



# Financial Results for FY2023 1<sup>st</sup> Quarter

July 31, 2023

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# 1. FY2023 1st Quarter Results

## □ Outline

**The supply and demand balance has not recovered in the East-West trades, resulting in a gradual downward trend for short-term freight rate levels. The financial result for the first quarter are a profit of USD 513 million which is a significant decline year-on-year (-US\$ 4,986 million).**

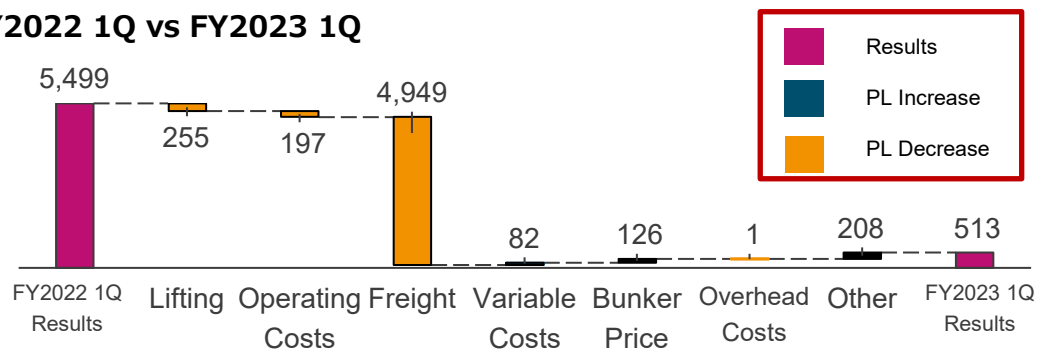
- The Global cargo demand in April-June was significantly lower than in the same period of the previous year. East-West routes suffered a fall in demand due to stagnant retail consumption in Europe and the U.S. as a result of high interest rates and inflation.
- On the supply side, capacity increased as port congestion dissipated. There were no significant improvements in the softening supply-demand balance for the quarter under review.
- As a result, freight rates remained significantly lower than FY2022 1Q decreasing profit margins.

## □ FY 2023 Q1 results and PL Analysis

(Unit: Million US\$)

	FY 2022		FY 2023	vs FY2022 1Q		vs FY2022 4Q	
	1Q Results	4Q Results	1Q Results	Change	Change (%)	Change	Change (%)
Revenue	9,019	4,642	3,765	-5,254	-58%	-877	-19%
EBITDA	5,859	1,558	770	-5,089	-87%	-788	-51%
EBIT	5,561	1,184	386	-5,175	-93%	-798	-67%
Profit/Loss	5,499	1,210	513	-4,986	-91%	-697	-58%
Bunker Price (US\$/MT)	\$750	\$643	\$590	-\$160	-21%	-\$53	-8%
Bunker consumption (K MT)	773	712	799	26	3%	87	12%
Lifting (K TEU)	2,939	2,596	2,825	-114	-4%	229	9%

### FY2022 1Q vs FY2023 1Q



- Lifting : Slightly lower than in the same period of the previous year.
- Operation Costs: Vessel costs increased, fuel consumption slightly increased due to improved congestion and less blank sailings, which lead to increased operation costs as a whole.
- Freight : Significantly decreased year-on-year.
- Variable Costs : Improved mainly due to lower storage costs following the elimination of port congestion.
- Bunker Price : Decreased due to lower oil prices.
- Overhead Costs : At the same level as in the same period of the previous year.

## 2. Liftings, Utilization Rates, Freight Index

(Unit:1,000TEU)

Liftings / Utilization by Trades		FY2022							FY2023
		1Q	2Q	1H	3Q	4Q	2H	Full Year	1Q
		Results	Results	Results	Results	Results	Results	Results	Results
Asia-North America Eastbound	Lifting	577	578	1,155	449	468	916	2,072	578
	Utilization	100%	91%	95%	80%	90%	85%	90%	82%
Asia- Europe Westbound	Lifting	402	395	796	368	346	713	1,510	385
	Utilization	95%	95%	95%	90%	95%	92%	94%	94%
Asa-North America Westbound	Lifting	278	276	554	297	294	591	1,145	291
	Utilization	48%	51%	49%	49%	55%	52%	51%	44%
Asia-Europe Eastbound	Lifting	282	267	549	243	235	477	1,026	240
	Utilization	58%	56%	57%	54%	54%	54%	55%	54%

(Unit:100: average freight rates as of FY 2018 1Q)

Freight Index by Trades		FY2022							FY2023
		1Q	2Q	1H	3Q	4Q	2H	Full Year	1Q
		Results	Results	Results	Results	Results	Results	Results	Results
Asia-North America Eastbound		354	389	372	264	176	219	304	126
Asia-Europe Westbound		530	508	519	303	189	248	391	139

- Liftings, Utilization rates : Compared to the previous 4Q, the North America eastbound liftings increased due to improvement of the port congestion, while the utilization rates decreased in line with improved vessel turnover. Asia Europe Trade westbound volumes increased (mainly to the Mediterranean) while vessel utilization remained unchanged. Compared to the same period last year, the Asia - North America remained similar in liftings, while Asia-Europe experienced a decrease.
- Freight Index : Long-term contract freight rates fell sharply in both North America and Europe compared to the previous year's 4Q and the same period last year, pulled down by short-term freight rates.

## 3. FY2023 Full Year Forecast

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- Following the COVID-19 pandemic, the containership market is in the midst of major changes, such as, the aftermath of global supply chain disruption, changes in consumer behavior and shifts in trade patterns due to increasing international tensions.
- ONE is making progress in adapting to these major changes, but further shifts in the market are expected as transport demand and trade patterns continue to alter, creating an uncertain outlook which is difficult to predict.
- Under these circumstances, it is extremely difficult to announce a reasonable business forecast at this time and the full-year forecast for FY2023 is yet to be determined. ONE is committed to stabilizing its performance while responding flexibly to while maintaining the flexibility to respond to changes in the business environment.

# 4. ONE's response to recent changes in the business environment

## Events

- Cargo movements from Asia to North America in April-June fell by 18% year-on-year due to a lack of progress in clearing inventories resulting from stagnant consumption caused by inflation and high interest rates. Cargo movements from Asia to Europe in April-May was 9.1% higher than in the same period last year due to an increase in shipments to the Mediterranean Sea, particularly construction materials to Turkey. Shipments to Northern Europe remained at the same level as the same period last year due to stagnant consumption caused by high interest rates.
- As port congestion subsided, vessel utilization recovered, and substantial supply normalized, but cargo demand has not recovered, which is a factor in the softening of supply and demand.
- The US West Coast labour negotiations reached a tentative agreement in mid-June. Meanwhile, in Canada, the labour-management negotiations had some impact on vessel operations and inland transport.



## ONE's response

- Continued the flexible blank sailings in response to the fluctuating demand.
- The following measures were taken, aimed at improving profitability and reducing vessel's idling times.
  - 1) Expansion of port coverage to enhance sales capability
  - 2) Reduction of bunker consumption by slow steaming
  - 3) Deployment of larger vessels in East-West trades ahead of schedule
  - 4) Demand-driven service aggregation to improve operational efficiency while maintaining service quality.
- Optimization of ONE's container fleet capacity by returning leased containers and efficient container repositioning.
- Increased special cargo shipments through the strengthening of special cargo sales.



**Maximizing operational efficiencies through flexible deployment and the management of vessels and equipments**

# 5. Initiatives for FY2023 1st Quarter

Initiative	<ol style="list-style-type: none"> <li><b>As a container shipping company that supports the supply chain, ONE will make investments and continuously provide high-quality, safe global transportation services.</b></li> <li><b>ONE has positioned green strategy as its top management priority and will continue to address industry challenges, including decarbonization.</b></li> <li><b>The company will continue to enhance digitalization, operational efficiency, and risk management to further increase industry-leading profitability and safety, to achieve sustainable growth.</b></li> </ol>	
Progress	Investment	<ul style="list-style-type: none"> <li>➢ "ONE Innovation", the first of six long-term chartered 24,000 TEU vessels from SHOEI KISEN KAISHA LTD (Jun 2023), delivered and deployed on Asia-Europe trade. Subsequent vessels to be delivered in FY2023.</li> <li>➢ India - East Coast Africa - Middle East (MIM) service enhanced (Apr 2023).</li> <li>➢ Two intra-European services upgraded (May/Jun 2023); Irish branch established (Apr 2023), strengthening European network.</li> <li>➢ Establishment and operation start of ONE Kenya. (Apr 2023)</li> </ul>
	Environment	<ul style="list-style-type: none"> <li>➢ ONE's partnership with ANDERS NIELSEN &amp; CO in Denmark was expanded to reduce Scope 3 CO2 emissions associated with inland transport activities (May 2023).</li> <li>➢ Sustainability Report 2023 was published in Jun 2023.</li> <li>➢ ONE sponsored the development and conservation project of Sister's Island(National Parks Board – Singapore) to promote biodiversity and environmental education (Jun 2023).</li> </ul>
	Digital	<ul style="list-style-type: none"> <li>➢ Telematic devices added to ONE's reefer containers (Jun 2023).</li> </ul>
	Safety	<ul style="list-style-type: none"> <li>➢ Participation of ONE operating vessels in a joint technology acceleration initiative launched by SafetyTech Accelerator with the aim of reducing cargo fire and loss onboard. (May 2023).</li> </ul>

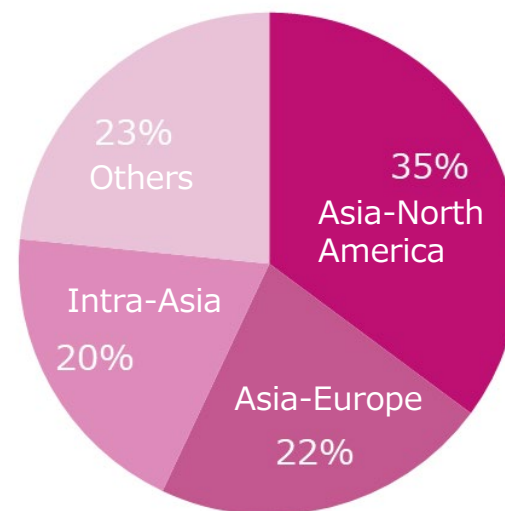
# 6. Reference (Fleet Structure, Service Structure & New Order)

## □ Fleet Structure

Size		1) As of end of Mar 2023	2) As of end of Jun 2023	2)-1)
20,000 TEU <=	Capacity (TEU)	120,600	144,600	24,000
	Vessels	6	7	1
10,500 TEU - 20,000 TEU	Capacity (TEU)	519,572	550,316	30,744
	Vessels	38	40	2
9,800 TEU - 10,500 TEU	Capacity (TEU)	110,200	110,200	0
	Vessels	11	11	0
7,800 TEU - 9,800 TEU	Capacity (TEU)	355,677	346,389	-9,288
	Vessels	40	39	-1
6,000 TEU - 7,800 TEU	Capacity (TEU)	145,461	151,811	6,350
	Vessels	22	23	1
5,200 TEU - 6,000 TEU	Capacity (TEU)	32,814	38,654	5,840
	Vessels	6	7	1
4,600 TEU - 5,200 TEU	Capacity (TEU)	78,371	83,101	4,730
	Vessels	16	17	1
4300 TEU - 4,600 TEU	Capacity (TEU)	62,602	62,602	0
	Vessels	14	14	0
3,500 TEU - 4,300 TEU	Capacity (TEU)	20,611	29,042	8,431
	Vessels	5	7	2
2,400 TEU - 3,500 TEU	Capacity (TEU)	86,514	86,860	346
	Vessels	32	32	0
1,300 TEU - 2,400 TEU	Capacity (TEU)	12,062	10,354	-1,708
	Vessels	7	6	-1
1,000 TEU - 1,300 TEU	Capacity (TEU)	11,746	13,915	2,169
	Vessels	11	13	2
0 TEU - 1,000 TEU	Capacity (TEU)	869	0	-869
	Vessels	1	0	-1
Total	Capacity (TEU)	1,557,099	1,627,844	70,745
	Vessels	209	216	7

## □ Service Structure

(FY2023 Q1 Structure of dominant and non-dominant space)



## □ Current Orders of New Vessels(Including Long-Term Chartered Vessels)

	As of end of Mar 2023	Delivered in 1Q FY2023	New Order in 1Q FY2023	As of end of Jun 2023
No. of Order Book (Vessels)	45	3	0	42



# 7. Appendix Change of demand and freight Index before/after COVID-19

