pattern of private households (more consumption goods instead of travelling).
- As a second waive has hit many markets, the uncertainty is high and visibility on the economical outlook low. Ocean Carriers are taking advantage of the momentum and in many key trades all time highs in spot rates are being reported.
- Carriers are not holding back any capacity, in fact they are trying to snap up any available charter tonnage. There is no idle capacity left, carriers are delaying scrapping and the first new orders have been placed.

Container Availability in Asia

Equipment availability recovered in Asia, but is expected to become a concern again in course of QI2 2021.

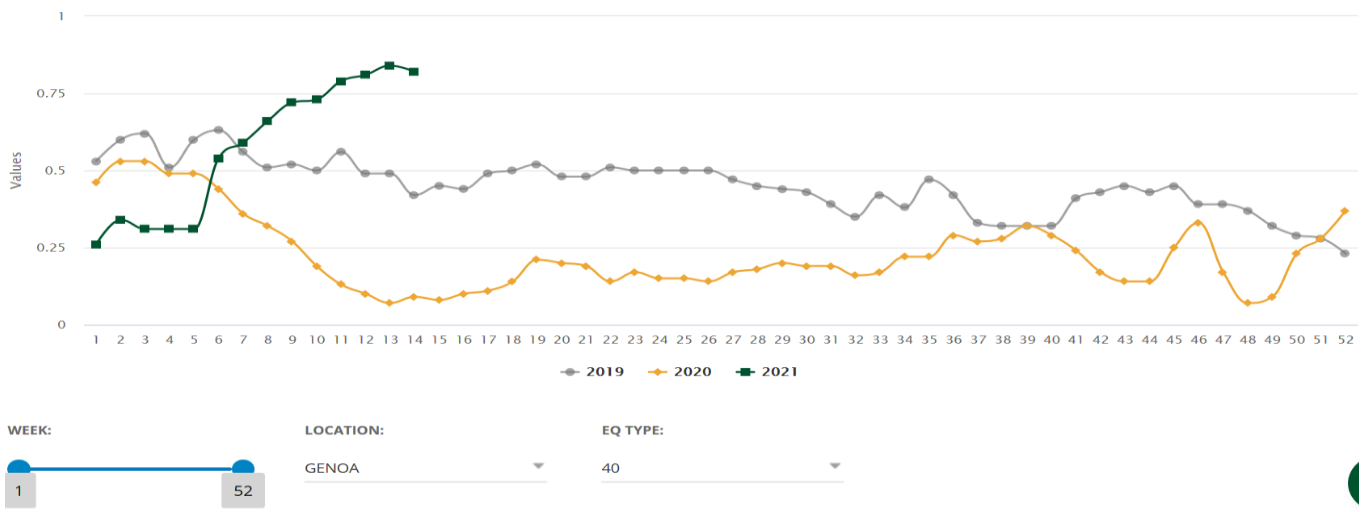


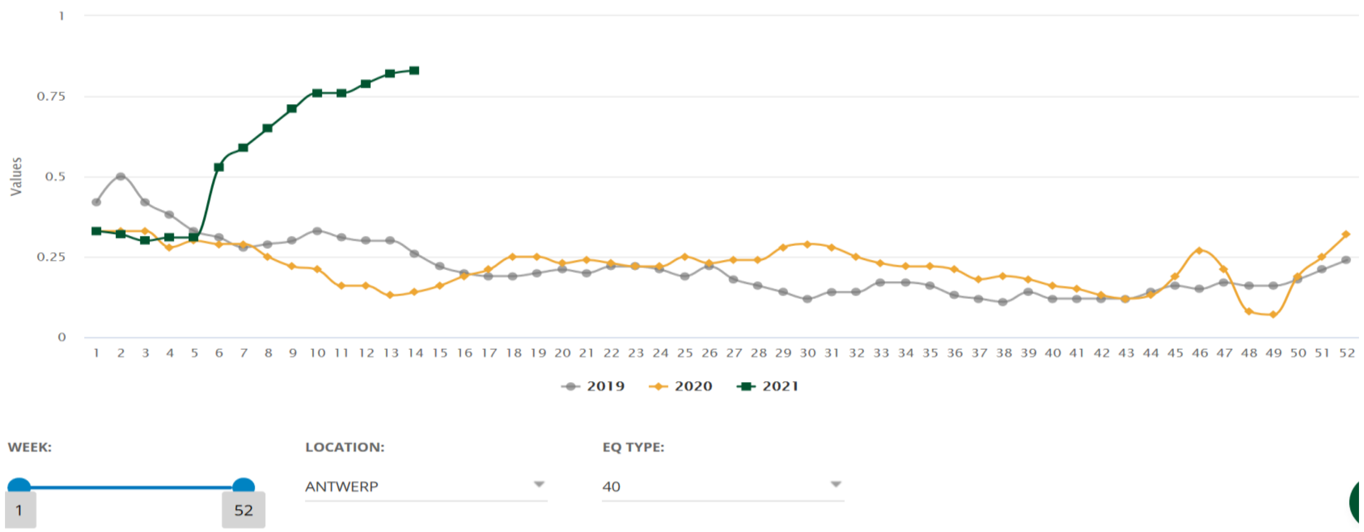
- The graph is indicating the availability of40‘s, by looking at one Asian major place - China; Shanghai.. A value of above 0,5 indicates a surplus and below 0,5 indicates a deficit of containers.
- Due to festival season a short drop in demand the availability has recovered. However we expect that equipment will become short again in course of QI2, due to rebouncing demand and ongoing operational constraints in terminals. Which is affecting equipment dwell time.
- The ripple effects of Suez canal blockage will create some additional bottlenecks, since the arrivals from Europe, bringing in equipment, are delayed.

Source: container-xchange.com/features/cax/

Container Availability in Europe

Also in Europe Equipment availability recovered in marginally, but is still tensed with a tendency to get worse in Q2I21.





- The graphs are indicating the availability of40's, by looking at two major places in Europe - one in North Europe (Belgium; Antwerp) & one in South Europe (Italy; Genoa). A value of above 0,5 indicates a surplus and below 0,5 indicates a deficit of containers.
- Compared to recent months the availability of empty equipment has recovered and looks better at any time in 2020.
- However operational constraints at terminals are triggering that same relief is not really hitting the markets.
- We expect that the situation will be more tensed in the near future due to late arrivals of vessels (Suez canal blockage) and increasing pressure on yield density of ports across Europe. Since some ULCVS will arrive at the continent bulky.

Schedule Reliability

Also February 21´s index remains aroun all time low figures.

Fig. 1: Global Schedule Reliability

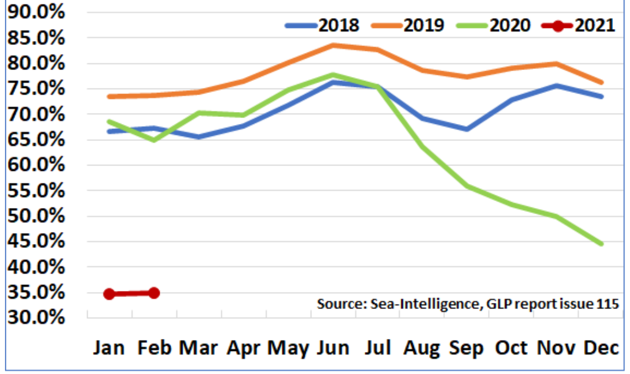


Fig. 2: Global Average Delays for Late Vessel Arrivals

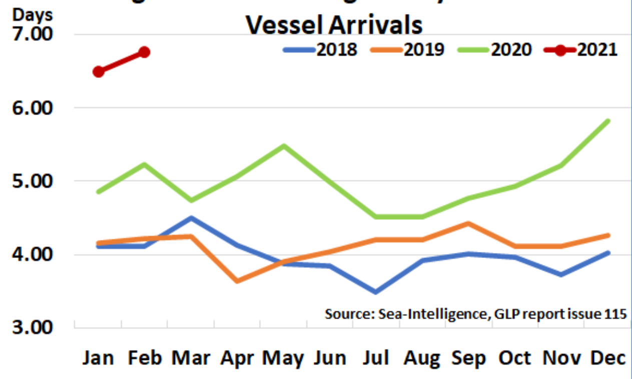
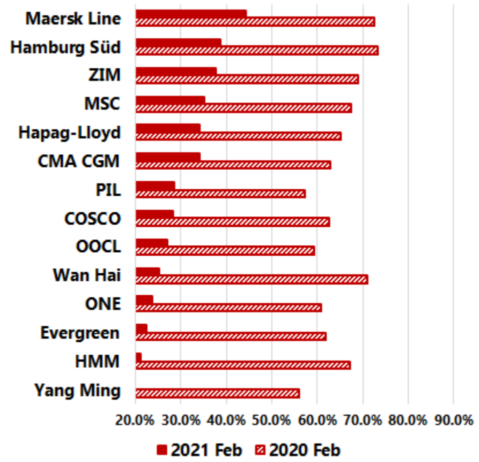


Fig. 3: Carrier scores for Feb 2021 (compared with Feb 2020)

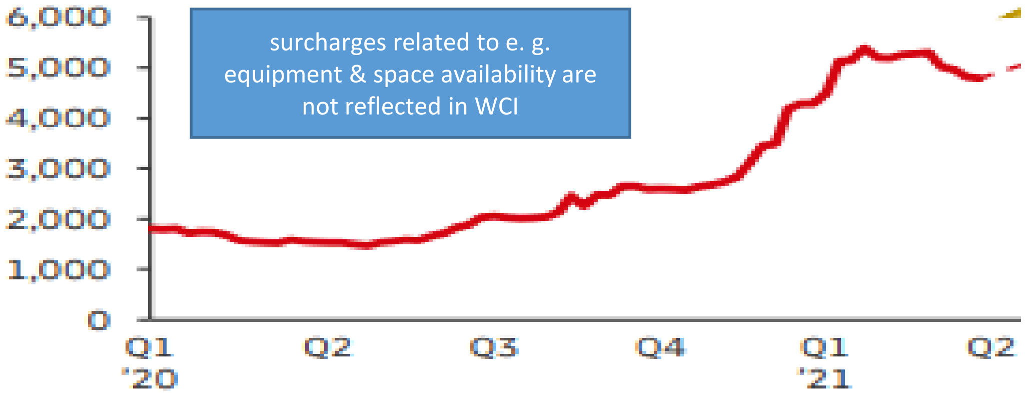


Source: „Carriers have arrested the slide in schedule reliability in February “; Mar,26th 2021; sea-intellegince.com/press-room

- Global schedule reliability stabilized in February and marginally improved from 34,8% (JAN 21) to 34,9% (FEB 21). After deteriorating since Jun 20.
- That being said, it is still the lowest figure for any February. Meaning every third vessel is delayed by almost a week. In other words, there is minimum one vessel and its capacity per week, creating further cargo backlogs and a toxic combination as demand keeps rising.
- The average delay for LATE vessel arrivals, has been on an increasing trend for six months, increasing M/M in February 2021 to 6.76 days, which is the highest recorded delay ever.
- In February 2021, Maersk Line was the most reliable carrier with 44.2% schedule reliability, and Yang Ming recorded the lowest schedule reliability of 19.6%. We can see in figure 3 how significant the deterioration is compared to February 2020.
- We expect to see a further drop to be recorded in course for April and May, since the Suez blockage will have a negative impact on schedule reliability.
- We anticipate that it gets worse, and that service integrity is not expected to recover significantly prior to Q3I21 or even Q4I21.

Rate Development 1/4

Looking at Drewry´s World Container Index (WCI).



Source: Drewry, in USD/40ft container, including BAF & THC both ends, 42 individual routes, excluding intra-Asia routes

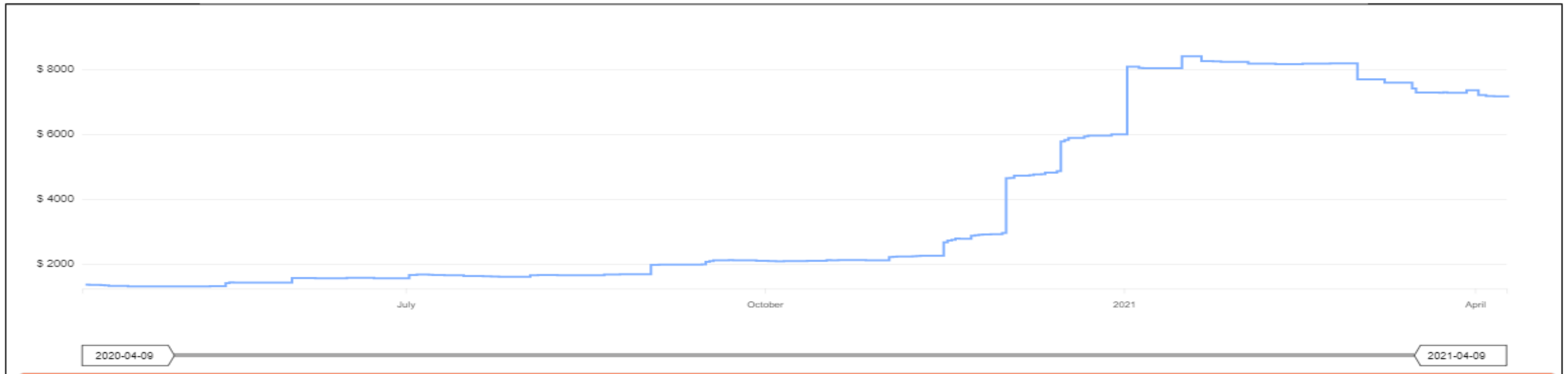
- In light of strong market fundamentals, ocean freight rates are remaining at all time high levels across almost all trades.
- A small dip has been experienced relative to the CNY festivities.
- Since demand for outbounds from Asia and Europe bounced back quickly and strongly, the pressure on inventory (space on vessels and equipment) returned.
- We are expecting that rates will remain somewhat high as long as there is the global pandemic ongoing.
- The ocean freight market is expected to continue being unpredictable and every smaller or bigger happening (e.g. Suez blockage) will further worsen things and delay a potential recovery.

Rate Development 2/4

Ocean – selected indices to cover FEWB development.

Shanghai (CNSGH) - Rotterdam (NLRTM) XENETA

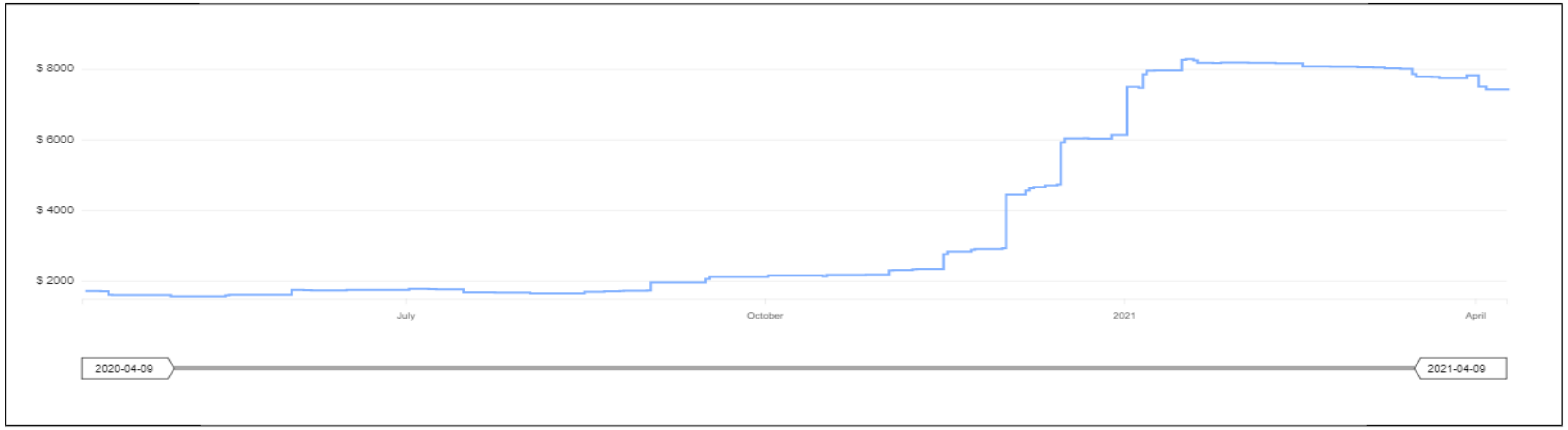
Date Range	Container Type	Contracted Within	Contract Length	THC Methodology
2020-04-09 - 2021-04-09	40' High Cube	All	Short Term	None



ALERT: To guarantee space and equipment, carriers are applying additional surcharges up to $1,500 – 2,500 per container*. Carriers have partially stopped accepting bookings for the time being. *not part of our rate aggregation

Shanghai (CNSGH) - Genova (ITGOA) XENETA

Date Range	Container Type	Contracted Within	Contract Length	THC Methodology
2020-04-09 - 2021-04-09	40' High Cube	All	Short Term	None



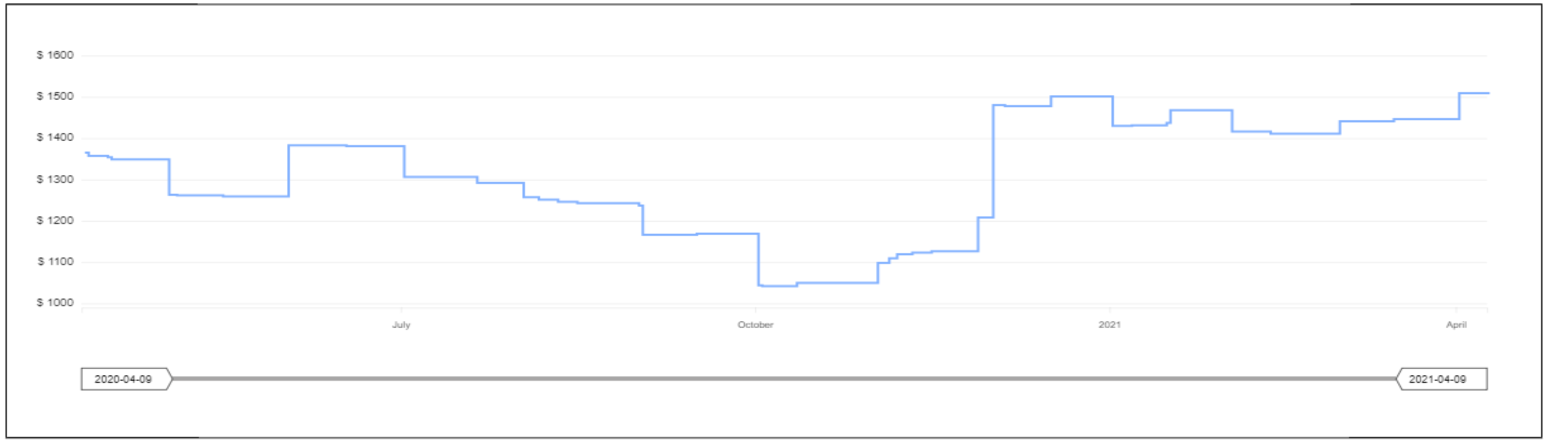
- Far East to Europe (FEWB)
  - Spot levels keep on being high, despite a small drop related to some dip in demand related to CNY.
  - Carriers keep on reporting very well utilized vessels and reporting hard booking stops on some May departures already.
  - Premium surcharges are back again, to be considered for urgent shipments to ensure highest priority on space and equipment release.
  - This situation is not expected to ease prior to Q3I21 or even Q4I21.
  - Since demand remaining strong and ripple effects from Suez blockage will keep the pressure high on carriers inventory (space on vessels as well as equipment availability.)

Rate Development 3/4

Ocean – selected indices to cover FEEB development.

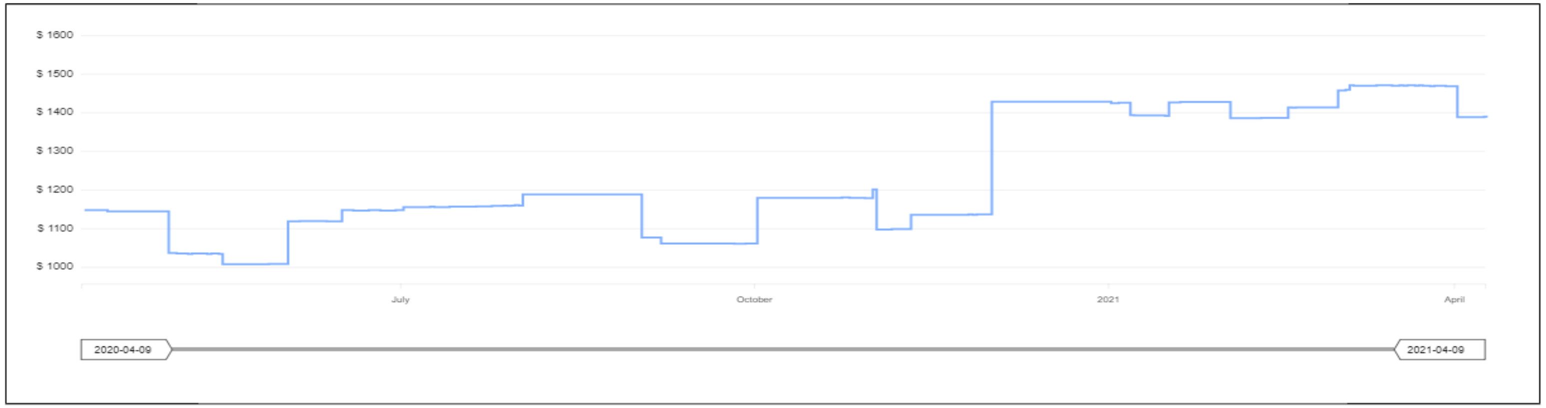
Rotterdam (NLRTM) - Shanghai (CNSGH) XENETA

Date Range	Container Type	Contracted Within	Contract Length	THC Methodology
2020-04-09 - 2021-04-09	40' High Cube	All	Short Term	OTHC



Genova (ITGOA) - Shanghai (CNSGH) XENETA

Date Range	Container Type	Contracted Within	Contract Length	THC Methodology
2020-04-09 - 2021-04-09	40' High Cube	All	Short Term	OTHC



- Europe to Far East (FEEB)
  - Route remaining under pressure because of repositioning activities and carrier's internal roundtrip yield competition.
  - Some carriers keep preferring sending empty containers, as they are not suffering from high dwell times.
  - Next to rate increases, carriers are also showing less flexibility on free time agreements.
  - Ripple effects from Suez blockage will create some short term pressure on specific departures. Biggest concern is related to equipment availability and congestion in key ports across Europe.

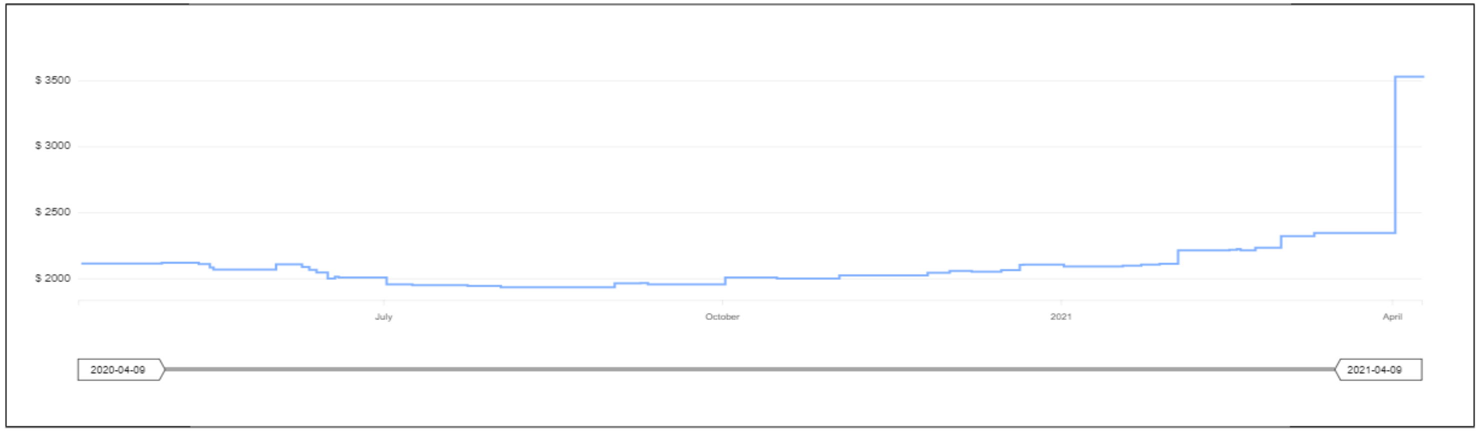
Rate Development 4/4

Spot on Transatlantic Westbound.

Rotterdam (NLRTM) - New York, NY (USNYC)

XENETA

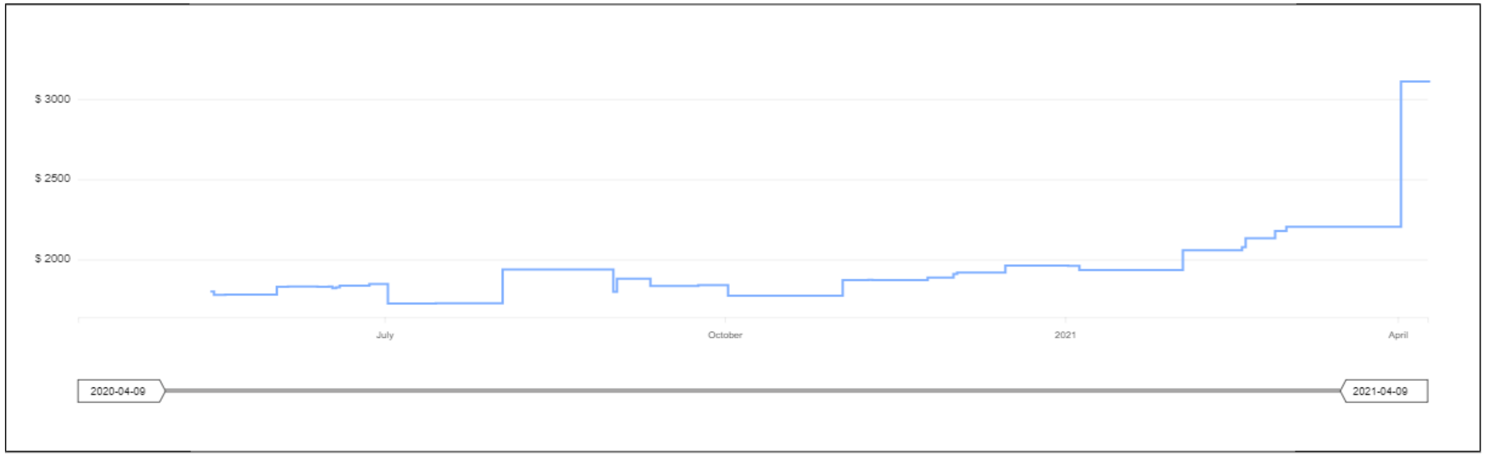
Date Range	Container Type	Contracted Within	Contract Length	THC Methodology
2020-04-09 - 2021-04-09	40' High Cube	All	Short Term	OTHC+DTHC



Genova (ITGOA) - New York, NY (USNYC)

XENETA

Date Range	Container Type	Contracted Within	Contract Length	THC Methodology
2020-04-09 - 2021-04-09	40' High Cube	All	Short Term	OTHC+DTHC



Transatlantic Westbound (TATLWB)

- In light of further escalating market fundamentals, with pressure on service integrety and equipment availability, Ocean Carriers are succesfuly applying rate increases.
- The market as such is more and more developing to a second outbound Asia, with plenty of new surcharges like Peak Season Surcharges, Equipment Imbalance Surchages, Port Congestion Surchages. Later mentioned is addressing the severe congestions in many US ports.
- The situation is not expected to ease any time soon, as:
    - Supply might be curtailed, The Alliance is expected to decrease their number of services in course of QI2 21.
    - Demand is expected to remain strong; the Biden administreation has withdrawn some high duty burden on specific goods. E.g. Wine exports from France, so the same will pick up again.

Outlook 2021

We´ll be remaining at a rough sea in key East – West trade lanes.

- Market fundamentals expected to remain strong throughout the second quarter.
  - Demand is not expected to cool down and usual seasonaility with lower Asia outbound volumes in Mar/Apr won´t kick in. (all time low amount of blank sailings)
  - No additional capacity in terms of vessels and containers available.
  - Dwell time of inventory remaining to be high, since e.g. port congestions are not expected to ease any time soon.
  - This is binding vessels and containers urgently needed in export areas to cover the demand.
- Shortage on capacity not expected to improve much in 2021
  - Idle fleet is very low, as carriers have alredy influxed capacity to cope with strong demand.
  - Networks are heavily disrupted, schedule reliability is down to 50 %. Carriers interfear and skip ports on their mother vessel journeys in hope to catch up on initially planned rotation.
- Carriers are investing in inventory
  - Container manufcatures are looking at full order books.
  - After a long time with no new orders on vessels, first carriers started to sign contracts with vessel manufactures in Asia. (e.g. Hapag Lloyd)
- Port Congestions around the globe keep on escalating
  - Every region has its own heat zone:
    - US: Los Angeles / Long Beach with other 30 vessels in line waiting to get handled
    - Europe: UK ports are still heavily congested, first carriers cross out UK ports from their mother vessel port rotation and tranship via Rotterdam, Antwerp and/or Bremerhaven
    - Putting the mentioned ports under severe pressure.
- Schedule reliability remaining at an all-time low value.
  - Carriers are interfering and changing effective port rotations per service/vessel continuosly.

    At the moment we do see some major ports crossed out on their FEWB(eg Shanghai on some 2M services) journeys.

    While this helps to catch up on the journey specific reliability it creates massive backlogs.

Actions To Consider

How to get through this period

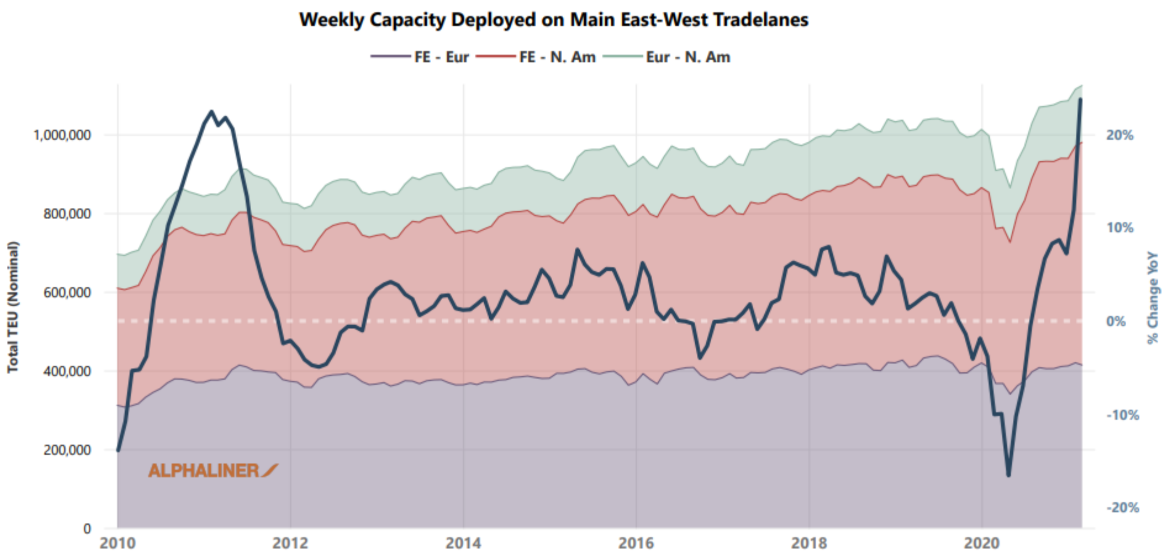
FORWARDER

- Pre-book space based on forecasts, at least 4 – 6 weeks in advance.
- Keep in steady exchange with the carrier to receive updates on short notice space availability
- Check for space with not contracted carriers
- Check for alternative origin/destination ports in the same area
- Keep the locals informed at any time on the market situation

CUSTOMER

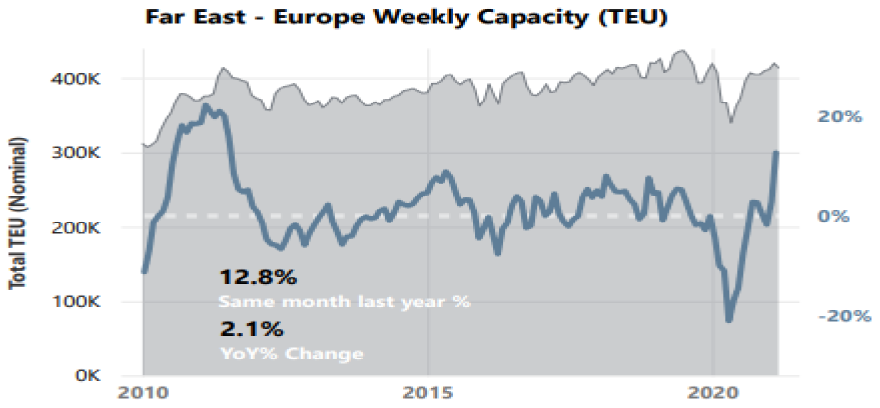
- Provide forecasts of planned shipments *(cancelled bookings may result in cancellation fees)*
- *Perform the bookings once placed, not only to avoid roll over or cancellation costs, but also to install a creditability.*
- Support to return equipment faster *(Quick equipment turnaround will help the equipment shortage)*
- Consider other container types than planned
- Confirm offered space & different rate structures quickly to secure the space
- Adopt to current market conditions and keep close communication with customers and suppliers for flexibility, increase product lead times
- Install contingency planning on urgent shipments.

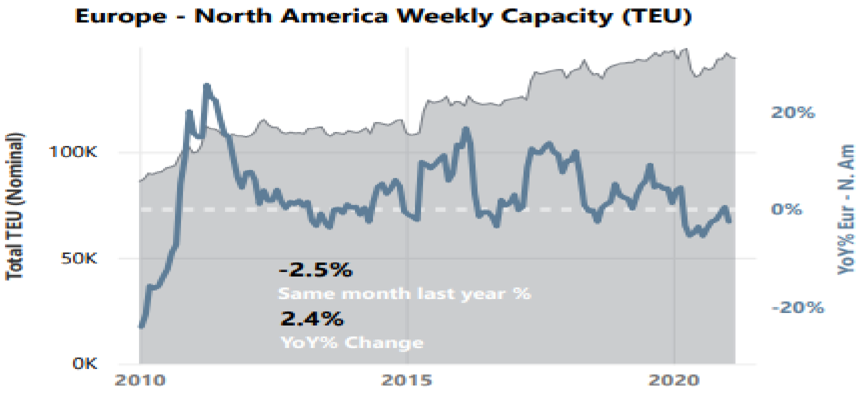
Supply Development in Asia Europe & Europe North America



Weekly Capacity (TEU)	FE - Eur	FE - N. Am	Eur - N. Am
01 Mar 20	366,782	393,384	148,021
01 Apr 20	366,844	396,495	148,831
01 May 20	339,871	385,337	139,090
01 Jun 20	361,085	436,279	135,604
01 Jul 20	373,442	458,081	136,337
01 Aug 20	396,349	491,489	139,959
01 Sep 20	407,055	523,082	138,904
01 Oct 20	404,451	526,967	139,740
01 Nov 20	404,544	526,352	143,889
01 Dec 20	409,633	529,346	143,849
01 Jan 21	411,564	527,085	146,744
01 Feb 21	419,437	550,429	144,677
01 Mar 21	413,703	565,717	144,347

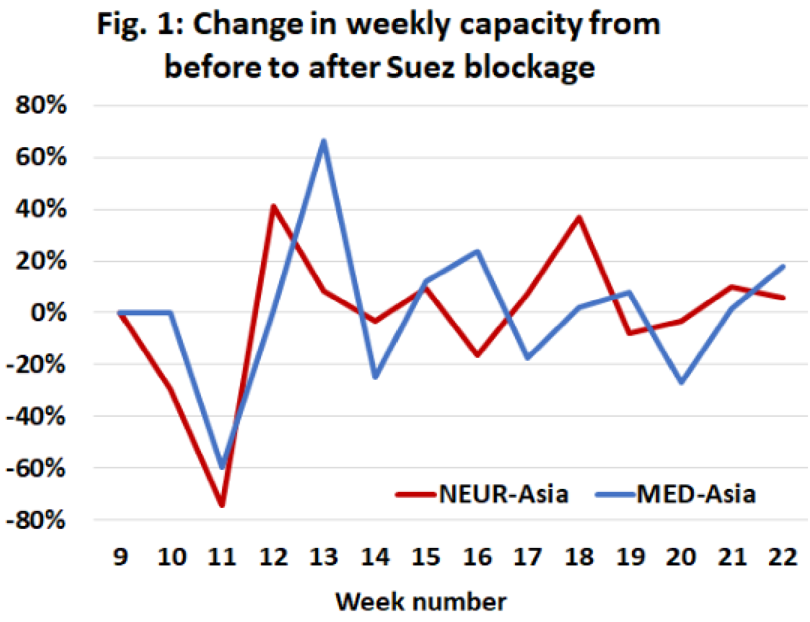
Same month last year Change %		
FE - Eur	FE - N. Am	Eur - N. Am
12.8%	43.8%	-2.5%





Source: Alphaliner, Monthly Monitor March 2021

Short-term impact of Suez blockage on Asia – Europe- Asia networks



Source: „Suez blockage: Clear ripples in capacity "; Apr,06th 2021; sea-intellegince.com/press-room

- Figure 1 shows the changes in weekly capacity before and after the Suez blockage on the Europe-Asia trade. On MED-Asia, the immediate impact is a sharp dip in export capacity of 60% essentially in the coming week, but this is followed by an equally sharp spike thereafter, as the delayed vessels finally make it to their designated ports. Then there is a series of what can best be described as "reducing waves" as the ripple effects of the impact slowly evaporate. On NEUR-Asia, the exporters are facing an imminent drop in export capacity of almost 80% - followed by two weeks of much higher than usual outbound capacity. But an imminent sharp drop in export capacity will most certainly leave a significant amount of European export cargo stranded in Europe for a week or two until it can be moved

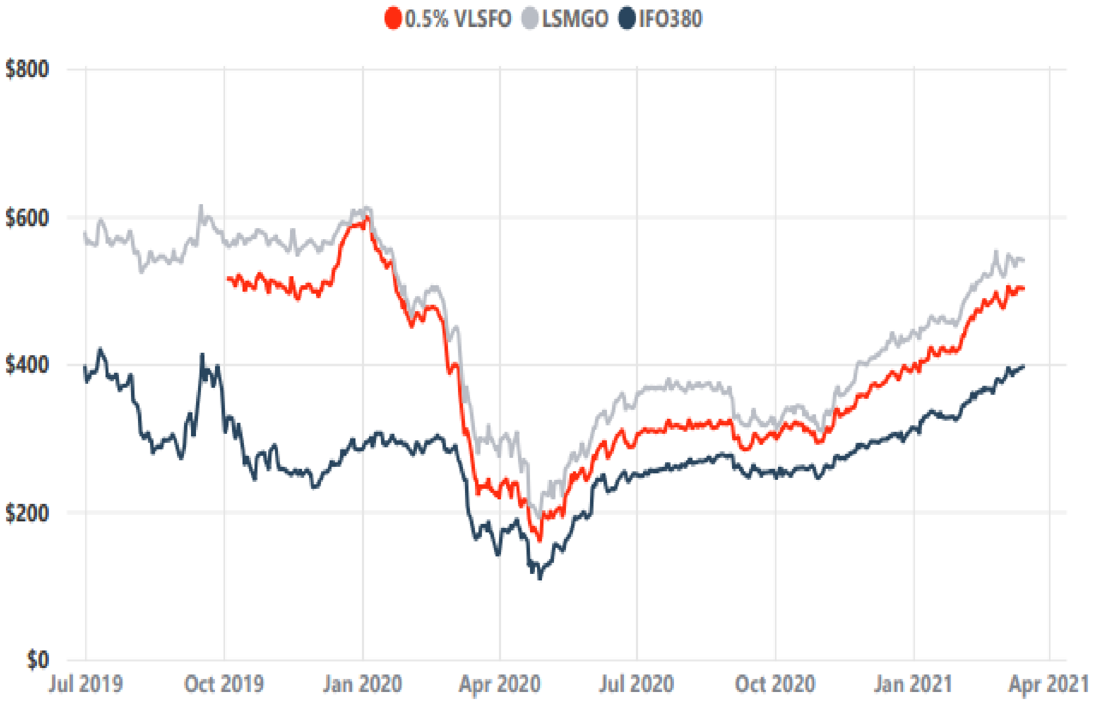
- Looking at Asia-Europe, on Asia-MED, in the coming weeks, export capacity available in the market in Asia is not materially impacted, but then in week 19 we see a major impact, as the batch of delayed vessels will fail to show up in Asia on time and hence lead to substantial blank sailings. On Asia-NEUR, the ripples will gradually get larger until they reach a crescendo in week 21 with a 24% drop in capacity. But in this case one should be more cautious in the actual interpretation of the change, as the carriers' initial capacity deployment for the coming weeks was already very volatile. Post-blockage, while mathematically we will see a large drop in capacity in week 21 relative to the pre-blockage situation, the present reality on the ground is that the spikes which were already in the system are being smoothed out.

- The most important element is for European exporters to note just how large a drop they will face imminently in export capacity, and plan in accordance with the reality that a sizeable part of the cargo has to wait 1-2 weeks before it is physically possible to get loaded on a vessel going to Asia.

Oil Price Development

Inceases on variable costs, such as bunker related surcharges ahead.

| Rotterdam Bunker Price : IFO380 vs VLSFO $/ton



Source: Alphaliner, Monthly Monitor March 2021

- Since GDP development in many key economies keeps on recovering, bunker indices keep on raising.
- We expect that bunker formulas from carriers will further increase in course of this year.

Rotterdam Bunker Price

Year	Month	0.5% VLSFO	Change MoM%	Change YoY%	LSMGO	Change MoM%	Change YoY%	IFO380	Change MoM%	Change YoY%
2021	January	$412	▲ 9%	-23%	$454	▲ 7%	-18%	$327	▲ 9%	11%
2021	February	$468	▲ 13%	3%	$509	▲ 12%	6%	$358	▲ 9%	24%
2021	March	$493	▲ 5%	73%	$534	▲ 5%	56%	$387	▲ 8%	90%
2020	January	$537	▲ -0%		$553	▼ -4%	5%	$295	▲ 11%	-17%
2020	February	$455	▼ -15%		$481	▼ -13%	-16%	$289	▼ -2%	-27%
2020	March	$285	▼ -37%		$342	▼ -29%	-41%	$204	▼ -29%	-50%
2020	April	$209	▼ -26%		$256	▼ -25%	-57%	$153	▼ -25%	-64%
2020	May	$222	▲ 6%		$255	▼ -0%	-58%	$165	▲ 7%	-59%
2020	June	$287	▲ 29%		$334	▲ 31%	-39%	$239	▲ 45%	-36%
2020	July	$312	▲ 8%		$368	▲ 10%	-36%	$256	▲ 7%	-34%
2020	August	$318	▲ 2%		$369	▼ 0%	-32%	$270	▲ 6%	-12%
2020	September	$299	▼ -6%		$328	▼ -11%	-43%	$258	▼ -5%	-25%
2020	October	$310	▲ 4%	-39%	$330	▼ 1%	-42%	$254	▼ -1%	-11%

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Ocean Market update

Thank you.