Vespucci Maritime

Container shipping markets

…what comes next?

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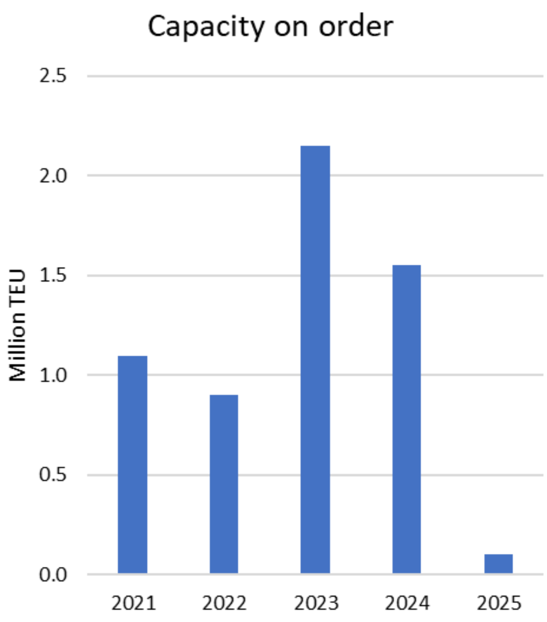
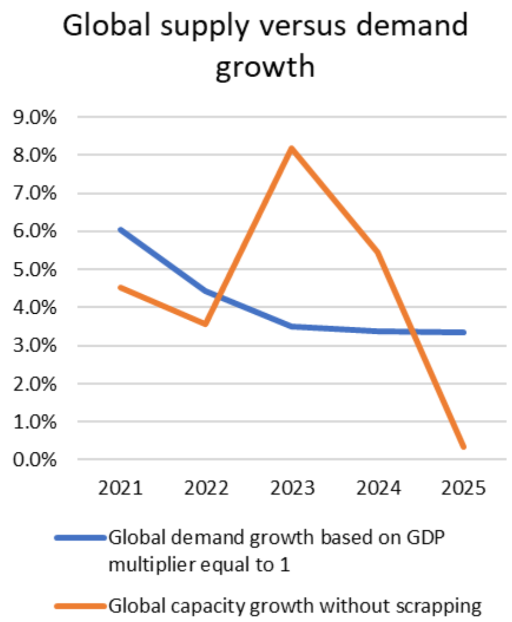
Reality :
Many interlocking factors

What will happen in 2022-23?

- Reversal to normality through reduction of bottlenecks – but will be at least 6 months from now and likely more and stretch into 2nd half 2022. ***Timeline is highly uncertain***
- ”Harmonica”-like ripples like to reverberate in the system as ”trapped” vessels are released and then picks up cargo and re-starts congestion
- ”Dark” number of non-movable demand currently obscuring the outlook
- Eventually a transition back to normality – but it will be a choppy ride
- Depending on the ripples there might be large swings in freight rates on individual smaller trades disassociated from demand developments in the specific trade

Supply and demand growth outlook





- Even though the orderbook is large it shows some degree of restraint
- Carriers show increasing preference for 14-16.000 TEU vessels
- Carriers show increasing preference for dual-fuel engines
- Not alignment on what the future fuel will be and also not alignment on whether LNG powered vessels is the right path forward right now

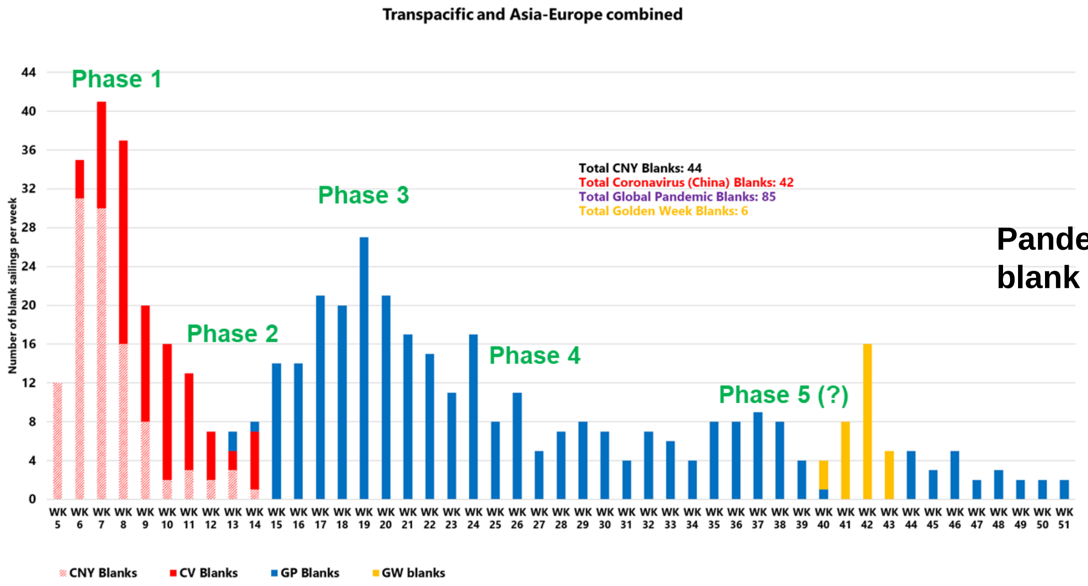
How much do we want to pay for resilience?

In reality – not very much

Resilience should mainly be improved through better usage of data for planning purposes

Impact of consolidation

- Blank sailings were becoming normal in 2019
- Blank sailings saved the carriers in spring 2020
- Currently blank sailings are due to a shortage of vessels
- Blank sailings will be an integral part of the carriers' operations in the new normal



Pandemic impact on blank sailings 2020

The new competitive battles

- More consolidation amongst the regional and local niche carriers

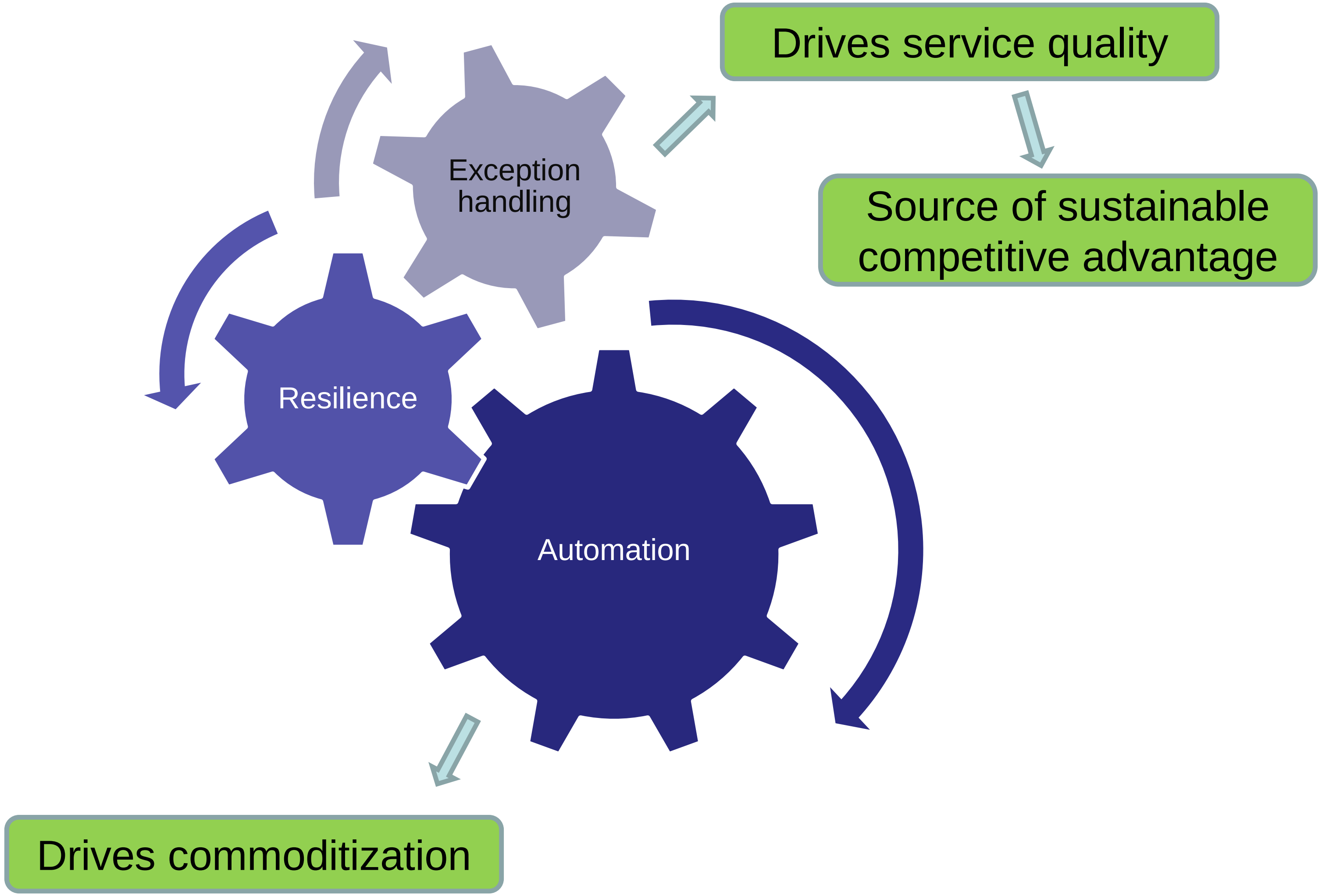
  - Recent examples:
  - MSC <-> Login Logistica
  - Hapag-Lloyd <-> NileDutch

- More consolidation within logistics

A multi-front development:

- Container carriers entering deeper into logistics
- Container carriers targeting cargo owners directly using digital solutions
- Forwarders launching new digital solutions
- Digital solution providers building physical shipping expertise
- Cargo owners (notable Amazon and Ali Baba) entering logistics services
- Terminal operators entering shipping and logistics (notably DPW)

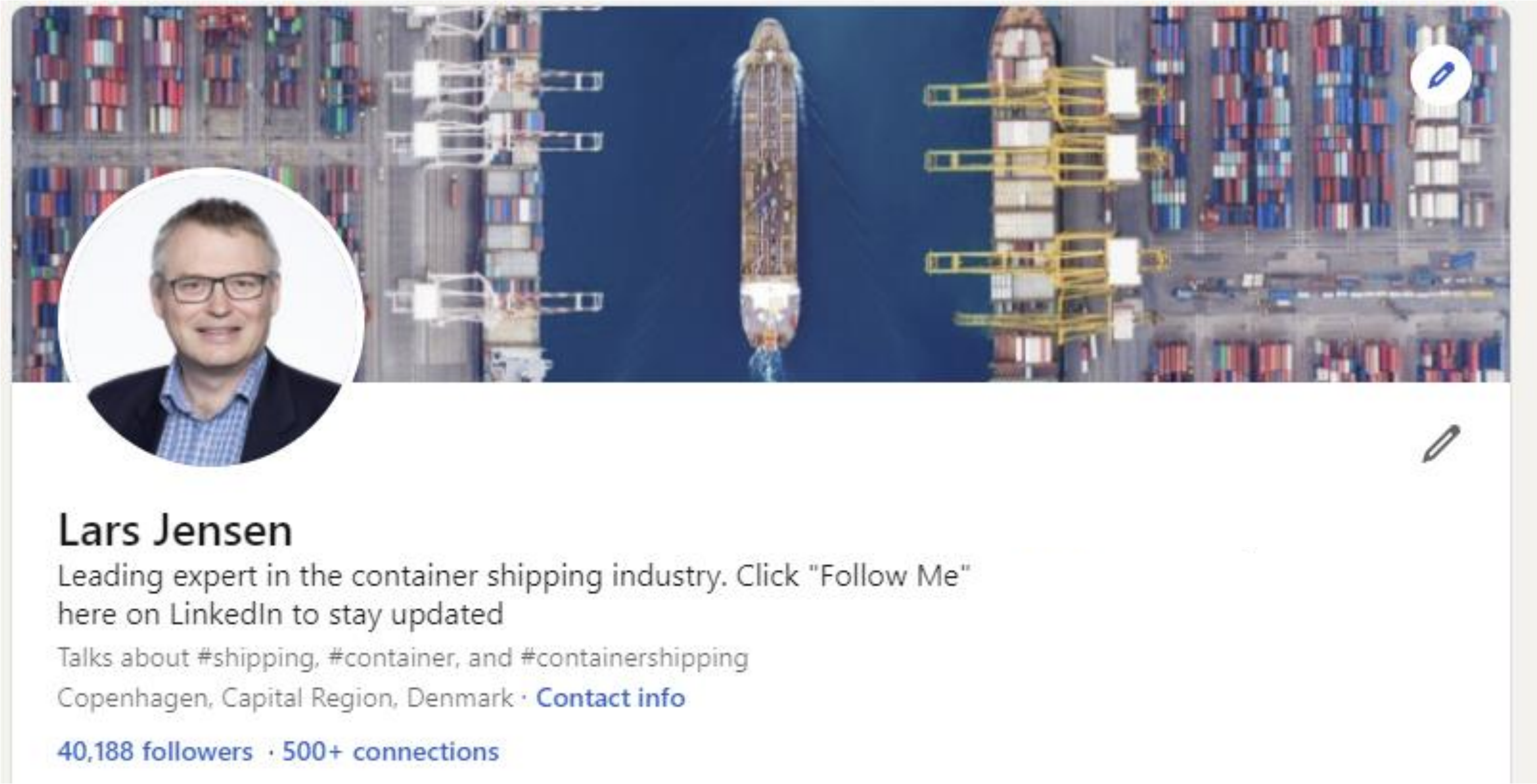
Digitalization
It is a "must have" – but will not make you long term competitive



The new normal

- Stronger market power with the container carriers
- We have reached the largest vessel sizes – but smaller trades will still see increased vessel sizes due to cascading
- Stronger concentration of transhipment cargo into fewer key hub locations
- More consolidation in the regional carriers
- Gradual disappearance of a sizeable amount of small and medium sized freight forwarders
- Elimination of market participants not able to make the digital transformation
- Drive towards decarbonization

Thank you



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