



Financial Results for FY2021 Full-year

APRIL.28, 2022

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# 1. FY2021 Full Year Results

## Outline

**ONE's full year result for FY2021 is a record profit of US\$16,756 million, an increase of US\$13,273 million from the previous year. The increase in profit is mainly due to a continued high spot freight market, resulting from tight supply and demand.**

- Despite the impact of causes such as; seasonal factors including Chinese Lunar Year, Russia/Ukraine hostilities, and China's recent lockdown, the strong cargo demand continued through Jan to Mar.
- On the supply side, though port and inland congestion in the US West Coast has improved slightly, turmoil still remains within the entire global supply chain.
- As a result, the spot freight market in Q4 remained at a higher level than expected and significantly higher compared to the previous year.

## FY2021 Full Year Results and PL Analysis

(Unit: Million US\$)

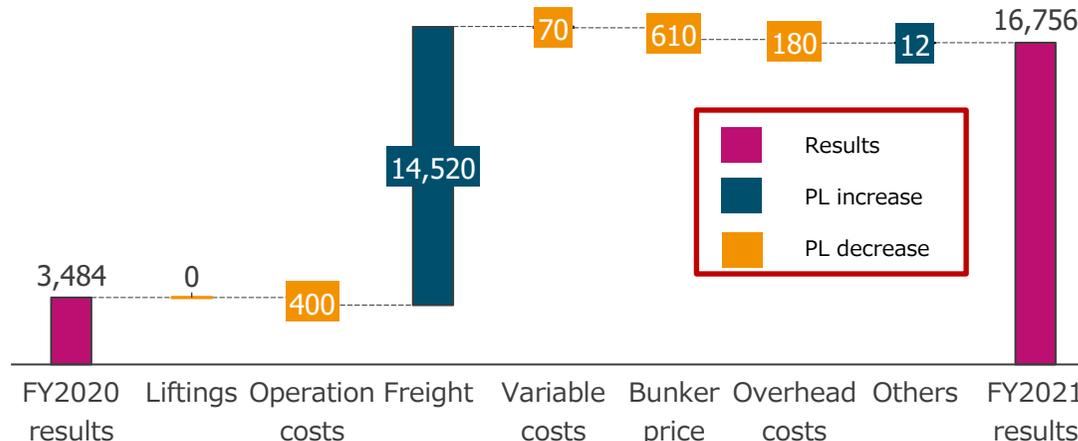
	FY2021						
	1Q Results	2Q Results	1H Results	3Q Results	4Q Results	2H Results	Full Year Results
Revenue	5,776	7,557	13,333	8,332	8,433	16,765	30,098
EBITDA	2,924	4,572	7,496	5,286	5,497	10,783	18,279
EBIT	2,657	4,295	6,952	5,019	5,225	10,244	17,196
Profit/Loss	2,559	4,200	6,760	4,889	5,108	9,997	16,756

Bunker Price (US\$/MT)	\$465	\$509	\$487	\$531	\$548	\$539	\$512
Bunker consumption (K MT)	906	891	1,797	854	788	1,642	3,439
Lifting (K TEU)	3,104	3,181	6,285	2,939	2,837	5,777	12,061

\*As of Jan 2022

FY2020	Year on Year		FY2021 (Previous Forecasts*)	Results to Previous Forecasts		
	Full Year Results	Change		Change (%)	Full Year Forecasts	Change
	14,397	15,701	109%	29,045	1,053	4%
	4,855	13,424	276%	16,862	1,417	8%
	3,832	13,363	349%	15,800	1,395	9%
	3,484	13,273	381%	15,398	1,358	9%

	\$331	\$180	54%	\$520	-\$8	-2%
	3,595	-156	-4%	3,455	-16	0%
	11,964	97	1%	11,902	159	1%



- ❑ Liftings: Remained mostly unchanged from the previous year.
- ❑ Operation costs: Increased mainly due to higher ships cost.
- ❑ Freight: Significantly increased due to a rise in both long-term freight rate and short-term market.
- ❑ Variable costs: Cost saving initiatives progressed, but additional costs were incurred 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	FY2021						
		Full Year Results	1Q Results	2Q Results	1H Results	3Q Results	4Q Results	2H Results	Full Year Results
Asia - North America Eastbound	Lifting	2,764	615	649	1,264	564	523	1,088	2,352
	Utilization	100%	100%	100%	100%	100%	100%	100%	100%
Asia - Europe Westbound	Lifting	1,556	436	443	879	411	422	833	1,712
	Utilization	99%	100%	100%	100%	97%	97%	97%	100%

Asia - North America Westbound	Lifting	1,352	328	309	638	258	240	498	1,135
	Utilization	51%	54%	54%	54%	47%	51%	49%	52%
Asia - Europe Eastbound	Lifting	1,219	339	347	687	305	289	594	1,281
	Utilization	76%	82%	78%	80%	69%	63%	66%	73%

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

Freight Index by Trades		FY2020	FY2021						
		Full Year Results	1Q Results	2Q Results	1H Results	3Q Results	4Q Results	2H Results	Full Year Results
Asia - North America Eastbound		132	185	247	216	285	304	294	252
Asia - Europe Westbound		153	327	451	389	539	552	546	466

- **Q4 Liftings, Utilization Rates :** Liftings on Asia-North America E/B decreased compared with FY2021 Q3 as well as FY2020 Q4 due to blank sailings caused by port congestion and vessel delays. However, a 100% vessel utilization rate was maintained due to a strong cargo demand. Liftings on Asia-Europe W/B remained mostly unchanged from FY2021 Q3 but increased from FY2020 Q4 due to the strong cargo demand. However, utilization rates were affected by schedule disruptions.
- **Q4 Freight Index :** The freight market rose significantly compared to FY2020 Q4 partly due to the renewal of long-term contracts and has also risen from FY2021 Q3.

# 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 Jan-Feb, particularly for consumer goods. Asia-North America market volume in Jan and Feb increased by approximately 9% Y to Y, with the retail inventory level remaining low, the cargo demand remains strong. Asia-Europe market volume in Jan increased by approximately 4% Y to Y.</li> <li>➤ The congestion has eased in Los Angeles and Long Beach, but has worsened at other West Coast ports, thus the turmoil continues on the entire US West Coast. In addition, congestion has worsened on US East Coast in some areas(New York, Charleston, etc.). In China (Shanghai, Shenzhen etc.), re-occurring lockdowns due to COVID-19 outbreaks have caused trucker shortages and yard congestion. Port and inland congestion remains on a worldwide scale.</li> <li>➤ International travel restrictions are slowly starting to lift; however, crew changes remain 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 and areas of reach expanded.</li> <li>➤ ONE's Mobile APP has been updated and the track and trace function enhanced, providing improvements for customer's convenience as well as timely reporting information.</li> </ul>
	<b>Operational excellency</b>	<ul style="list-style-type: none"> <li>➤ Additional 6,500 reefer containers were procured which are also utilized as RAD(Reefer as Dry).</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>



**Though there are some improvements, there remains an excessive strain on the entire global supply chain.**

**ONE is doing its utmost - such as additional container procurements or extra loaders deployment and so on - to support social infrastructure globally.**

## 4. FY2022 Full Year Forecasts

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- As the impact on the entire global supply chain (mainly due to the spread of COVID-19 infections around the world) continues to be very wide-ranging, including ports and inland, it is therefore extremely difficult to predict when the situation will be resolved.
- In addition to the prolonged Russia/Ukraine hostilities and the COVID-19 lockdown in the Shanghai region, there are a number of simultaneous events that could have a significant impact on our business performance, including US West Coast labour negotiations and rapid inflation on a global scale.
- Under these circumstances it is highly likely that the economic environment will continue to change dynamically in FY2022, it is therefore extremely difficult to announce a reasonable business forecast for the coming financial year and as such ONE's forecasts for FY2022 are yet to be finalized.

## 5. Actions to Achieve Further Competitiveness and Sustainability

- THE ALLIANCE announced service network adjustments from 2022 Spring. A key change will be delinking the FP2 pendulum loop to create two separate services: The FE5 -Southeast Asia to Europe and The PS7 - Southeast Asia and South China to Transpacific West Coast. This restructure allows for greater flexibility and response times which will increase sailing frequencies.
- ONE is planning the following increase in new building tonnage over the next 3 years: Four 12,000 TEU vessels delivered around mid FY2022; four 15,000 TEU vessels and six 24,000 TEU vessels to be delivered in FY2023; and six 15,000 TEU vessels and ten 7,000 TEU vessels for delivery in FY2024.
- East Africa (EAF) service has been changed into two new services EA3 (East Africa 3 (Mombasa)) and EA4 (East Africa 4 (Dar Es Salaam)). These two newly created services, the EA3 with a Mombasa loop and the EA4's Dar Es Salaam loop, will provide greater frequency and a more stable schedule. This restructure will benefit ONE's customers by providing a more reliable service offering.
- ONE is expanding its current refrigerated container (reefer) fleet by adding another 6,500 new units (including 500 units equipped with advanced Controlled Atmosphere (CA) technology) to meet the growing demand for refrigerated cargo around the world.
- ONE has launched #OneOcean project and partnered with Singapore's Garden City Fund (GCF), a registered charity and IPC, established by the National Parks Board in support of coral conservation. ONE has donated a sum of SGD 20,000 to nurture a Reef Enhancement Unit (REU) for the Plant-A-Coral, Seed-A-Reef Program organized by GCF and organized beach cleaning around the world.
- ONE has announced the sponsoring of a scholarship and a donation of SGD 125,000 to the Lee Kuan Yew School of Public Policy, National University of Singapore and a donation sum of SGD 30,000 to the school's Social Mobility Foundation.

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

### ▣ Fleet Structure

Size		1)As of end Dec 2021	2)As of end Mar 2022	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	356,679	▲ 9,019
	Vessels	41	40	▲ 1
6,000 - 7,800 TEU	Capacity (TEU)	138,307	138,307	0
	Vessels	21	21	0
5,200 - 6,000 TEU	Capacity (TEU)	66,463	55,234	▲ 11,229
	Vessels	12	10	▲ 2
4,600 - 5,200 TEU	Capacity (TEU)	93,122	82,922	▲ 10,200
	Vessels	19	17	▲ 2
4,300 - 4,600 TEU	Capacity (TEU)	62,952	62,952	0
	Vessels	14	14	0
3,500 - 4,300 TEU	Capacity (TEU)	24,874	20,599	▲ 4,275
	Vessels	6	5	▲ 1
2,400 - 3,500 TEU	Capacity (TEU)	80,602	85,998	5,396
	Vessels	30	32	2
1,300 - 2,400 TEU	Capacity (TEU)	12,093	10,354	▲ 1,739
	Vessels	7	6	▲ 1
1,000 - 1,300 TEU	Capacity (TEU)	10,573	10,573	0
	Vessels	10	10	0
< 1,000 TEU	Capacity (TEU)	618	0	▲ 618
	Vessels	1	0	▲ 1
<b>Total</b>	<b>Capacity (TEU)</b>	<b>1,542,702</b>	<b>1,511,018</b>	<b>▲ 31,684</b>
	<b>Vessels</b>	<b>211</b>	<b>205</b>	<b>▲ 6</b>

### ▣ Service Structure

(FY2021 Q4 Structure of dominant and non-dominant space)

