

# ONE

**OCEAN NETWORK EXPRESS**

Financial Results for FY2021 3<sup>rd</sup> Quarter

**JANUARY.31, 2022**

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# 1. FY2021 3rd Quarter Results

## □ Outline

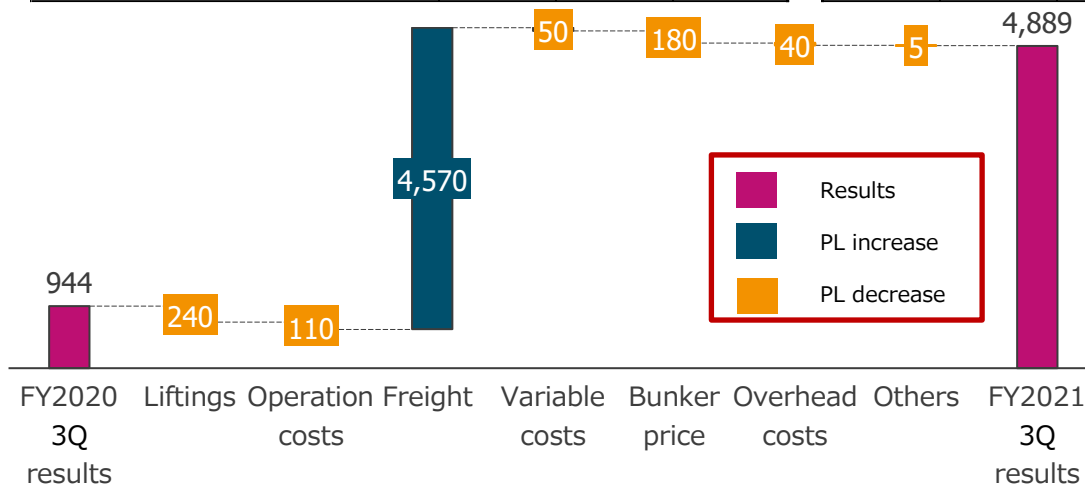
**In Q3, ONE's profit significantly increased to US\$4,889 million compared to the same period last year (+US\$3,945 million) mainly due to the rise in the spot freight market.**

- Despite the impact of seasonal factors such as the Chinese National Day and end of year holidays, the strong cargo demand continued in Oct-Dec.
- On the supply side, there remains turmoil within the entire global supply chain. Port and inland congestion worsened from Q2, mainly in the US West Coast.
- As a result of the above, the spot freight market further increased from Q2 and remained at a significantly higher level than expected.

## □ FY2021 3<sup>rd</sup> Quarter Results and PL Analysis

(Unit: Million US\$)

	FY2020			FY2021			3Q Results to FY2020 3Q		1Q-3Q Results to FY2020 1Q-3Q	
	1H Results	3Q Results	1Q-3Q Results	1H Results	3Q Results	1Q-3Q Results	Change	Change (%)	Change	Change (%)
Revenue	5,917	3,757	9,673	13,333	8,332	21,665	4,575	122%	11,991	124%
EBITDA	1,342	1,293	2,635	7,496	5,286	12,782	3,993	309%	10,147	385%
EBIT	846	1,036	1,882	6,952	5,019	11,970	3,983	384%	10,088	536%
Profit/Loss	682	944	1,626	6,760	4,889	11,648	3,945	418%	10,022	616%
Bunker Price (US\$/MT)	\$328	\$314	\$323	\$487	\$531	\$501	\$217	69%	\$178	55%
Bunker consumption (K MT)	1,765	933	2,698	1,797	854	2,651	-79	-8%	-47	-2%
Lifting (K TEU)	5,734	3,204	8,938	6,285	2,939	9,224	-264	-8%	286	3%



- Liftings: Decreased due to blank sailings caused by port congestion, despite the strong cargo demand continuing.
- Operation costs: Increased mainly due to higher ships cost.
- Freight: Significantly improved due to a rise in both long-term and short-term markets.
- Variable costs: Cost saving initiatives progressed, but additional costs increased due to port and inland congestion.
- Bunker price: The price increased.
- Overhead costs: Agency fees and system costs increased.
- Others: Remain mostly unchanged from the previous year.

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

(Unit: 1,000TEU)

Liftings / Utilization by Trades		FY2020						
		1Q	2Q	1H	3Q	4Q	2H	Full Year
Asia - North America Eastbound	Lifting	610	765	1,375	730	659	1,389	2,764
	Utilization	96%	100%	98%	103%	102%	103%	100%
Asia - Europe Westbound	Lifting	347	419	766	402	389	791	1,556
	Utilization	96%	98%	97%	102%	99%	100%	99%

FY2021			
1Q	2Q	1H	3Q
615	649	1,264	564
100%	100%	100%	100%
436	443	879	411
100%	100%	100%	97%

Asia - North America Westbound	Lifting	327	328	654	368	330	698	1,352
	Utilization	51%	43%	47%	54%	56%	55%	51%
Asia - Europe Eastbound	Lifting	290	289	579	331	308	639	1,219
	Utilization	75%	70%	73%	80%	80%	80%	76%

328	309	638	258
54%	54%	54%	47%
339	347	687	305
82%	78%	80%	69%

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

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

FY2021			
1Q	2Q	1H	3Q
185	247	216	285
327	451	389	539

- **Liftings, Utilization Rates** : The liftings on Asia-North America E/B decreased from Q2 due to the Chinese National Day and end of year holidays, but 100% vessel utilization rate was maintained. The liftings also decreased compared to FY2020 Q3 due to port congestion mainly in the U.S. West Coast terminals. The liftings and utilization on Asia-Europe W/B decreased from Q2 due to seasonal factors. Compared to FY2020 Q3, the liftings on Asia-Europe W/B generally remained unchanged, but the utilization was affected by schedule disruption.
- **Freight Index** : The freight market rose significantly compared to FY2020 Q3 and has also improved from FY2021 Q2.

# 3. The Impact of & Countermeasures to Supply Chain Disruption

Business environment	<ul style="list-style-type: none"> <li>➤ The global cargo demand remained strong through Oct-Dec, particularly for consumer goods. Asia-North America trade market volume in Oct and Nov increased by approximately 3% Y to Y. Asia-Europe trade market volume in Oct and Nov increased by approximately 6% Y to Y.</li> <li>➤ The strong cargo demand, labour shortage and continued COVID-19 impact have worsened both port and inland congestion globally.</li> <li>➤ Increased container dwell times occurred due to truck and chassis shortages, etc.</li> <li>➤ International travel restrictions made flexible crew changes difficult.</li> </ul>
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ONE'S countermeasures	<b>Customer service oriented</b>	<ul style="list-style-type: none"> <li>➤ Digital solutions, such as the brand-new digital quotation platform "ONE QUOTE" have been accelerated.</li> <li>➤ A new homepage for ONE Mobile APP has been released to improve convenience for customers and provide timely information to customers.</li> </ul>
	<b>Operational excellency</b>	<ul style="list-style-type: none"> <li>➤ Procured reefer containers have mostly been delivered in Q3 and additional procurement is ongoing.</li> <li>➤ Full utilization of ONE's own space and the execution of empty sweeper sailings to bring empty containers back to those locations with strong demand.</li> <li>➤ Operational optimization to rescue rolled-over cargo resulting from vessel delays and a sharp rise in cargo volume included the increase of vessels speed to recover schedule integrity and deployment of extra loaders.</li> <li>➤ ONE worked together with the terminals to enhance early container pick up and return requests to customers.</li> <li>➤ In close cooperation with ship owners, crew changes were enabled by diverting vessels and adding extra port calls.</li> </ul>
	<b>Quality of employees</b>	<ul style="list-style-type: none"> <li>➤ Flexible remote working has continued in offices around the world.</li> <li>➤ CSR activities have also continued to keep employees connected and contributions have been made to local communities.</li> </ul>



**There remains excessive strain on the entire global supply chain. ONE is doing its utmost effort to support social infrastructure globally. In Q3, space shortages continued, but no container shortage occurred.**

## 4. FY2021 Full Year Forecasts

### □ Outline

**For the FY2021 full year, approximately US\$15,398 million profit after tax is expected due to strong cargo demand and improvements in the freight market.**

- In Q3, ONE achieved US\$4,889 million profit after tax due to strong cargo demand and a rise in the spot freight market. In Q4, although there are going to be some seasonal factors, such as Chinese New Year and blank sailings due to supply chain disruptions, approximately US\$3,750 million profit after tax is expected due to the continued cargo demand.

### □ FY2021 Full Year Forecasts

(Unit: Million US\$)

\*As of end Oct 2021

	FY2021(Previous Forecasts*)		
	1H Results	2H Forecasts	Full Year Forecasts
Revenue	13,333	12,080	25,413
EBITDA	7,496	5,630	13,126
EBIT	6,952	5,100	12,051
Profit/Loss	6,760	5,000	11,760

FY2021(Latest)				
1H Results	3Q Results	4Q Forecasts	2H Forecasts	Full Year Forecasts
13,333	8,332	7,380	15,712	29,045
7,496	5,286	4,080	9,366	16,862
6,952	5,019	3,830	8,849	15,800
6,760	4,889	3,750	8,639	15,398

Full Year	
Change	Change (%)
3,632	14%
3,736	28%
3,749	31%
3,638	31%

Bunker Price (US\$/MT)	\$487	\$589	\$541
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\$487	\$531	\$582	\$556	\$520
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-\$21	-4%
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	FY2020(Previous Year)		
	1H Results	2H Results	Full Year Results
Revenue	5,917	8,480	14,397
EBITDA	1,342	3,513	4,855
EBIT	846	2,987	3,832
Profit/Loss	682	2,802	3,484

Full Year	
Change	Change (%)
14,648	102%
12,007	247%
11,968	312%
11,915	342%

Bunker Price (US\$/MT)	\$328	\$335	\$331
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\$189	57%
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## 5. Actions to Achieve Further Competitiveness and Sustainability

- The launch of a new service, the Korea Russia Express 2 (KRX2) to complement the current Korea Russia Express (KRX) service and enhance the network within the same sector.
- “ONE QUOTE” is successfully adding new functions and expanding the trade scope. Reefer as Dry (RAD) function is now available in ONE QUOTE from Dec. The scope of countries where ONE QUOTE can be accessed has been expanded to meet customers requirements.
- EUA RHQ has been awarded ISO14001 by the International Organization for Standardization for its environmental management system for inland operation on Europe-Africa trade.
- ONE conducted a joint crisis management drill with ship owner, Seaspan Corporation.
- As part of a continued joint commitment to adopt responsible maritime practices, PSA Corporation Ltd (PSA) and ONE have launched an environmentally-friendly barge sailing service from PSA Singapore to PSA Jurong Island Terminal.
- Following our donation to the "Sustaining Crew Welfare Campaign", ONE donated another £30'000 to The Mission to Seafarers, becoming a platinum donor of the Charity who supports smooth crew changes and provides mental health support to seafarers.
- ONE launched a year-long #ONEPinkRibbon campaign to raise awareness of breast cancer globally. ONE will transform 100 of its iconic magenta shipping containers to feature the pink ribbon – an international symbol for breast cancer awareness – and promote the importance of early detection of breast cancer.

## 6. Reference (Fleet Structure & Service Structure)

### ▣ Fleet Structure

Size		1)As of end Sep. 2021	2)As of end Dec. 2021	2)-1)
>= 20,000 TEU	Capacity (TEU)	120,600	120,600	0
	Vessels	6	6	0
10,500 - 20,000 TEU	Capacity (TEU)	456,600	456,600	0
	Vessels	33	33	0
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	138,307	▲ 25,677
	Vessels	25	21	▲ 4
5,200 - 6,000 TEU	Capacity (TEU)	77,632	66,463	▲ 11,169
	Vessels	14	12	▲ 2
4,600 - 5,200 TEU	Capacity (TEU)	103,169	93,122	▲ 10,047
	Vessels	21	19	▲ 2
4,300 - 4,600 TEU	Capacity (TEU)	67,271	62,952	▲ 4,319
	Vessels	15	14	▲ 1
3,500 - 4,300 TEU	Capacity (TEU)	29,130	24,874	▲ 4,256
	Vessels	7	6	▲ 1
2,400 - 3,500 TEU	Capacity (TEU)	74,356	80,602	6,246
	Vessels	28	30	2
1,300 - 2,400 TEU	Capacity (TEU)	10,415	12,093	1,678
	Vessels	6	7	1
1,000 - 1,300 TEU	Capacity (TEU)	10,663	10,573	▲ 90
	Vessels	10	10	0
< 1,000 TEU	Capacity (TEU)	0	618	618
	Vessels	0	1	1
<b>Total</b>	<b>Capacity (TEU)</b>	<b>1,589,718</b>	<b>1,542,702</b>	<b>▲ 47,016</b>
	<b>Vessels</b>	<b>217</b>	<b>211</b>	<b>▲ 6</b>

### ▣ Service Structure

(FY2021 Q3 Structure of dominant and non-dominant space)

