



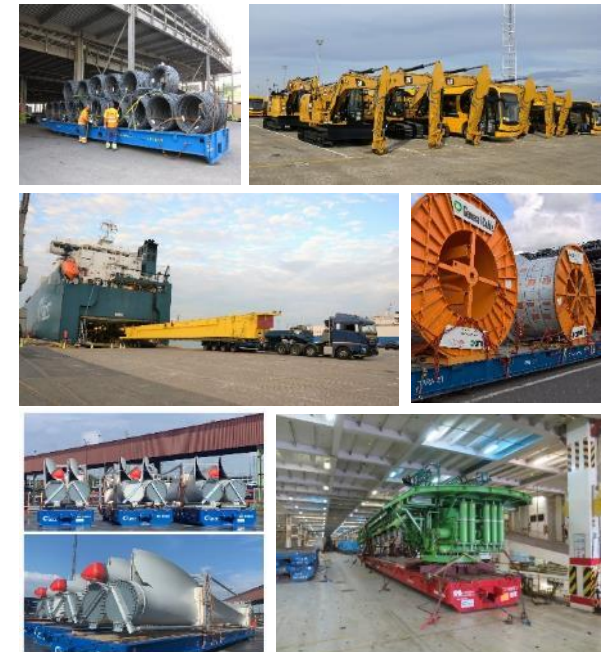
Project Cargo Summit

6-7 SEPT 2023, BREMEN



Short introduction

- Our ambition: to be the leading provider of sustainable short sea RoRo transportation in Europe
- Since 1990 with strong ownership of NYK (Nippon Yusen Kabushiki Kaisha) and Wallenius Lines
- Via a diversified fleet of 13 vessels we connect 23 ports across Europe
- 1,3 mio cars, 28,000 high & heavy units and via our Fleet of nearly 1,000 roll trailer from 30' to 72' foot 100 tons, we transport 450 000 tons of breakbulk cargo
- We are a group of dedicated professionals both ashore and at sea
- We carry your cargo regardless of size and weight, we can ship cargo up to 5,2 meters in height and 160 tons in weight
- We have recently welcomed 3x new first Multi-Fuel Battery Hybrid PCTC vessels. These vessels operate well beyond IMO target for 40% reduction in carbon intensity by 2030
- We all keep investing in smarter and greener ways to ship your cargo
- For more information, please contact me. I'm sure we have a solution



Port Congestion:

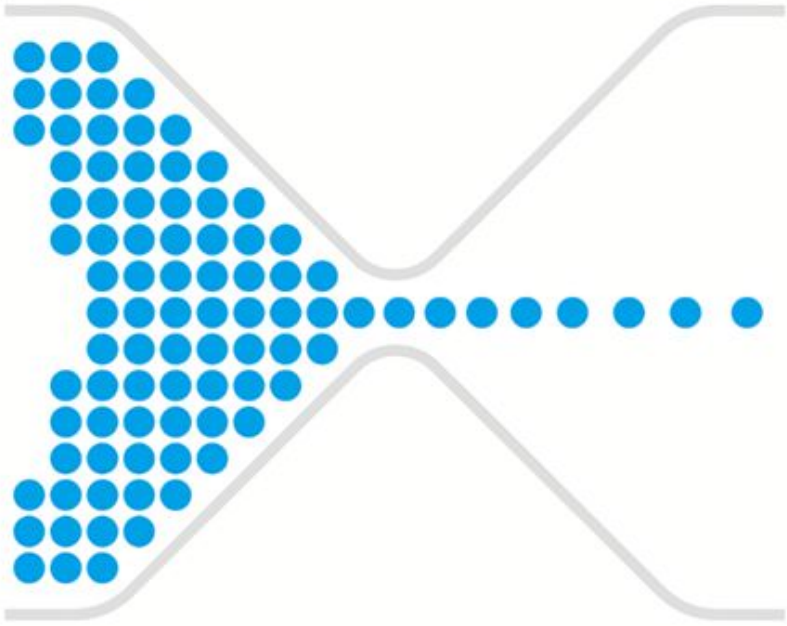
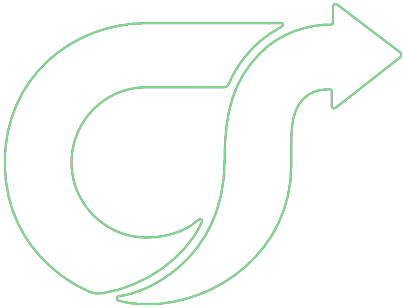
A bottle neck for a smooth sustainable logistics chain

Wednesday 6th September 2023 15:55-16:15 hr

Break-out B



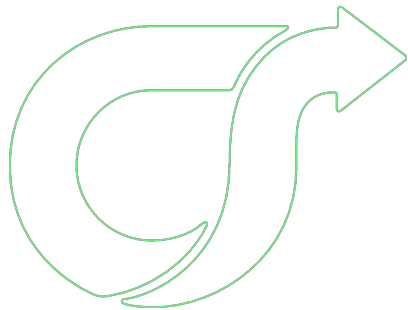
How did we get to this point?



What has happened in the world

The Great Moderation 1980 □ 2020

- Increasing globalization
- Large oil & gas investments
- Cheap Russian gas
- Weak labor unions
- Global supply of goods/labor
- Low wage and inflation pressure
- Low macroeconomic volatility

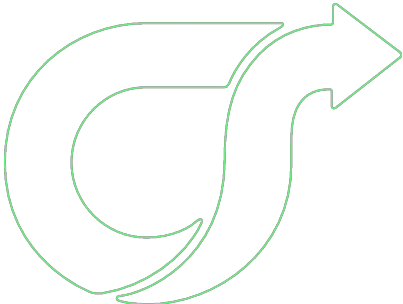


The Great Volatility 2021 □

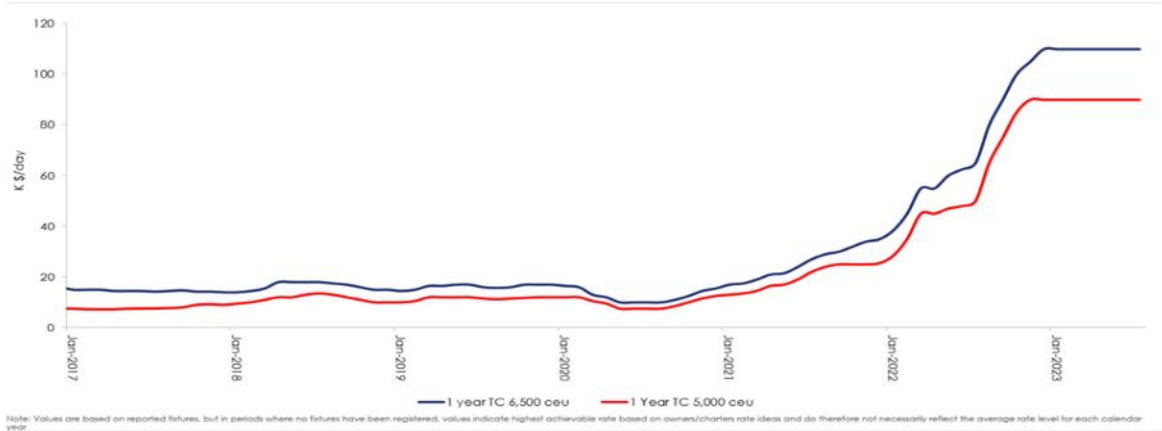
- Two/three block world?
- Increase in trade wars, protectionism, nationalism
- Climate change
- “Green” instead of “Brown” investments
- No Russian gas
- Local workforce in demand
- Multiple & shorter supply lines
- Shortage of labor, goods & commodities
- Wage and inflation pressure
- High macroeconomic volatility

What has happened in shipping PCTC

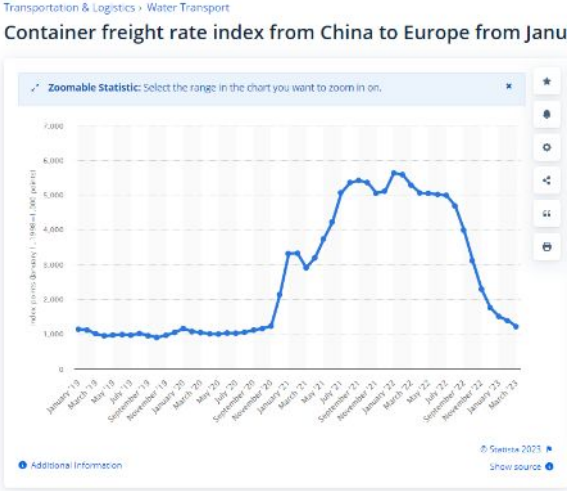
- 2008> Financial crisis resulting in reduced volumes with PCTC overcapacity in the market. UECC went from 32 vessel to 16 trading a regular liner service. No new investment in newbuilds
- 2020 Global challenges: Brexit / Pandemic / semi conductor shortage
- 2021 Increase in demand for vessels and tempting financial opportunities elsewhere in the world, hence some operators have been redeploying their tonnage elsewhere. E.g. Europe into Far East.
- 2022-2023 Due to high demand and years of underinvestment in new tonnage, the TC rates increase at very high pace reaching levels more than triple compared to 2 years ago
- 2024 With these higher rates, there is room for sustainable newbuild programs which is a must as the current fleet is growing older, new PCTC vessel are now being ordered. But there is more tonnage moving out than streaming in to Europe. CII and EU ETS will also strongly affect future tonnage requirements.



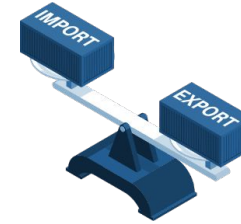
PCTC TC rates



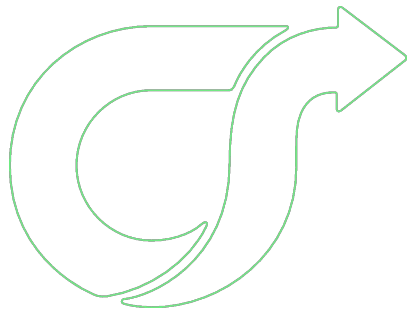
Source Clarksons PCTC market update



What has happened in the ports



- Pandemic
- Import and export unbalance ...
- Delivery of unsold cargo (maybe also lack of sales network and logistics by new entrants, in particular Chinese)
- Lack of port infrastructure
- Labor- related issues (also in logistics for cargo in and out of the ports)
- Conflicts (rerouting of cargo flows)
- Force Majeure (weather)
- Lengthy or Complicated administration Procedures (customs – authorities)
- Port evacuation affected by slower sales (due high inflation)?? And lack of resources/hardware for evacuation)



What is happening in the other transport means



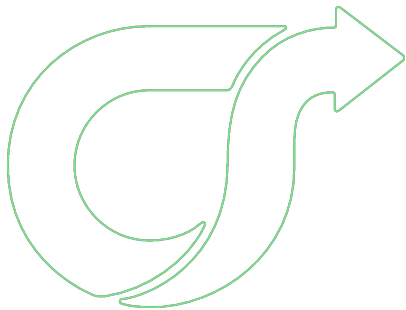
Rail transport

- Lack of flexibility
- No door-to-door service
- Limited dimensions
- 26 different rail networks with different European operators

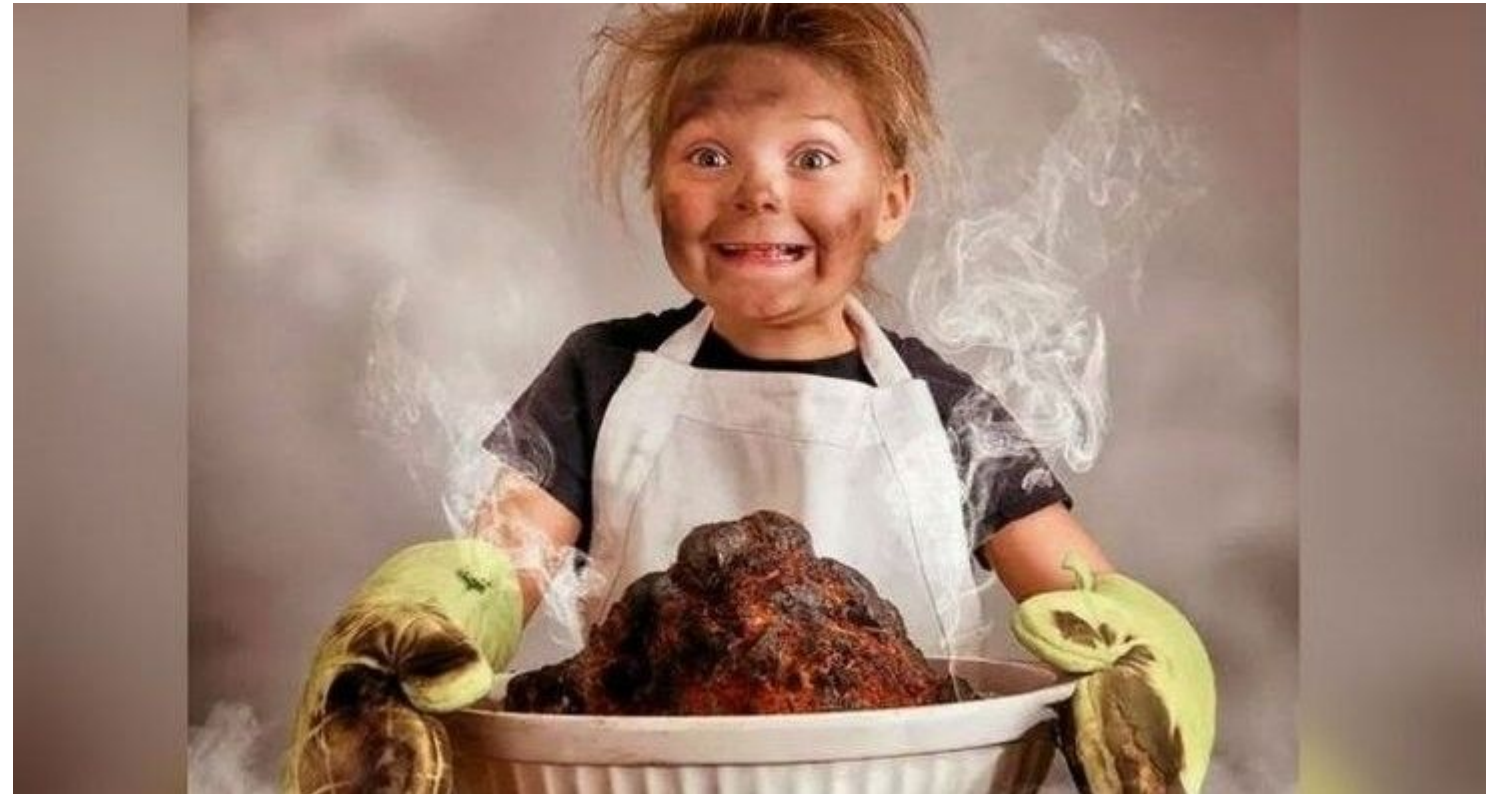
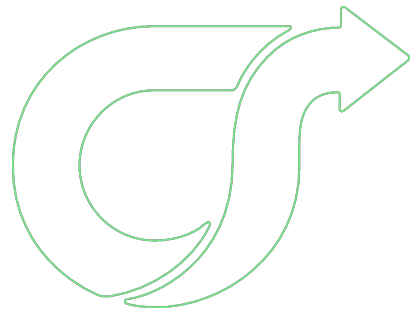


Road transport

- Driver shortage due to pandemic and limited new recruitment
- Transportation cost increased road taxes, higher fuel prices, but also wages
- Less new trucks ordered

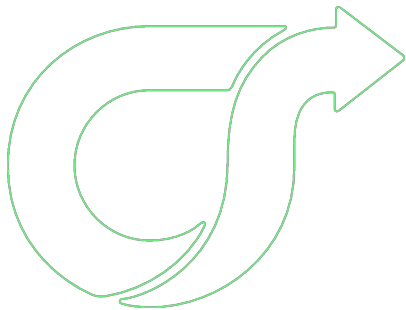


A recipe for disaster



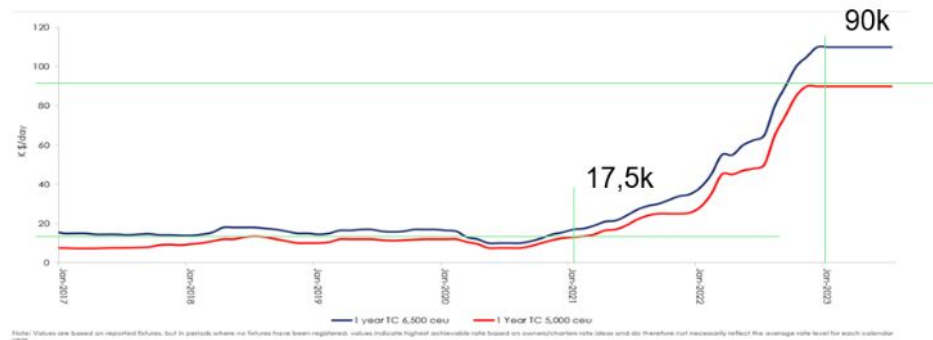
Knock on effects of Port congestion

- Operators decide to skip the port => increased congestion
- slower throughput => increased port stay
- slower operations => increased port stay
- increased costs
- increased emissions



The price for the shipping industry is huge

PCTC TC rates



Source: [Clarksons](#) PCTC Market Update

Trading a weekly regular liner service – Biscay service

MON	TUE	WED	THU	FRI	SAT	SUN	MON	
ZEE	RTM		SDR	PAS			ZEE	...

The schedule is built to have avoid night + weekend shift

4000 units per week

TC rate 2020: 17.500 usd/day (specify vessel size)

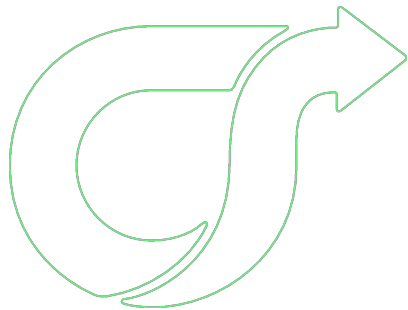
Yearly cost: 6,4 mio usd

Assumption 6 waiting days encountered during year => 105k usd (rate based on 2020) TC

To compensate for the delay, we need to speed up, resulting in possible 30-40% more consumption and emissions

Every hour delay is costing us 730 usd

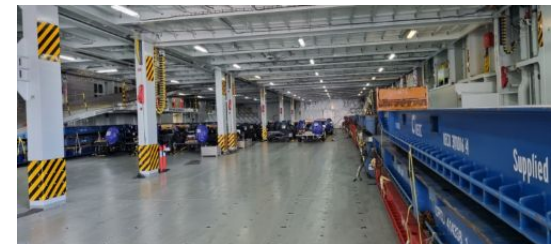
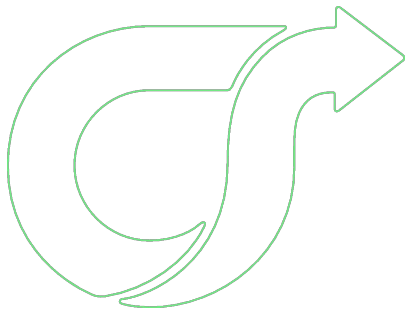
If we are not able to recover delays or the costs is too high, then we will ship less units, resulting in not lifting volumes form the port... port congestion...



How to overcome/solve Port congestion



- Diversifying ports
- Supply chain visibility (commodities/flows)
- Correct forecasting of volumes (short terms and long term)
- Cancel port call (in case balance import higher than export)
- Steady and reliable partnerships
- Multimodal shipping (rail + road + shipping) where possible
- Tighten agreement (max cargo allowed in port and tariff adjustments to avoid storage in ports and push cargo out)



Q & A

