

ONE

OCEAN NETWORK EXPRESS

Financial Results for FY2021 2nd Quarter

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1. FY2021 2nd Quarter Results

□ Outline

In Q2, ONE's profit significantly increased to US\$4,200 Million compared to the same period last year (+US\$3,685 Million).

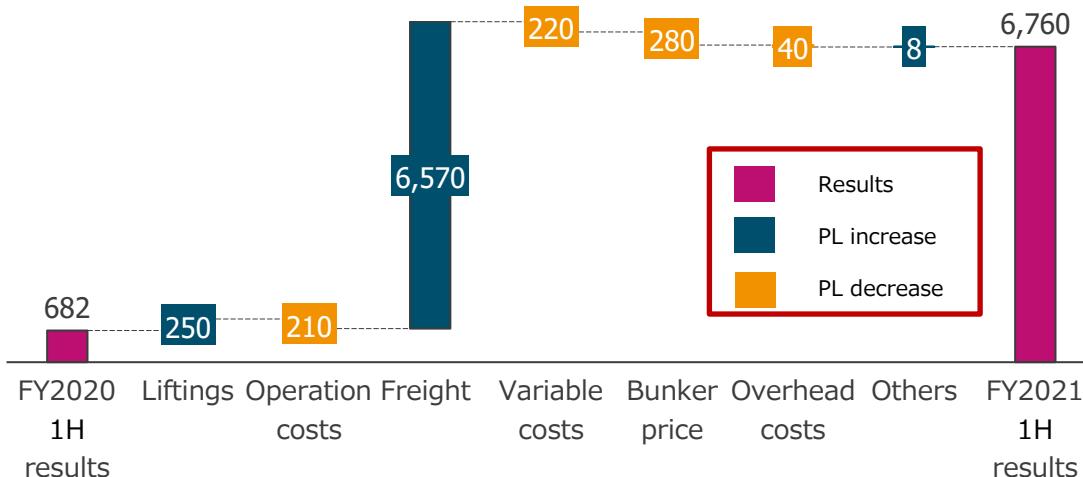
This increase is mainly due to the continuous strong market.

- The global container trade volumes in July-Sep increased nearly 10% Y to Y. Vessel utilization was at full capacity due to the strong cargo demand.
- The turmoil within the entire global supply chain worsened in Q2. Severe shoreside and inland congestion was and is still ongoing.
- The freight market was significantly higher than expected.

□ FY2021 1st Half Results and PL Analysis

(Unit: Million US\$)

	FY2020			FY2021			2Q Results to FY2020		1H Results to FY2020	
	1Q Results	2Q Results	1H Results	1Q Results	2Q Results	1H Results	Change	Change (%)	Change	Change (%)
Revenue	2,736	3,181	5,917	5,776	7,557	13,333	4,376	138%	7,416	125%
EBITDA	488	854	1,342	2,924	4,572	7,496	3,718	435%	6,154	459%
EBIT	242	603	846	2,657	4,295	6,952	3,691	612%	6,106	722%
Profit /Loss	167	515	682	2,559	4,200	6,760	3,685	715%	6,077	891%
Bunker Price (US\$/MT)	\$348	\$309	\$328	\$465	\$509	\$487	\$200	65%	\$159	48%
Bunker consumption (K MT)	877	887	1,765	906	891	1,797	4	0%	32	2%
Lifting (K TEU)	2,673	3,061	5,734	3,104	3,181	6,285	120	4%	551	10%



- Liftings: Recovered from the first half of the previous year, which had been significantly affected by COVID-19, and the strong cargo demand continued.
- Operation costs: Increased due to faster vessel speeds to improve schedule reliability. Vessel delay due to port/terminal congestion continues.
- Freight: Significantly improved due to increases in both long-term and short-term markets.
- Variable costs: Cost saving initiatives progressed, but additional costs increased due to shoreside and inland congestion.
- Bunker price: Further increased.
- Overhead costs: Agency fees and system costs increased.
- Others: Increased due to FX impact and interest rate, etc.

2. Liftings, Utilization Rates, Freight Index in Major Trades

(Unit: 1,000TEU)

Liftings / Utilization by Trades		FY2020							FY2021		
		1Q Results	2Q Results	1H Results	3Q Results	4Q Results	2H Results	Full Year Results	1Q Results	2Q Results	1H Results
Asia - North America Eastbound	Lifting	610	765	1,375	730	659	1,389	2,764	615	649	1,264
	Utilization	96%	100%	98%	103%	102%	103%	100%	100%	100%	100%
Asia - Europe Westbound	Lifting	347	419	766	402	389	791	1,556	436	443	879
	Utilization	96%	98%	97%	102%	99%	100%	99%	100%	100%	100%
Asia - North America Westbound	Lifting	327	328	654	368	330	698	1,352	328	309	638
	Utilization	51%	43%	47%	54%	56%	55%	51%	54%	54%	54%
Asia - Europe Eastbound	Lifting	290	289	579	331	308	639	1,219	339	347	687
	Utilization	75%	70%	73%	80%	80%	80%	76%	82%	78%	80%

(Unit: 100 = average freight rates as of FY2018 1Q)

Freight Index by Trades		FY2020							FY2021		
		1Q Results	2Q Results	1H Results	3Q Results	4Q Results	2H Results	Full Year Results	1Q Results	2Q Results	1H Results
Asia - North America Eastbound		110	119	115	140	157	148	132	185	247	216
Asia - Europe Westbound		106	103	104	125	280	201	153	327	451	389

- **Liftings, Utilization Rates** : The lifting on Asia-North America E/B increased from Q1 due to strong cargo demand and 100% vessel utilization rate was maintained, while lifting decreased compared to FY2020 Q2 due to port congestion mainly in the West Coast terminals. The lifting on Asia-Europe W/B increased from Q1 due to strong cargo demand and the vessel utilization rate was maintained at 100%. Both lifting and utilization on Asia-Europe W/B improved compared to FY2020 Q2.
- **Freight Index** : Freight market increased compared to FY2020 Q2 and has also improved from FY2021 Q1.

3. The Impact of & Countermeasures to Supply Chain Disruption

Outbreaking situation	<ul style="list-style-type: none"> ➤ The global container trade volumes from July to Sep increased by nearly 10% Y to Y due to the strong demand for consumer goods. Asia-North America trade market volume in July and Aug increased by approximately 10% Y to Y and by approximately 15% compared to the same period of FY2019 before the COVID-19 pandemic. Asia-Europe trade market volume in July and Aug was at the same level as the previous year, and at the same level compared to the same period of FY2019. ➤ The increased cargo demand, typhoons in Chinese ports and labour shortages due to the COVID-19 pandemic have worsened both port and inland congestion. ➤ Increased container dwell times occurred due to truck and chassis shortages, etc. ➤ International travel restrictions made flexible crew changes difficult.
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ONE's countermeasures	Customer service oriented	<ul style="list-style-type: none"> ➤ Digital solutions, such as the brand-new digital quotation platform "ONE QUOTE" have been accelerated. ➤ Two new features 'Track & Trace' and 'Chat' services in ONE Mobile APP have been launched to allow customers to track shipments and connect to ONE's Customer Service on the move.
	Operational excellency	<ul style="list-style-type: none"> ➤ Operational optimization included the increase of vessels speed to recover schedule integrity and rescue rolled-over cargo by the vessel delay and a sharp rise in cargo volume. ➤ Container procurement was maximised with new containers phasing in upon delivery, especially for Reefer units. ➤ Full utilization of ONE's own space by AI technology and the execution of empty sweeper sailings to bring empty containers back to those locations with strong demand. ➤ ONE worked together with the terminals to enhance early container pick up and return requests to customers. ➤ In close cooperation with ship owners, crew changes were enabled by diverting vessels and adding extra port calls.
	Quality of employees	<ul style="list-style-type: none"> ➤ Flexible remote working has continued in offices around the world. ➤ CSR activities have also continued to keep employees connected and contributions have been made to local communities.



The excessive strain on the entire global supply chain has worsened from Q1. ONE is doing its utmost effort to support social infrastructure globally.

4. FY2021 Full Year Forecasts

□ Outline

For the FY2021 full Year, approximately US\$11,760 million profit after tax is expected due to the continuous strong cargo demand and improvement of the freight market.

- Though the cargo demand is still strong, US\$5,000 million profit after tax would be expected for the FY2021 2H taking into consideration some cargo volume decrease due to seasonal influences, such as Chinese New Year and so on.

□ FY2021 Full Year Forecasts

(Unit: Million US\$)

	FY2020 Results			FY2021 Latest Forecasts			Full Year	
	1H Actual	2H Actual	Full Year Actual	1H Results	2H Forecasts	Full Year Forecast	Change (Mil US\$)	Change (%)
Revenue	5,917	8,480	14,397	13,333	12,080	25,413	11,016	77%
EBITDA	1,342	3,513	4,855	7,496	5,630	13,126	8,271	170%
EBIT	846	2,987	3,832	6,952	5,100	12,051	8,219	214%
Profit /Loss	682	2,802	3,484	6,760	5,000	11,760	8,276	238%
Bunker Price (US\$/MT)	\$328	\$335	\$331	\$487	\$589	\$541	\$209	63%

5. Actions to Achieve Further Competitiveness and Sustainability

- The new KCS (Korea-China-Straits) Service, to be launched on the 30th Oct, will enhance the unique port pair of Pasir Gudang, bringing more options and greater flexibility to ONE's valued customers. The new Asia-East Africa (EAF) service has continued to be fully loaded since launching in April.
- "ONE QUOTE" is successfully adding new functions and expanding the trade scope. Asia-North America Eastbound trade is now available from 28th Sep. The scope of countries where ONE QUOTE can be accessed has been expanded to meet customers requirements.
- ONE signed a memorandum of cooperation (MoC) with the Maritime and Port Authority of Singapore (MPA) to establish a fund for Global Centre for Maritime Decarbonisation (GCMD) to advance decarbonization efforts in the maritime industry and agreed to contribute SGD10Mil to GCMD as a founding member.
- PSA Corporation Ltd & ONE team up to enhance sustainability and reduce maritime's negative environmental footprint, promoting industry wide efforts to decarbonise.
- ONE has endorsed the Call to Action for Shipping Decarbonization by the "Getting to Zero Coalition", an alliance of more than 150 companies within the maritime, energy, infrastructure and finance sectors that aims to decarbonize shipping.

6. Reference (Fleet Structure & Service Structure)

▣ Fleet Structure

Size		1)As of end June. 2021	2)As of end Sep. 2021	2)-1)
≥ 20,000 TEU	Capacity (TEU)	120,600	120,600	0
	Vessels	6	6	0
10,500 - 20,000 TEU	Capacity (TEU)	441,600	456,600	15,000
	Vessels	32	33	1
9,800 - 10,500 TEU	Capacity (TEU)	110,200	110,200	0
	Vessels	11	11	0
7,800 - 9,800 TEU	Capacity (TEU)	365,698	365,698	0
	Vessels	41	41	0
6,000 - 7,800 TEU	Capacity (TEU)	163,984	163,984	0
	Vessels	25	25	0
5,200 - 6,000 TEU	Capacity (TEU)	83,699	77,632	▲ 6,067
	Vessels	15	14	▲ 1
4,600 - 5,200 TEU	Capacity (TEU)	103,607	103,169	▲ 438
	Vessels	21	21	0
4,300 - 4,600 TEU	Capacity (TEU)	67,271	67,271	0
	Vessels	15	15	0
3,500 - 4,300 TEU	Capacity (TEU)	29,130	29,130	0
	Vessels	7	7	0
2,400 - 3,500 TEU	Capacity (TEU)	71,814	74,356	2,542
	Vessels	27	28	1
1,300 - 2,400 TEU	Capacity (TEU)	10,415	10,415	0
	Vessels	6	6	0
1,000 - 1,300 TEU	Capacity (TEU)	10,663	10,663	0
	Vessels	10	10	0
< 1,000 TEU	Capacity (TEU)	0	0	0
	Vessels	0	0	0
Total	Capacity (TEU)	1,578,681	1,589,718	11,037
	Vessels	216	217	1

▣ Service Structure

(FY2021 Q2 Structure of dominant and non-dominant space)

