Seminar on International Port Strategy

“Resilience”
APEC – IAPH – Antwerp Management School (C-MAT) – Port of Antwerp Bruges
You might know us better as Alphaliner, part of AXSMarine
## Service Overview

**Coverage:** Asia / North America services with USEC calls

**Type:** Full Container

**Sailing Frequency:** **every 7 days**

**Duration Of Rotation:** **77 days**

**Proforma fleet:** 11 ships (from 8,189 - 9,784 teu)

**Weekly Capacity (one way):** 8,802 teu

### Current Service Participants

<table>
<thead>
<tr>
<th>Carrier</th>
<th>Status</th>
<th>Service Branding</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zim</td>
<td>Vessel provider</td>
<td>ZGX</td>
<td></td>
</tr>
<tr>
<td>MSC</td>
<td>Vessel provider</td>
<td>Pelican</td>
<td></td>
</tr>
<tr>
<td>Maersk A/S</td>
<td>Vessel provider</td>
<td>TP-88</td>
<td></td>
</tr>
</tbody>
</table>

### Port Rotation

- Xiamen, Yantian (Shenzhen), Busan New Port, Houston, Mobile, Tampa, Balboa, Busan New Port, Xiamen

### Comments - Service Chronology

- **Aug 2019:** Service organized by Zim and Zim, superseding for Zim the existing 'TP-88 / Lone Star' service (See details) (See news).
- **Jan 2021:** Manzanillo (Pan) removed (See news).
- **July 2023:** Rotation up from 10 to 11 weeks. 11th ship added.

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### Ships deployed

<table>
<thead>
<tr>
<th>Vessel name</th>
<th>Fav</th>
<th>Bit</th>
<th>Flag</th>
<th>Dwt</th>
<th>Teu</th>
<th>14T</th>
<th>Spd</th>
<th>Gear</th>
<th>Operator</th>
<th>Open</th>
</tr>
</thead>
<tbody>
<tr>
<td>ZIM HONG KONG</td>
<td>05</td>
<td>DEU</td>
<td></td>
<td>110,860</td>
<td>9,784</td>
<td>6,970</td>
<td>25.0</td>
<td>No</td>
<td>Zim</td>
<td>01-30 Apr 24</td>
</tr>
<tr>
<td>ZIM NEWARK</td>
<td>05</td>
<td>DEU</td>
<td></td>
<td>109,935</td>
<td>9,784</td>
<td>6,970</td>
<td>25.0</td>
<td>No</td>
<td>Zim</td>
<td>01-30 Nov 24</td>
</tr>
<tr>
<td>ZIM WILMINGTON</td>
<td>14</td>
<td>MHL</td>
<td></td>
<td>112,171</td>
<td>9,034</td>
<td>7,428</td>
<td>22.0</td>
<td>No</td>
<td>Zim</td>
<td>01-30 May 26</td>
</tr>
<tr>
<td>MSC JASPER VIII</td>
<td>09</td>
<td>PRT</td>
<td></td>
<td>108,804</td>
<td>8,814</td>
<td>6,923</td>
<td>25.0</td>
<td>No</td>
<td>MSC (own)</td>
<td></td>
</tr>
<tr>
<td>TYNDALE</td>
<td>14</td>
<td>LBR</td>
<td></td>
<td>116,058</td>
<td>8,704</td>
<td>7,200</td>
<td>21.9</td>
<td>No</td>
<td>Maersk A/S</td>
<td>01-31 May 26</td>
</tr>
<tr>
<td>ZIM SHENZHEN</td>
<td>11</td>
<td>HKG</td>
<td></td>
<td>102,518</td>
<td>8,586</td>
<td>6,100</td>
<td>25.2</td>
<td>No</td>
<td>Zim</td>
<td>01-31 Mar 29</td>
</tr>
</tbody>
</table>
### Call statistics by operator (week 39)

- **By number**
  - MSC: 16.5%
  - ONE (Ocean Network Express): 10.1%
  - Maersk AAS: 8.6%
  - CMA CGM: 7.9%
  - HMM Co Ltd: 7.2%
  - Others: 49.6%

- **By size**
  - MSC: 16.2%
  - ONE (Ocean Network Express): 12.6%
  - Maersk AAS: 13.2%
  - CMA CGM: 13.2%
  - HMM Co Ltd: 10.3%
  - Others: 35.6%

- **By hours**
  - MSC: 17.5%
  - ONE (Ocean Network Express): 10.6%
  - Maersk AAS: 11.3%
  - CMA CGM: 6.0%
  - HMM Co Ltd: 10.5%
  - Others: 43%

### List of all vessels calls in week 39

<table>
<thead>
<tr>
<th>Operator/Vessel</th>
<th>Service</th>
<th>Calls</th>
<th>TEU</th>
<th>Usage</th>
</tr>
</thead>
<tbody>
<tr>
<td>MSC CHELSEA</td>
<td>Extra sailers (IntraAsia services)</td>
<td>23</td>
<td>185,880</td>
<td>459</td>
</tr>
<tr>
<td>MSC OSCAR</td>
<td>2Id agreement - Asia-Med - AE-15 / Tiger</td>
<td>19</td>
<td>12,224</td>
<td>35</td>
</tr>
<tr>
<td>MSC RAVENNA</td>
<td>MSC - Far East-India-California service (India-Asia)</td>
<td>14</td>
<td>10,465</td>
<td>27</td>
</tr>
<tr>
<td>MSC LENI</td>
<td>2Id agreement - Asia-Med - AE-11 / Jade</td>
<td>23</td>
<td>23,765</td>
<td>65</td>
</tr>
<tr>
<td>MSC BEATRICE</td>
<td>FE-USWC service (TP-2)</td>
<td>12</td>
<td>13,798</td>
<td>37</td>
</tr>
<tr>
<td>MSC LA SPEZIA</td>
<td>MSC - Far East-US West Coast service (China-Asia)</td>
<td>14</td>
<td>8,155</td>
<td>20</td>
</tr>
<tr>
<td>MSC RIKU</td>
<td>Yantian-Shanghai-Busan-Vancouver</td>
<td>8</td>
<td>5,866</td>
<td>15</td>
</tr>
<tr>
<td>MSC GIANNINA II</td>
<td>Japanese-China service (Gold)</td>
<td>12</td>
<td>1,740</td>
<td>49</td>
</tr>
<tr>
<td>MSC ANDREI</td>
<td>South Korea - Russia service (Korea)</td>
<td>10</td>
<td>1,110</td>
<td>29</td>
</tr>
<tr>
<td>MSC JASPER VIII</td>
<td>Asia-Gulf-South China Express</td>
<td>8</td>
<td>8,014</td>
<td>21</td>
</tr>
<tr>
<td>MSC KYMEIA II</td>
<td>Japan-China service (Gold)</td>
<td>6</td>
<td>1,732</td>
<td>49</td>
</tr>
<tr>
<td>MSC LONG BEACH VII</td>
<td>Asia-Gulf-South China Express</td>
<td>8</td>
<td>6,039</td>
<td>16</td>
</tr>
<tr>
<td>GNL NINGBO</td>
<td>Extra sailers (IntraAsia services)</td>
<td>6</td>
<td>8,603</td>
<td>23</td>
</tr>
<tr>
<td>MSC LILOU III</td>
<td>Japan-Busan-East Coast service (China)</td>
<td>10</td>
<td>3,108</td>
<td>85</td>
</tr>
<tr>
<td>MSC ASTRID III</td>
<td>Extra sailers (IntraAsia services)</td>
<td>8</td>
<td>3,254</td>
<td>87</td>
</tr>
<tr>
<td>MSC PRELUDE V</td>
<td>Asia-Australia service (Pandora Asia)</td>
<td>12</td>
<td>3,000</td>
<td>80</td>
</tr>
<tr>
<td>MSC CHYIO</td>
<td>Japan-China service (Gold)</td>
<td>6</td>
<td>2,646</td>
<td>74</td>
</tr>
<tr>
<td>MSC PRELUDE V</td>
<td>Japan-China service (Gold)</td>
<td>6</td>
<td>6,039</td>
<td>16</td>
</tr>
<tr>
<td>MSC BERANGERE</td>
<td>Asia-West Africa service (Africa Express)</td>
<td>14</td>
<td>15,413</td>
<td>41</td>
</tr>
<tr>
<td>MSC LYSEY V</td>
<td>China-Korea-Thailand-India service (Gold)</td>
<td>6</td>
<td>4,882</td>
<td>13</td>
</tr>
</tbody>
</table>

### Call statistics by operator (week 42 so far)

- **By number**
  - MSC: 17.4%
  - ONE (Ocean Network Express): 13%
  - COSCO Shipping: 8.7%
  - Co-Heung Shipping Co Ltd: 8.7%
  - Maersk AAS: 8.7%
  - Others: 43.9%

- **By size**
  - MSC: 28.2%
  - ONE (Ocean Network Express): 10.6%
  - COSCO Shipping: 13.5%
  - Co-Heung Shipping Co Ltd: 14.5%
  - Maersk AAS: 29.3%

- **By hours**
  - MSC: 20.7%
  - ONE (Ocean Network Express): 17.4%
  - COSCO Shipping: 6.7%
  - Co-Heung Shipping Co Ltd: 11.5%
  - Maersk AAS: 11.4%
  - Others: 32.3%
The Alphaliner ‘Top 100’ on Sunday 12 May

Global figures: 6,934 active ships including 6,133 fully cellular

Global fleet: 29,650,965 TEU

DWT: 352,161,358

Figures are consolidated

Regional Trades weekly capacities

<table>
<thead>
<tr>
<th>Region</th>
<th>Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trans-Atlantic</td>
<td>161,701 TEU</td>
</tr>
<tr>
<td>Trans-Pacific</td>
<td>525,916 TEU</td>
</tr>
<tr>
<td>Feast-Europe</td>
<td>459,432 TEU</td>
</tr>
</tbody>
</table>

Top carriers history 1996-2019

<table>
<thead>
<tr>
<th>Rank</th>
<th>Operator</th>
<th>Teu</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Mediterranean Shg Co</td>
<td>5,834,996</td>
<td>19.8%</td>
</tr>
<tr>
<td>2</td>
<td>Maersk</td>
<td>4,275,983</td>
<td>14.5%</td>
</tr>
<tr>
<td>3</td>
<td>CMA CGM Group</td>
<td>3,688,280</td>
<td>12.5%</td>
</tr>
<tr>
<td>4</td>
<td>COSCO Group</td>
<td>3,160,418</td>
<td>10.7%</td>
</tr>
<tr>
<td>5</td>
<td>Hapag-Lloyd</td>
<td>2,084,747</td>
<td>7.1%</td>
</tr>
<tr>
<td>6</td>
<td>ONE (Ocean Network Express)</td>
<td>1,867,623</td>
<td>6.3%</td>
</tr>
<tr>
<td>7</td>
<td>Evergreen Line</td>
<td>1,662,848</td>
<td>5.6%</td>
</tr>
<tr>
<td>8</td>
<td>HMM Co Ltd</td>
<td>816,077</td>
<td>2.8%</td>
</tr>
<tr>
<td>9</td>
<td>Zim</td>
<td>717,750</td>
<td>2.4%</td>
</tr>
<tr>
<td>10</td>
<td>Yang Ming Marine Transport Corp.</td>
<td>707,018</td>
<td>2.4%</td>
</tr>
<tr>
<td>11</td>
<td>Wan Hai Lines</td>
<td>495,044</td>
<td>1.7%</td>
</tr>
<tr>
<td>12</td>
<td>PIL (Pacific Int. Line)</td>
<td>326,697</td>
<td>1.1%</td>
</tr>
<tr>
<td>13</td>
<td>SITC</td>
<td>162,614</td>
<td>0.6%</td>
</tr>
<tr>
<td>14</td>
<td>X-Press Feeder Group</td>
<td>161,911</td>
<td>0.6%</td>
</tr>
</tbody>
</table>

**Top-3 market share**

47%

*Ten years ago: 37%

**Top-5 market share**

65%

*Ten years ago: 46%

**Top-10 market share**

84%

*Ten years ago: 64%
agenda for today

1. Three basic principles
2. COVID-19 pandemic
3. Red Sea crisis
4. Conclusions
1. Three basic principles to understand a volatile industry
Three basic principles

1. Container carriers are private companies

2. Cargo demand versus vessel supply is always key!

3. Trade keeps flowing, despite what happens
1. Carriers are private companies: core EBIT margins 2009 - 2023

Average operating margin falls into negative territory for first time since 2018

Main carriers: Average core EBIT margin by quarter

most profitable period in the history of liner shipping

back to a loss-making period?
2. Cargo demand versus capacity is key! Balancing demand and supply at least two years in advance
3. Trade keeps flowing. See Ukraine conflict

More competition for the three mega alliances

Since the Russian invasion of Ukraine, most global carriers have halted their services to and from the Russian ports of Saint-Petersburg and Novorossiysk.

This has created opportunities for newcomers with Russian, Chinese, Middle East or Turkish backgrounds.

Although these carriers such as New New Shipping, OVP Shipping, Safetrans, FESCO, Akkon or CStar operate relatively small ships, the capacity deployed by non-alliance carriers has doubled in the space of a year from 154,600 teu to 308,300 teu.

The combined market share of these smaller carriers has reached almost 5%. This also includes the 1.2% market share of the fast-expanding ZIM.
2. COVID-19 pandemic
Heavy congestion in the port of Yantian excludes any ‘back to normal’ for the liner shipping industry in the upcoming months.

- Yantian is currently operating at only 40-45% of its shoreside capacity.
- Spot freight rates ex Shanghai to Europe and the USEC are at an all-time high.

The Yantian congestion will wreak even more havoc on liner shipping schedules than the Suez Canal obstruction.

INSIDE THIS ISSUE:
More disruption and even higher rates

COVID-19 drama Act 3: even more disruption and higher rates
During and after the Coronavirus pandemic, the market saw a quick cargo volume increase since consumers shifted spending from services to goods. This increased containerized ocean transport.

At the same time, various supply chain problems tied up 10% to 15% of the global container ship capacity.
Carrier core EBIT margins 2009 - 2023

Main carriers: Average core EBIT margin by quarter

Shanghai Containerized Freight Index (SCFI)

Average of CMA CGM until 2022 (incl APL to 2Q16), COSCO Shg (since 1Q 2019), CSCL (to 1Q 2016), EMC, Hanjin (to 3Q 2016), Hapag-Lloyd (incl CSAV to 2014), HMM, Maersk (Ocean from Q120), ONE (from 2Q 2018, formerly KL/MOL/NYK), WHL, YM, ZIM

www.axsmarine.com
COVID-19 fleet redeployment in January 2022

Intra-regional and Africa trade capacity drops as carriers prioritize lucrative East-West routes
The benefit of COVID: orders placed in 2023 (first ten months)

Orders placed in 2023 per carrier (teu capacity)

- CMA CGM: 534,900 Mteu, 31% of orders
- Evergreen: 911,600 teu, 52% of orders
- MSC: 83% of orders
- ONE: +
- HMM: =
- Yang Ming: 'new' fuels
- COSCO Grp: Unknown
- Maersk: Unknown
- Small carriers: Unknown
- Unknown: Unknown

*aggregate owned and chartered tonnage

LNG dual fuel
Methanol dual fuel
‘new’ fuels

www.axsmarine.com
3. Red Sea crisis
orderbook and orderbook-to-fleet ratio timeline

Orderbook-to-Fleet Development 2004-2024 (Cellular ships only)

- Existing Fleet
- Orderbook

- Orderbook / fleet ratio: 64.2% Nov 2007
- Largest container ship orderbook in history
- Near linear growth at about 1 Mteu per year
- Orderbook / fleet ratio: 8.2% Oct 2020
- Orderbook / fleet ratio: 22.8% Apr 2024

www.axsmarine.com
The market will struggle to absorb this massive vessel capacity influx!

Cellular Containerships Deliveries by TEU

Delivered • On Order • Average of TEU

Average of TEU

more orders in the making
Alphaliner’s magic crystal ball tells us...

(October 2023, Intermodal Europe Conference)

‘Despite increased scrapping, the tonnage market will experience chronic overcapacity for several years.’
Missing ships on Asia-Europa trade (Alphaliner newsletter 20)

www.axsmarine.com

too many ships?

not enough ships?
Latest SCFI (rate index for export of spot cargo)

Good news for carriers!
4. Conclusions
Conclusions

* Some major recent disruptions have been beneficial for the financial results of the carriers.

* Liner industry faces major problem/crash if Red Sea crisis gets resolved.

* For the panel debate: carriers create chaos which ports and other stakeholders in the supply chain will have to deal with. Food for thought and discussion...