OCEAN FREIGHT MARKET UPDATE

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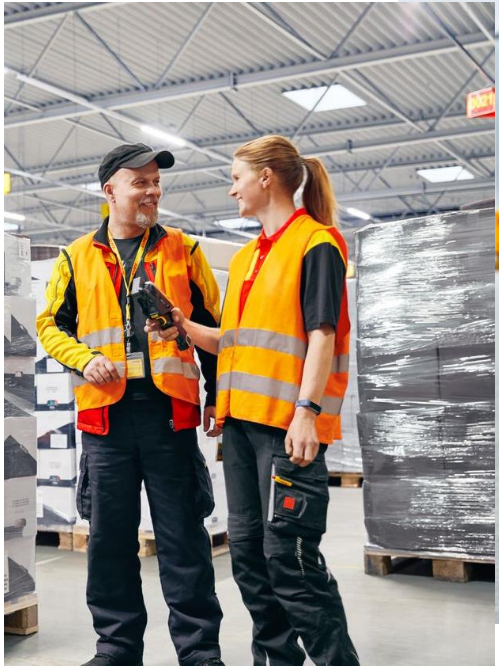
Ocean Freight Market update – April 2023



Topic of the month
Carrier Financial Results 2022

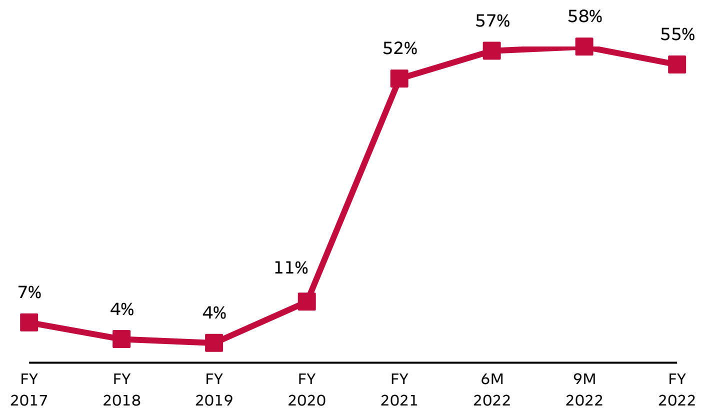
Signs of a marked slowdown visible in fourth quarter 2022

While 2022 was another record year for container carriers the last quarter of 2022 already showed signs of weakness and the end of a period in which freight rates have been extremely favorable for the sector.

Therefore, when carriers posted their record results for 2022 they warned that the current year would be very different:

- For 2023 Hapag-Lloyd expects a massive decline in earnings and thinks that EBITDA will be in the range of USD 4.3-6.5 bn, compared to USD 20.8 bn in 2022.
- Maersk Line predicts an EBIT of between USD 2.0-5.0 bn (USD 33 bn in 2022) based on an expected very low profitability of its Ocean shipping division in the second half of 2023.
- French carrier CMA CGM expects the marked slowdown in the fourth quarter 2022 to continue into 2023.

TOP 10 CARRIER OPERATING PROFIT MARGIN



Source: DHL, carriers

Pending results
COSCO
SHIPPING

Carrier Financial results 2021–2022 (US$ million)

	Revenue			Operating Profit			Operating Profit Margin		Net Profit		
Carrier	2021	2022	%	2021	2022	%	2021	2022	2021	2022	%
Maersk Group [7)]	42’734	64’499	51%	21’432	33’770	58%	50.2%	52.4%	18’033	29’321	63%
CMA CGM [2)]	45’290	58’950	30%	22’069	31’640	43%	48.7%	53.7%	17’894	24’800	39%
COSCO SHIPPING Holdings [5), 8)]	33’317	41’588	25%	14’409	20’940	45%	43.2%	50.4%	10’471	13’580	30%
ONE [3)]	21’665	24’640	14%	12’782	14’762	15%	59.0%	59.9%	11’648	13’788	18%
Hapag-Lloyd	25’263	36’956	46%	12’309	20’786	69%	48.7%	56.2%	10’304	18’233	77%
Evergreen Marine Corp. [1), 6)]	17’643	20’424	16%	10’269	12’204	19%	58.2%	59.8%	9’485	11’271	19%
HMM	10’877	13’707	26%	6’142	7’811	27%	56.5%	57.0%	4’483	7’712	72%
Zim	10’729	12’562	17%	6’596	7’532	14%	61.5%	60.0%	4’649	4’629	0%
Yang Ming[1)]	12’029	12’239	2%	7’332	7’186	-2%	61.0%	58.7%	5’970	5’894	-1%
Wan Hai[1)]	8’220	8’432	3%	4’603	3’840	-17%	56.0%	45.5%	3’728	3’032	-19%
Average [4)]			**32%**			**37%**	**52.5%**	**54.8%**			**41%**

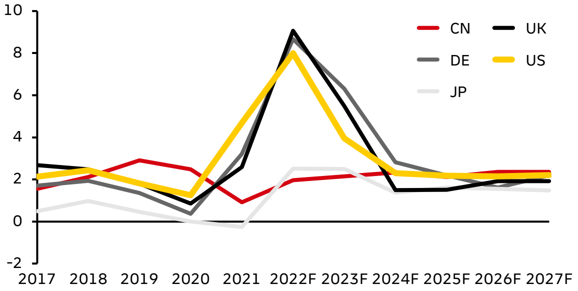
Source: Alphaliner, DynaLiners; n.a. = not available, n.m. = not meaningful; 1) local currency numbers were converted into US$ using the average exchange rate for relevant financial period; 2) container shipping segment only, excl. CEVA and Airfreight activities, Net Profit for Group; 3) result is Q3 Japanese financial year, i.e. Apr-Dec not calendar year; 4) Average excluding ONE, COSCO; 5) COSCO Shipping Lines and OOCL, excl. terminals; 6) not consolidated for Evergreen Group; 7) Ocean segment only; Net Profit for Group; 8) result is Q3 2022

High level market development

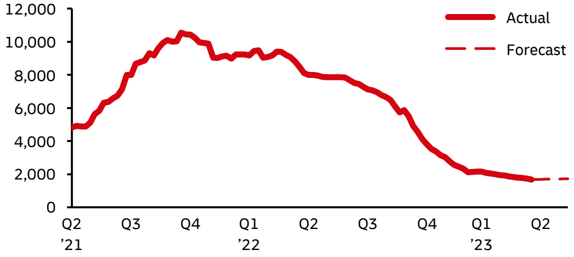
ECONOMIC OUTLOOK GDP GROWTH BY REGION[1)]

	2023F	2024F	2025F	2026F	2027F	CAGR (2024-27)
AMER	0.9%	1.8%	2.1%	2.0%	1.9%	2.0%
ASPA	4.2%	4.7%	4.3%	4.3%	4.2%	4.3%
EURO	0.2%	1.6%	2.0%	1.8%	1.7%	1.9%
MEA	3.1%	3.3%	3.4%	3.0%	3.3%	3.2%
DGF World	**2.0%**	**2.8%**	**3.0%**	**2.9%**	**2.8%**	**2.9%**

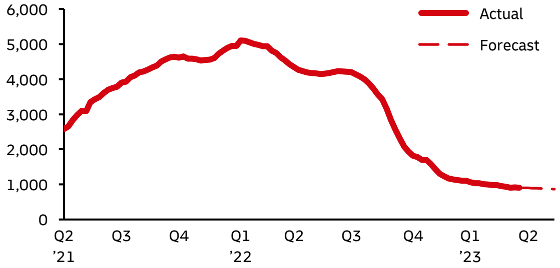
INFLATION, YOY in %[2)]



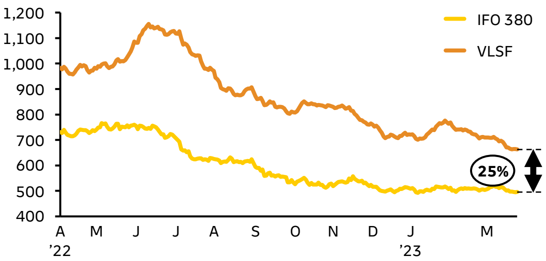
WORLD CONTAINER INDEX (WCI)[3)]



SHANGHAI CONTAINERIZED FREIGHT INDEX (SCFI)[4)]



BUNKER PRICES[5)]



1) Real GDP, Copyright © IHS Markit, now part of S&P Global, Q1 2023 Update 6 March '23. All rights reserved; 2) IHS Markit, now part of S&P Global, Q1 2023 Update 6 March '23. All rights reserved; 3 & 4) Surcharges related to e.g., equipment & space availability are not reflected in WCI & SCFI; 3) Drewry, in USD/40ft container, including BAF & THC both ends, 42 individual routes, excluding intra-Asia routes; 4) Shanghai Shipping Exchange, in USD/20ft ctnr & USD/40ft ctnr for US routes, including BAF, EBAF, CAF, PSS, WRS, PCS & SCS/SCF/PTF/PCC, excl. THC, 15 routes from Shanghai; 5) Source: DHL

Major trades – Market outlook April 2023 month-on-month development

EUROPE

Import region	Capacity	Rate
AMNO	=	=
AMLA & MX	=	-
ASPA	=	=/-
MENAT	=	=/-
SSA	=	=/-

NORTH AMERICA

Import region	Capacity	Rate
EURO	=	=
AMLA	=	=
ASPA	+	=
MENAT	+	-
SSA	=	-

ASIA PACIFIC

Import region	Capacity	Rate
EURO	=	=
AMNO	=	=
AMLA	= EC / = WC	+ EC / + WC
ASPA	=	=/-
MENAT	-	-
OCEANIA	=	=

LATIN AMERICA*

Import region	Capacity	Rates
EURO	+	--
AMNO	=	-
ASPA	=	=
MENAT	=	-
SSA	=	=

Source: DHL
*incl Mexico and Central America/Cenac

KEY										
	Strong Increase	++	Moderate Increase	+	No Change	=	Moderate Decline	-	Strong Decline	--

Market outlook April 2023
Ocean Freight rates – Asia-Pacific exports

ASPA-EURO

The blank sailing program continues to balance out demand and supply which leads into full vessels in the coming weeks.

ASPA-AMNO

The port situation is stable on both the East and West Coast with vessel dwell decreasing week over week due to softening demand. As a result of weaker demand, the 1st April GRI has been pushed back to the 15th.

ASPA-AMLA

Market rates stabilized on a low FAK/Spot level and reached, after increasing after the Chinese New Year, the previous levels. Capacity is normalized with no changes to the structural master schedules of the shipping lines. Utilizations show 75-85% to the East Coast and 80-90% to Mexico and West Coast of South America. There are no equipment shortages reported in Asia.
As rates bottomed out, we expect that the market will try to implement General rate increases as of April, 1st.

ASPA-MENAT

Ramadan is impacting Middle East and Red Sea market and rates are on decline. Barring huge-scale blank sailings, there is a chance for pre-Covid rates to appear again. West Africa/East Africa on the other hand is slowing surge in demand on the back of some blank sailings applied by carriers. GRI of USD 300-500/TEU are pushed by carriers in Mar and likely sustain into Apr as well. South Africa's rates are still on decline but expectations for market recovery to come from Apr. East MED is showing signs of market recovery in view of blank sailings in Mar and stronger volumes to TR especially aid and reconstruction materials for earthquake. Equipment in general is still healthy across the board in Asia.

ASPA-ASPA

Rates continue to slide but at a much slower pace. There are some GRI implemented locally, but some of them remain unsuccessful. Space for several locations are reported tight, as a result from the blank sailing arrangements, where roll pool were accumulated at origin and transhipment ports. With Ramadan starting, there may be some impact to cargoes and schedules to Malaysia, Indonesia, India, Bangladesh, and Pakistan. Time-sensitive cargoes are recommended to load on direct service to prevent any potential delay at transhipment port. In general, carriers still have positive outlook in coming months with CN resuming production.

Source: DHL

Market outlook April 2023
Ocean Freight rates – Other major trades

EURO-AMNO

Demand keeps softening. Space is available on all services. Schedule integrity improves; however, transit times need to be watched as vessels are going on slow steaming to adhere to the IMO 2023 regulations aiming to reduce fuel consumption and subsequently CO2 emissions. In order to compensate the increased transit times, carriers are adding additional vessels to selected services, which in turn is increasing the operational costs. Ports and terminals in Europe are generally fluent but disruptions are possible due to a series of strikes and protests in various countries.
North American ports generally are on a good operational level, but seasonal weather impacts still could impact the productivity. Furthermore, normal seasonal loading restrictions, such as the Quebec Spring Thaw regulation are in place. Challenging weather situations may also impact the transport capacity within the rail network. Train length restrictions are in place as a safety precaution in certain areas. Apart from the weather impacts the inland transport situation generally improved. Truck power is usually available with a lead time of 1-3 days at the majority of locations.

EURO-ASPA+MEA

Asia: space situation is still relaxed. No issues with capacity only vessel delays. Blank sailings/suspension of services are still in place. Rates are still decreasing slightly and are on a very low level.
AU/NZ: no space issues any longer on both services. Rates on both services are decreasing.
MEA: Space is OK. Rates are decreasing slightly. No issues with equipment. Capacities into East Med available and rates continue to soften for short- and long-term contracts.

AMNO-EURO

In view of the weak demand for export, we might expect further rate reductions especially from US Gulf & USWC where rates have not softened as much as the USEC ones. Capacity remains stable.

AMNO-ASPA

Rates are very stable and decreasing slightly. Capacity is available and carriers are actively looking for freight.

AMLA Exports

AMLA – AMNO & INTRA: BR & MX export market continues to lead the pricing decreases for Q2. In efforts to fulfill allocations, some carriers are releasing flash sales w/ limited validities. Customers seeking extended free time conditions within INTRA scope, but carriers are challenging these terms. Booking rollovers and cancellations need to be monitored carefully.
AMLA – ASPA: Good space availability, due to low demand. Stable rates for same reason.
AMLA – EURO, MENAT & SSA: Central America exports are showing signs of softening as well now due to market conditions. Mexico exports to N. Euro, Med and Mideast have softened. Vessels are open. In the middle of contracting season, SAEC market continues the fast, downwards trend to EURO and Med. Rates are back to pre-Covid levels.

Source: DHL

Economic outlook & demand evolution – Banking stresses amplify economic risks

Persistent inflation pressures and financial tightening stall eurozone growth. High inflation continues to undermine household purchasing power and economic growth across Western Europe. Eurozone headline consumer price inflation eased marginally to 8.5% year on year (y/y) in February, but core inflation climbed to a record 5.6%. Rising interest rates, tightening credit, and housing market corrections will impede near-term growth. Several risks could pull the eurozone into recession, including an escalation of financial-sector stresses, sticky core inflation rates leading to extended central bank tightening, an intensification of the conflict in Ukraine, widespread declines in house prices, and spillovers from economic weakness outside the region.

Banking stresses create new headwinds for the US economy. After 2.7% annualized growth in the fourth quarter of 2022, the US economy has decelerated but not tipped into recession in early 2023. solid gain in consumer spending is being offset by declines in residential construction, business equipment investment, and inventory accumulation. A slight economic contraction is expected in the second quarter, when a downturn in consumer spending on goods will be offset by a countercyclical rebound in vehicle production. Growth in subsequent quarters will be restrained, leading to an upward creep in the US unemployment rate to 4.5% at mid-decade.

Mainland China's economic growth is reviving after the end of zero-COVID policies. Following year-on-year declines in December, service sector output rose 5.5% y/y in the first two months of 2023 while retail sales increased 3.5%. Industrial production growth slowly picked up to 2.4% y/y, restrained by a continuing decline in goods exports. The government's policy shift to ease credit conditions for property developers has stabilized home prices and sparked an upturn in housing construction completions from a depressed level. After just 3.0% growth in 2022, real GDP should increase 5.3% in 2023 and 5.5% in 2024 before resuming a long-term deceleration.

In the aftermath of the Silicon Valley Bank (SVB) crisis, S&P Global Market Intelligence analysts assess a low likelihood of contagion to Latin American banks. From a global perspective, the SVB failure and global financial uncertainties always adversely affect the growth prospects of Latin America because they influence business sentiment and investment, as well as trade prospects. These bring increased volatility to foreign exchange markets, and thus impose upside risks on inflation because of the threat of a pass-through currency depreciation on domestic prices.

In February, the JPMorgan Global Composite Output Index (compiled by S&P Global) rose 2.4 points to 52.1, a level indicative of moderate expansion. The global services PMI™ climbed 2.6 points to 52.6, while the manufacturing PMI™ advanced 0.9 point to 50.0. With supply chains improving, manufacturing production increased for the first time in seven months. An increase in new orders for services was partially offset by a continuing decline in orders for manufactured goods.

Source: IHS Markit, now part of S&P Global, IHS Purchasing Manager Index Manufacturing, a PMI at 50 is considered neutral, expanding above 50, and business shrinking below 50

Capacity 1/2

MSC and Maersk have finally confirmed the **structural suspension** of one of their 6 joint 2M **Asia – North Europe** loops, the **'AE1 / Shogun'.** This suspension will not have an immediate effect on the trade, since all of the loop's sailings from China had already been successively cancelled since early December. With the service suspension now made permanent, MSC and Maersk have announced changes to the 3 other loops of their Far East – North Europe network.
The 'AE1 / Shogun' is the first big alliance service in the Far East – North Europe trade to be officially closed since the Chinese export volumes started plummeting in September. It's closure comes at a time when MSC is taking delivery of 5x 'megamax' newbuildings. Due in March and April, these 24,000 TEU ships have prompted the carrier to upsize a number of loops with bigger tonnage. In a remarkable move, **MSC** plans a **major capacity injection** into the **Asia – West Med trade** as the carrier re-launches the 'Dragon' service (previously part of the 2M network bus suspended in May 2020) as a new standalone loop. The first 5 vessels earmarked for this loop have capacities from 9,000 – 14,400 TEU, rather than the initially planned 7,000 TEU or less tonnage.
Maersk has announced that it will **inject surplus tonnage** from the 'AE1 / Shogun' closure into other **Far East – North Europe services** of the 2M. Here, the ships will serve as extra vessels that will allow Maersk and MSC to further **decrease vessel speeds**. This will help carriers to **further reduce bunker consumption and carbon emissions**. It will also prevent the shipping lines from having to idle additional ships and keep tonnage busy instead.

The latest **inactive fleet report** shows that **300 containerships** of over 500 TEU were out of active service on 13 March, representing a capacity of nearly **1.57 MTEU of 6% of the total cellular fleet**. Excluding all ships which are in shipyards for general repairs or class renewal, the commercially idle fleet consists of 122 ships (721,300 TEU). A break down of this figure per carrier shows that Maersk is making the biggest effort to remove capacity from trading (29 units of 281,400 TEU commercially idled), followed by its 2M partner MSC (13 vessels of 119,000 TEU). Maersk's lead in laying-up capacity is clearly related to the low cargo demand on the trades from Asia to Europe and North America. The recent suspension of the 2M Far East – North Europe 'AE1 / Shogun' loop has forced Maersk to idle tonnage, including some recently delivered 15,400 TEU newbuildings. It's 2M partner MSC also recently commissioned new 15,000 TEU ships, but decided to re-direct this new tonnage to Asia – West Africa or Far East – Middle East loops.

Hapag Lloyd is to become a vessel provider for Wan Hai Line's **'Far East – US East Coast 'AA7**' service. Both carriers will as from April deploy larger ships with a declared capacity of 7,500 – 11,500 TEU. The fleet will consist of 12 vessels with a nominal capacity ranging between 8,500 – 13,100 TEU. Wan Hai Lines will provide 8 units and Hapag-Lloyd the remaining 4 ones. The 'AA7' currently turn in 13 weeks with 11 x 4,250 – 7,240 TEU ships all operated by Wan Hai Lines. Both carriers have filed a **new Vessel Sharing Agreement** with the Federal Maritime Commission (FMC) as the status from Hapag Lloyd will change from slotter to vessel provider. The new VSA will have a minimum of 12 months.

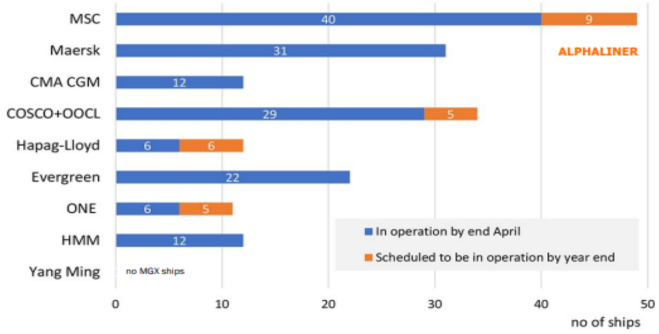
Source: Alphaliner, Dynaliners, Carriers

Capacity 2/2

Since most major carriers **ceased service to Russian ports** in the wake of Russia's invasion of Ukraine, cargo owners are looking for **alternative ways** to ship containers from **China to St Petersburg** and vice versa. A number of new operators have thus entered the China - Baltic trade in the recent past - or are about to set-up services on the route. Westbound freight rates four times as high as current spot rates from China to North European base ports have attracted these companies to move in. Recent newcomers include the Chinese logistics players Torgmoll and Safetrans, and the Russian forwarding company Transit LLC. Furthermore, the Russian carrier FESCO also just launched its new 'Baltorient' service on this route.

The world's largest ocean carrier MSC, has taken delivery of the world's **new largest container vessel** in March – twice! MSC first received the MSC TESSA, a 'megamax' type of the latest generation. The giant new ship boasts a nominal intake of 24,116 TEU, which is 112 TEU more than the previous 'Apex'-class record holders from Evergreen Marine. Just a few days later, MSC then took delivery of the **24,346 TEU MSC IRINA**, which immediately became the **new flagship of the global liner fleet**. MSC is already the largest operator of 'megamax' tonnage with 40 ships in the size range of 19,000 to 24,000 TEU in its schedules and it will receive another 9 megamaxes this year.

Carriers' megamax ('MGX') fleets now and at year-end



Source: Alphaliner, Dynaliners, Carriers

Carriers

HMM's two largest shareholders, Korea Development Bank (KDB) and Korea Ocean Business Corporation (KOBC) collectively holding 40.6%, have announced they will form an advisory group to **sell the government's interest** in the container carrier and **start the privatization process**. HMM has been controlled by the state since 2016, when government entities stepped into rescue the company from a liquidity crisis. The company has since re-established itself with the help of pandemic profits. HMM is currently the 8th largest carrier globally with a fleet of around 815,000 TEU. KDB and KOBC are currently receiving proposals from M&A advisory firms and intend to appoint one sales manager, once accounting firm and one law firm by end of March.

MSC has signed a **5-year partnership** with the Singapore-based **Global Centre for Maritime Decarbonisation** (GCMD) aimed at **working together to cut emissions**. The so-called 'Impact Partnership' will see the two parties collaborate over standards for future fuels and low carbon solutions, as well as financing for innovative projects. MSC will provide cash contributions towards GCMD's pooled resources for pilots and trials, and also make in-kind contributions through its participation in projects, including access to vessels, operational equipment, and other assets, as well as vessel operating data and evaluation reports to help inform GCMD's future trials.

Source: Alphaliner, Dynaliners, Carriers

Ports

China and Middle East drive modest top 30 port growth in 2022

- Throughput for the 30 leading global container ports rose by less than 1% to 454 Mteu in 2022, with positive gains driven almost entirely by China and, to a lesser extent, the Middle East.
- Despite intermittent COVID restrictions, volumes at China's top 10 ports rose 4.1% to a new record of 222 Mteu during the year, although the result marked a slower growth than the previous year (2021: 6.2%).
- In the US, the ascendant east coast ports of New York/New Jersey and Savannah continued their growth, reporting volume increases of 5.3% and 4.7% respectively, while Los Angeles throughput fell 5.3%, as the port lost its position as the busiest US container port based on figures over the past eight months.
- There were widespread volume declines at many other ports in Europe, the Indian sub-continent, and the rest of Asia during the year.
- Europe's three major ports Rotterdam, Antwerp-Bruges and Hamburg also ceded ground, with headline volumes falling by 5.8%, 5.5% and 5.4% respectively.
- Without growth at the major Chinese ports, the remaining top 30 ports would have posted a 2% decline in volumes over the year.

Source: Alphaliner, Dynaliners, Carriers

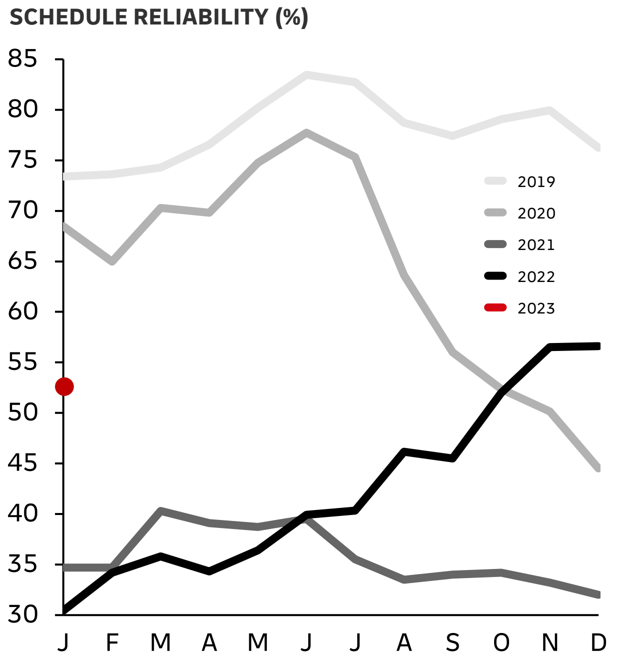
Top 30 Ports in 2022 (previous year's ranking in brackets)

Rank	Port Name	Country	2022	2021	2020	Growth 22/21 %	Growth 21/20 %
1 (1)	Shanghai	China	47,280,000	47,025,000	43,501,400	0.5%	7.5%
2 (2)	Singapore	Singapore	37,289,500	37,467,700	36,870,940	-0.5%	1.6%
3 (3)	Ningbo-Zhoushan	China	33,360,000	31,080,000	28,734,300	6.8%	7.5%
4 (4)	Shenzhen	China	30,040,000	28,760,000	26,553,000	4.3%	7.7%
5 (6)	Qingdao	China	25,660,000	23,700,000	22,004,700	7.6%	7.2%
6 (5)	Guangzhou	China	24,600,000	24,180,000	23,191,500	1.7%	4.1%
7 (7)	Busan	S Korea	22,071,863	22,706,133	21,823,995	-2.9%	3.9%
8 (8)	Tianjin	China	21,030,000	20,260,000	18,356,100	3.7%	9.4%
9 (9)	LA/LB	US	19,044,816	20,061,978	17,326,718	-5.3%	13.6%
10 (10)	Hong Kong	China	16,637,000	17,800,000	17,326,720	-7.0%	2.7%
11 (11)	Rotterdam	Netherlands	14,455,000	15,300,000	14,349,446	-5.8%	6.2%
12 (12)	Dubai/Jebel Ali	UAE	13,970,000	13,742,000	13,484,600	1.6%	1.9%
13 (15)	Antwerp-Bruges	Belgium	13,500,000	14,240,000	12,031,467	-5.5%	15.5%
14 (13)	Port Kelang	Malaysia	13,223,928	13,724,390	13,244,414	-3.8%	3.5%
15 (14)	Xiamen	China	12,420,000	12,040,000	11,410,000	3.1%	5.2%
16 (16)	Tanjung Pelepas	Malaysia	10,512,806	11,200,242	9,846,106	-6.5%	12.1%
17 (18)	NY/NJ	US	9,493,664	8,985,927	7,585,825	5.3%	15.6%
18 (17)	Kaohsiung	Taiwan	9,491,575	9,864,432	9,621,672	-3.9%	2.5%
19 (20)	Laem Chabang	Thailand	8,741,077	8,523,342	7,546,491	2.5%	11.5%
20 (19)	Hamburg	Germany	8,350,000	8,799,190	8,577,647	-5.4%	2.5%
21 (21)	Ho Chi Minh City	Vietnam	n.a.	7,956,100	7,864,100	-	1.2%
22 (23)	Tanger Med	Morocco	7,596,800	7,173,870	5,771,221	5.6%	19.6%
23 (22)	Colombo	Sri Lanka	6,862,184	7,249,358	6,854,763	-5.6%	5.4%
24 (24)	Jakarta	Indonesia	6,417,053	6,750,302	6,205,301	-5.2%	8.1%
25 (25)	Mundra	India	6,503,000	6,664,000	5,656,594	-2.5%	15.1%
26 (26)	Nhava Sheva	India	5,959,111	5,631,948	4,474,884	5.5%	20.5%
27 (28)	Savannah	US	5,892,133	5,613,164	4,682,253	4.7%	16.6%
28 (32)	Rizhao	China	5,800,000	5,180,000	4,860,000	10.7%	6.2%
29 (33)	Lianyungang	China	5,570,000	5,040,000	4,800,000	9.5%	4.8%
30 (35)	Manila	Philippines	5,474,483	4,978,073	4,437,624	9.1%	10.9%

Ocean Schedule Reliability

Schedule reliability trending sidewards

- After a steady increase in schedule reliability in 2022 reliability first trended sidewards in December and now has decreased by -3.8 percentage points to 52.6% in January. On a YoY level however, reliability was up 22.2 percentage points.
- In December, schedule reliability improved in 10 of the 34 trade lanes when compared to December, while remaining unchanged on **Asia to East Coast South America**.
- Reliability decreased by -7.0 ptp on **Asia-North America West Coast**, reaching 34.2%, and by 1.6 ptp on **Asia-North America East Coast** to 35.7% MoM.
- **Asia-North Europe** registered a marginal improvement by 0.3 ptp MoM to 52.1%, while **Asia-Mediterranean** saw schedule reliability decreased by -3.9 ptp to 53.8%.
- Schedule reliability increased by 1.4 ptp on **Transatlantic Eastbound** and by -0.8 percentage points on the **Westbound** trade MoM, reaching 51.1% and 38.1%, respectively.



Source: Sea Intelligence, DHL

Did You Know
Green Ships reach 40% of orderbook as fuel oil orders dive

Methanol orders have grown even more rapidly than LNG in the last six months

The percentage of 'alternative' propulsion containerships in the orderbook has topped 40% for the first time as the past six months has seen carriers turn rapidly away from conventional fuel oil options representing just 8% of the orderbook for this year.

LNG dual-fuel units on order reached 198 ships of 2.31 MTEU by 2nd half of March, equivalent to just 30% of the orderbook, its highest proportion to date. This is up from a 25% share of the orderbook 12 months ago.

But it's the rapid growth in methanol units that has driven the greatest increase in green orders: methanol dual-fuel ships have advanced at a faster rate as a proportion of the orderbook to reach a current 68 ships of 0.93 MTEU. The segment now represents 12% of the orderbook by capacity, versus less than 1% a year ago.

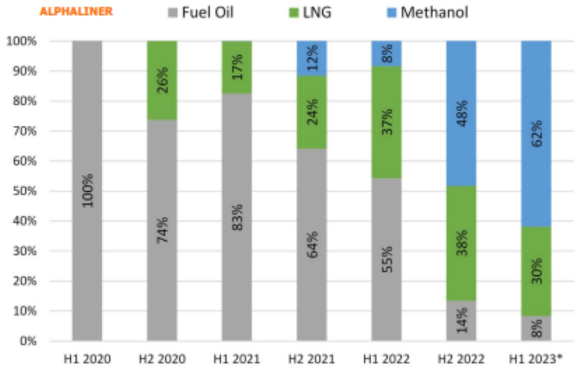
Maersk is currently the largest contractor of methanol powered capacity but may be shortly overtaken by CMA CGM.

Despite the rapid acceleration in alternative fuel orders, green tonnage still represents just a fraction of the existing fleet. To date, LNG dual fuel ships represent 2.2% in the fleet in the water, while the first methanol duel-fuel unit, a 2,100 TEU feeder unit to be operated by Sealand Europe in the Baltic, is due for delivery this year. The largest number of methanol ships currently on order will not be delivered until 2025. The remainder of the existing fleet (97.8%) is still powered by conventional fuel oil, of which around one-third are fitted with scrubbers.

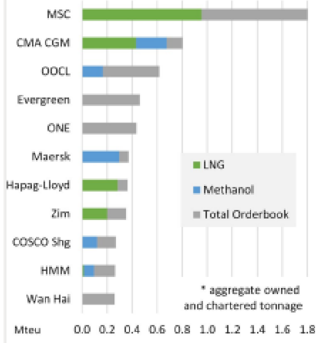
However, the figures show the **green revolution in container shipping** is now firmly underway with carriers using huge cash deposits to remake their fleets for the energy transition.

Source: Alphaliner, Dynaliners

Current orderbook: propulsion method by capacity/order date



Fuel Oil, LNG and Methanol propulsion orderbook by carrier*



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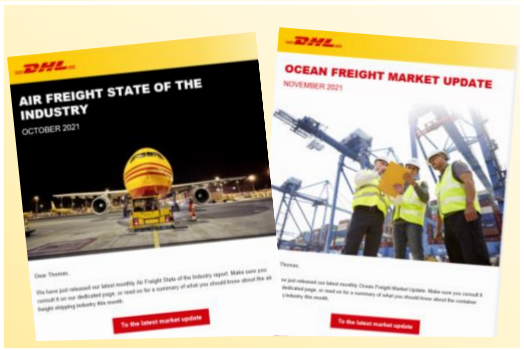

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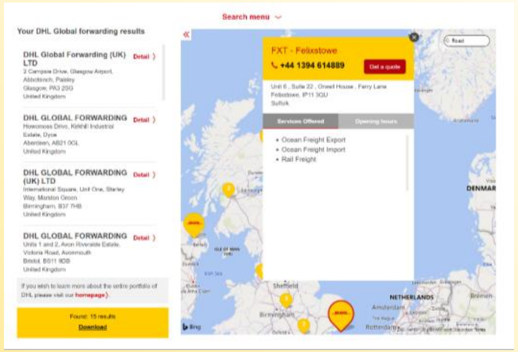

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BACK-UP

Market outlook April 2023 – Ocean Freight rates additional trades (1/2)

EURO-AMLA	No space restrictions nor operational issues to highlight. Rate reductions continue on both coasts, with stabilization expected in H2. NAC levels continue reaching new lows. Freetimes across all carriers have been renegotiated (increased).
EURO-MENAT	Space is OK. Rates are decreasing slightly. No issues with equipment. Capacities into East Med available and rates continue to soften for short and long term contracts.
EURO-SSA	**South Africa:** Schedule reliability is still affected by heavy weather conditions and further operational delays in Cape Town. **West Africa:** space constrains softening and carriers are able to offer allocation on shorter terms. Still a pre-booking period of a couple of weeks in advance needs to be considered. Congestion situation in major transshipment hubs remains stable. **East Africa:** space situation remains soft. Congestion in the major transshipment hubs is easing up.
AMNO-MENAT	Seeing signs of more aggressive positioning in the market to Mideast for some carriers as rates continue to decline and more concessions are given on side conditions. Turkey / Syria earthquake leaves Iskenderun, TR port closed indefinitely with Mersin, TR port likely taking all cargo destined to Iskenderun, including humanitarian relief.
AMNO-SSA	Capacity is open for all coasts, and carriers are looking for business as recovery into the market is slow but improving. No new services being launched at this time.
AMNO-AMLA	Q2 market projection is stable. Rates with extensions and/or minor decreases for specific corridors (depending on carrier's liftings/services). MSC seeking support for USEC to CENAC services. ZIM promoting Colibri Express service ex USEC via JMKIN to WCSA.

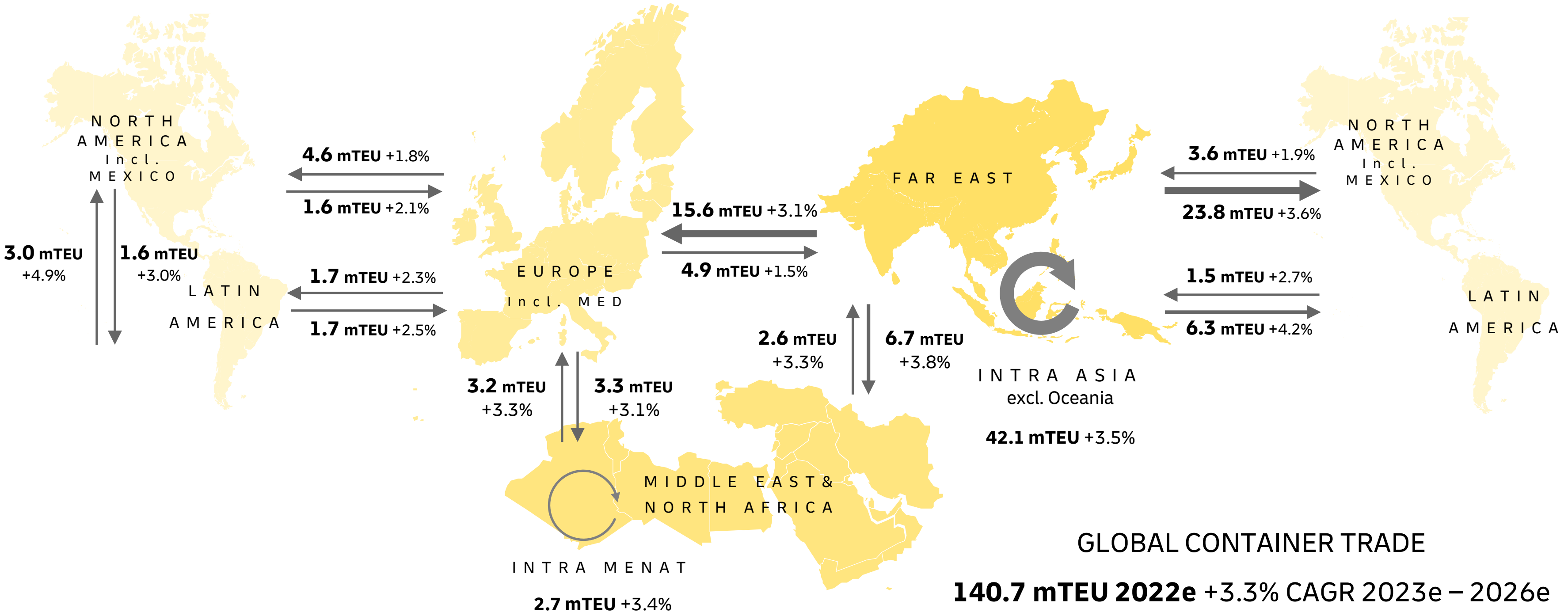
Source: DHL

Market outlook April 2023 – Ocean Freight rates additional trades (2/2)

EURO MED-AMNO	Weak demand continues. Rates reduced during Q1.
EURO MED-AMLA	ECSA and WCSA trade are both stable.
EURO MED-ASPA and MENAT	ASPA : rates reductions depending on the service and alliance MENAT : stable with slight softening of rates
EURO MED-SSA	rate reductions depending on the service and alliance
ASPA-SPAC	Carriers are announcing GRI for NEA-AU USD500-550/TEU effective Apr 1st. However as per current market and volume situation, GRI might not be successful. Space and equipment is still widely available and carriers are still keen for more volumes as we are approaching Oceania slack season for Q2 2023.

Source: DHL

Market volume 2022 – 2026



GLOBAL CONTAINER TRADE

140.7 mTEU 2022e +3.3% CAGR 2023e – 2026e

Source: Seabury Dec22 update

State of the industry – Ocean Carrier alliances

THE ALLIANCE

HAPAG-LLOYD
ONE
YANG MING
HMM

OCEAN ALLIANCE

OOCL
CMA CGM
CHINA COSCO SHIPPING
EVERGREEN

2M

MAERSK LINE
MSC

Source: Carriers

Acronyms and Explanations – Ocean Freight glossary

AMLA	–	Latin America
AMNO	–	North America
AR	–	Argentina
ASPA	–	AsiaPacific
BR	–	Brazil
CAGR	–	Compound Annual Growth Rate
CENAC	–	Central Amercia and Caribbean
CNC	–	CNC Line (Cheng Lie Navigation Co. Ltd.)
DG	–	Dangerous Goods
DWT	–	Dead Weight Tonnage
EB	–	Eastbound
ECSA	–	East Coast South America (synonym for SAEC)
ECRS	-	Emergency Cost Recovery Surcharge
EGLV	–	Evergreen Marine Corp
EURO	–	Europe
GRI	–	General Rate Increase
HMM	–	Hyundai
HL	–	Hapag-Lloyd
HSFO	–	High-Sulphur Fuel Oil (< 3.5% Sulphur)
HSUD	–	Hamburg Süd
HWS	–	Heavy Weight Surcharge
IA	–	Intra Asia
IPBC	–	India Pakistan Bangladesh Ceylon (= Sri Lanka)
IPI	–	Inland Point Intermodal
ISC	–	Indian Sub Continent (synonym for IPBC)
MEA	-	Middle East and Africa
MENAT	–	Middle East and North Africa
ML	–	Maersk Line
mn	–	Millions
MoM	–	Month-on-Month
NOO	–	Non-operating (vessel) owners
NOR	-	Non-operating reefer
OCRS	–	Operational Cost Recovery surcharge
OOCL	–	Orient Overseas Container Line
OWS	–	Overweight Surcharge
PH	–	Philippines
PMA	-	Pacific Maritime Association
PNW	–	Pacific North West
Ppt.	–	Percentage points
PSW	–	Pacific South West
QoQ	–	Quarter on quarter
SAEC	–	South America East Coast
SAWC	–	South America West Coast
SOC	-	Shipper Owned Container
SOLAS	–	Safety of Life at Sea
SPRC	–	South People's Republic of China – South China
SSA	–	Sub-Saharan Africa
SSL	–	Steam Ship Line
T	–	Thousands
TA	-	Trans Atlantic
TEU	–	Twenty foot equivalent unit (20‘ container)
TSA	–	Trans Pacific Stabilization Agreement
USGC	–	US Gulf Coast
US FMC	–	US Federal Maritime Commission
USEC	–	US East Coast
USWC	–	US West Coast
VGM	–	Verified Gross Mass
VLCS	–	Very Large Container Ship
VLSFO	–	Very Low-Sulphur Fuel Oil
VSA	–	Vessel Sharing Agreement
WB	–	Westbound
WCSA	–	West Coast South America (synonym for SAWC)
WHL	–	Wan Hai
WRS	–	War Risk Surcharge
YML	–	Yang Ming Line
YoY	–	Year-on-Year
YTD	–	Year-to-Date
THEA	–	The Alliance

Source: DHL