



# Financial Results for FY2023 2<sup>nd</sup> Quarter

October 31, 2023

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# 1. FY2023 2<sup>nd</sup> Quarter Results

## □ Outline

**Despite the start of the peak season, there was no strong recovery in cargo movement. The supply-demand balance softened due to an increase of newly built vessels, and short-term freight rate levels did not sustain their upward trend. The profit after tax for FY2023 Q2 was US\$187 million, significantly lower than the same period last year.**

- In North America, cargo movement showed some momentum in August, but lacked sustainability against the backdrop of weak general consumption and other factors. In Europe, a gradual recovery trend from the decline in demand caused by high inflation was seen, however it did not lead to a full-fledged recovery in cargo movement.
- On East-West routes, tonnage increased due to the addition of newly built vessels, although blank sailings and service rationalization were implemented.
- The above factors softened the supply and demand balance, particularly on East-West routes resulting in stagnant freight levels.

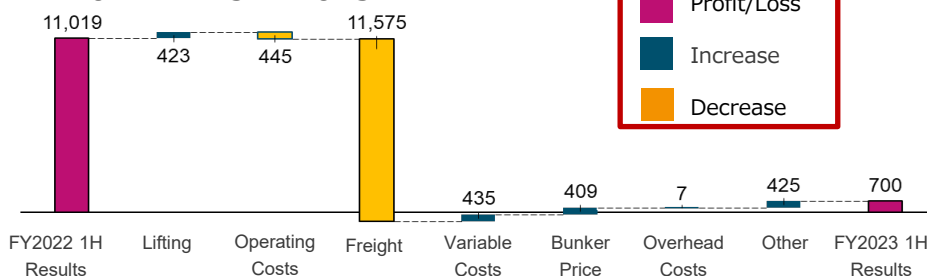
## □ FY2023 1st Half results and PL analysis

(Unit : millionUS\$)

	FY2022			FY2023			2Q Results to FY2022		1H Results to FY2022	
	1Q Results	2Q Results	1H Results	1Q Results	2Q Results	1H Results	Change	Change (%)	Change	Change (%)
Revenue	9,019	9,367	18,386	3,765	3,549	7,314	- 5,817	-62%	- 11,072	-60%
EBITDA	5,859	5,843	11,702	770	496	1,266	- 5,347	-92%	- 10,436	-89%
EBIT	5,561	5,528	11,089	385	58	443	- 5,470	-99%	- 10,647	-96%
Profit /Loss	5,499	5,521	11,019	513	187	700	- 5,334	-97%	- 10,319	-94%

Bunker Price (US\$/MT)	\$750	\$875	\$812	\$590	\$565	\$577	-\$310	-35%	-\$235	-29%
Bunker consumption (K MT)	773	771	1,543	799	862	1,661	92	12%	118	8%
Lifting (K TEU)	2,939	2,898	5,837	2,825	3,087	5,911	189	7%	75	1%

### FY2022 1H vs FY2023 1H



- Lifting : Increased from the same period of the previous year.
- Operating Costs : Increased overall due to higher ship, port, and fuel costs.
- Freight : Significantly decreased year on year
- Variable Costs : Improved, mainly due to lower container storage costs resulting from resolved port congestion
- Bunker Price : Decreased due to lower oil prices
- Overhead Costs : At the same level year on year

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

(Unit:1,000TEU)

Liftings / Utilization by Trades		FY2022						
		1Q Results	2Q Results	1H Results	3Q Results	4Q Results	2H Results	Full Year Results
Asia - North America Eastbound	Lifting	577	578	1,155	449	468	916	2,072
	Utilization	100%	91%	95%	80%	90%	85%	90%
Asia - Europe Westbound	Lifting	402	395	796	368	346	713	1,510
	Utilization	95%	95%	95%	90%	95%	92%	94%

FY2023		
1Q Results	2Q Results	1H Results
578	706	1,284
82%	95%	89%
385	434	819
94%	92%	93%

Asia-North America Westbound	Lifting	278	276	554	297	294	591	1,145
	Utilization	48%	51%	49%	49%	55%	52%	51%
Asia-Europe Eastbound	Lifting	282	267	549	243	235	477	1,026
	Utilization	58%	56%	57%	54%	54%	54%	55%

291	295	586
44%	40%	42%
240	221	461
54%	45%	49%

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

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

FY2023		
1Q Results	2Q Results	1H Results
126	109	117
139	116	127

- Liftings, Utilization rates : The North America eastbound liftings increased due to resolved supply chain disruptions and the start of the peak season. The utilization rates recovered particularly in West Coast trades. Asia Europe westbound routes witnessed some recovery in liftings, but the utilization rates worsened against the backdrop of increased supply tonnage.
- Freight Index :Long-term contracts have completed the switchover to the current year freight rates. Short-term market conditions are generally softening. As a result, the market returned to pre-COVID levels, falling sharply both QoQ and YoY.

# 3. FY2023 Full Year Forecast

## □ Outline

Full-year results for FY2023 are expected to show a profit after tax of US\$ 851million, a decrease from the previous year, due to the deterioration of freight market caused by declining demand. (-US\$ 14,146 million)

- Although it takes some time to see a solid recovery of cargo movements as high interest rates and inflation continues, a gradual recovery in the second half is expected.
- The oversupply of tonnage, caused by the delivery of a large number of newly built vessels in this fiscal year, is expected to continue through the second half.
- The freight market will remain weak in the second half due to the supply & demand gap described above, but ONE will focus on maximizing profit by flexible tonnage deployment and efficient equipment control based on demand.

## □ FY2023 Full Year Forecast

(Unit : millionUS\$)

	FY2022 Results			FY2023 Results			Full Year	
	1H Results	2H Results	Full Year Results	1H Results	2H Forecasts	Full Year Forecasts	Change	Change (%)
Revenue	18,386	10,896	29,282	7,314	7,157	14,471	-14,810	-51%
EBITDA	11,702	4,618	16,320	1,266	589	1,855	-14,465	-89%
EBIT	11,089	3,916	15,005	443	-191	252	-14,754	-98%
Profit /Loss	11,019	3,978	14,997	700	151	851	-14,146	-94%
Bunker Price (US\$/MT)	\$812	\$696	\$756	\$577	\$634	\$607	-\$149	-20%

# 4. ONE's Response to Recent Changes in the Business Environment

## Events

- Cargo movements from Asia to North America during July-September fell by 7.5% year-on-year. Cargo movement temporarily picked up in the peak season, but the speed of inventory adjustment was slow and sales of general consumer goods stagnated which resulted in sluggish growth. Cargo movements from Asia to Europe during July-August increased by 6.1%. Although demand continued to recover moderately from the decline in the second half of the previous fiscal year, the recovery in consumption remained lackluster against the backdrop of inflation and high interest rates.
- On the supply side, as supply chain disruptions were generally resolved and the addition of newly built vessels to the market went into full swing, supply pressure increased. As a result, supply and demand softening trend continued.
- While supply and demand softened on the intra-Asia and South American routes, cargo movements in these trades remained robust.



## ONE's response

- Continued the flexible blank sailings in response to the fluctuating demand.
- Implemented structural service restructuring in line with the mid-term demand forecast, reducing operational costs while maintaining service quality.
- The following measures were taken, aimed at improving profitability and reducing vessel's idling times caused by blank sailings
  - 1) Optimization of tonnage deployment in each trade through deploying newly built vessels
  - 2) Reduction of bunker consumption by slow steaming
  - 3) Optimization of cargo mix in each trade
- Optimization of ONE's container fleet by returning leased containers and efficient container repositioning.
- Increased special cargo shipments through the strengthening of special cargo sales.
- New services expansion in growing markets such as Latin America East Coast-North Europe.



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

# 5. Initiatives for FY2023 2<sup>nd</sup> Quarter

Initiative	<ol style="list-style-type: none"> <li>1. <b>As a container shipping company that supports the supply chain, ONE will make investments to continuously provide high-quality, safe global transportation services.</b></li> <li>2. <b>ONE has positioned green strategy as its top management priority and will continue to address industry challenges, including decarbonization.</b></li> <li>3. <b>ONE 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>	
Pro gre ss	Invest ment	<ul style="list-style-type: none"> <li>➤ Two vessels, out of six long-term-chartered 24,000TEU vessels from SHOEI KISEN KAISHA LTD, were delivered and deployed in Asia-Europe trade (total three vessels in service). The first vessel of four long-term-chartered 15,000TEU Vessels from Seaspan Corporation was delivered in Q2.</li> <li>➤ Intra-Asia new services(KCS2 &amp; THX) launched (Jul).</li> <li>➤ AIB(Adriatic Israel Butterfly) service launched in Mediterranean trade (Jul).</li> <li>➤ New Latin America services(FLX,LUX) launched (Sep).</li> </ul>
	Environ ment	<ul style="list-style-type: none"> <li>➤ Participation in Green Shipping Corridor between Shanghai/Los Angeles • Long Beach (Sep).</li> </ul>
	Digital	<ul style="list-style-type: none"> <li>➤ 2FA (Factor Authentication) deployed in mobile App (Sep).</li> <li>➤ “ONE Finance” was implemented as a new function of e Commerce (Sep).</li> </ul>
	Safety	<ul style="list-style-type: none"> <li>➤ Accelerated ONE’s-collaboration with Safetytech Accelerator, with the aim of reducing cargo fires (Aug).</li> </ul>
	Others	<ul style="list-style-type: none"> <li>➤ Hosted 2<sup>nd</sup> “Container Shipping Summit” in Singapore (Aug).</li> </ul>

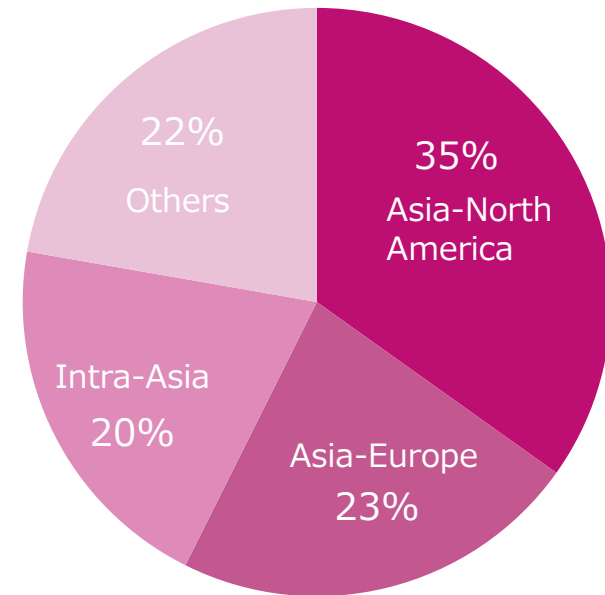
# 6. Reference (Fleet Structure, Service Structure & New Order)

## □ Fleet Structure

Size		1) As of end of Jun 2023	2) As of end of Sep 2023	2)-1)
20,000 TEU <=	Capacity (TEU)	144,600	192,600	48,000
	Vessels	7	9	2
10,500 TEU - 20,000 TEU	Capacity (TEU)	550,316	565,688	15,372
	Vessels	40	41	1
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)	346,389	346,389	0
	Vessels	39	39	0
6,000 TEU - 7,800 TEU	Capacity (TEU)	151,811	151,279	-532
	Vessels	23	23	0
5,200 TEU - 6,000 TEU	Capacity (TEU)	38,654	27,488	-11,166
	Vessels	7	5	-2
4,600 TEU - 5,200 TEU	Capacity (TEU)	83,101	78,068	-5,033
	Vessels	17	16	-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)	29,042	37,548	8,506
	Vessels	7	9	2
2,400 TEU - 3,500 TEU	Capacity (TEU)	86,860	81,573	-5,287
	Vessels	32	30	-2
1,300 TEU - 2,400 TEU	Capacity (TEU)	10,354	17,239	6,885
	Vessels	6	10	4
1,000 TEU - 1,300 TEU	Capacity (TEU)	13,915	16,061	2,146
	Vessels	13	15	2
0 TEU - 1,000 TEU	Capacity (TEU)	0	0	0
	Vessels	0	0	0
Total	Capacity (TEU)	1,627,844	1,686,735	58,891
	Vessels	216	222	6

## □ Service Structure

(FY2023 Q2 Structure of dominant and non-dominant space)



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

	As of end of June 2023	Delivered in 2Q FY2023	New Order in 2Q FY2023	As of end of Sep 2023
No. of Order Book (Vessels)	42	3	0	39



# 7. Appendix Change of Demand and Freight index before/after COVID-19

