Looking ahead:
Opportunity amidst challenges

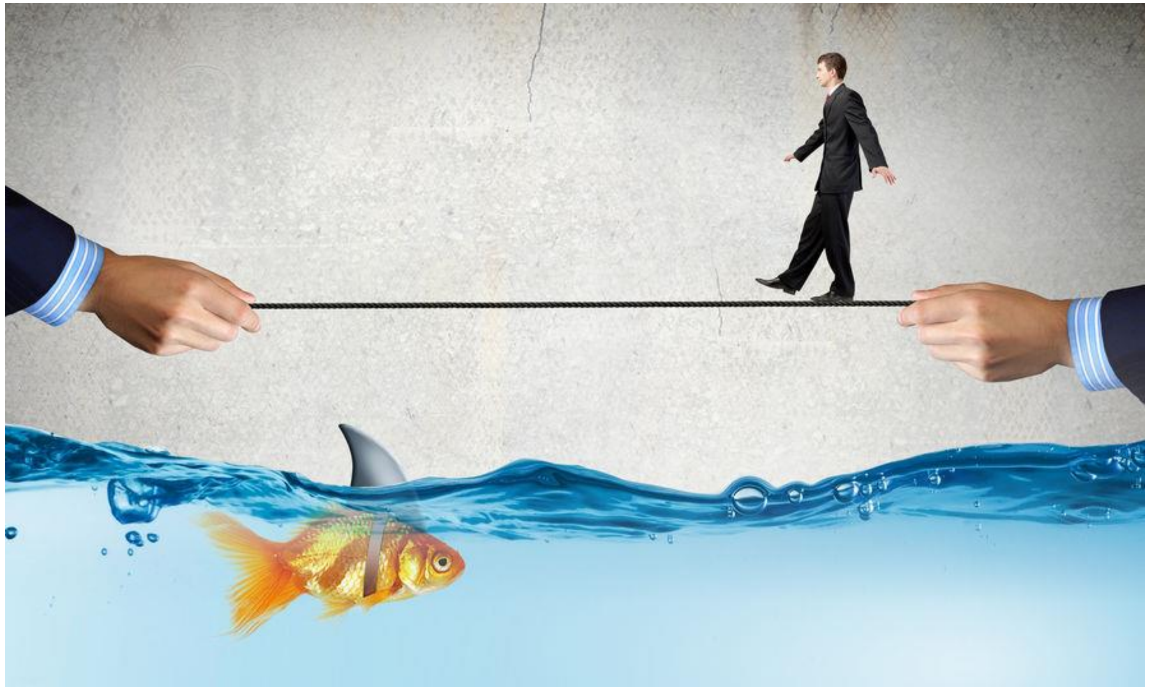
Lars Jensen, CEO
SeaIntelligence Consulting

Agenda

- What are the real challenges facing us?
- Are we looking at wrong problems?
- The industry is not under threat – individual companies are
- Find your niche(s) – Liner Shipping Niches in the 2020's

What are the real challenges?

Does this mean we have fake challenges?

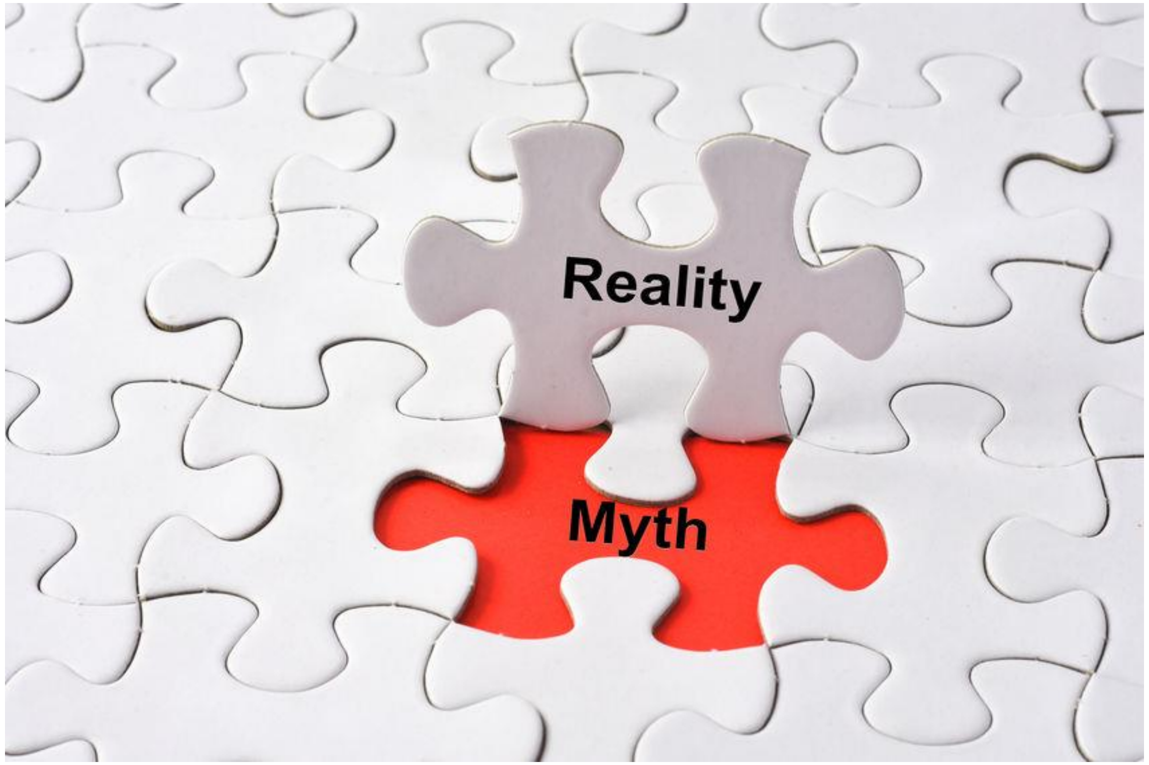


Not really – but some challenges are more tactical/practical than strategic

- Pricing levels
- BAF concepts
- VSA constellations

We need to dispel myths

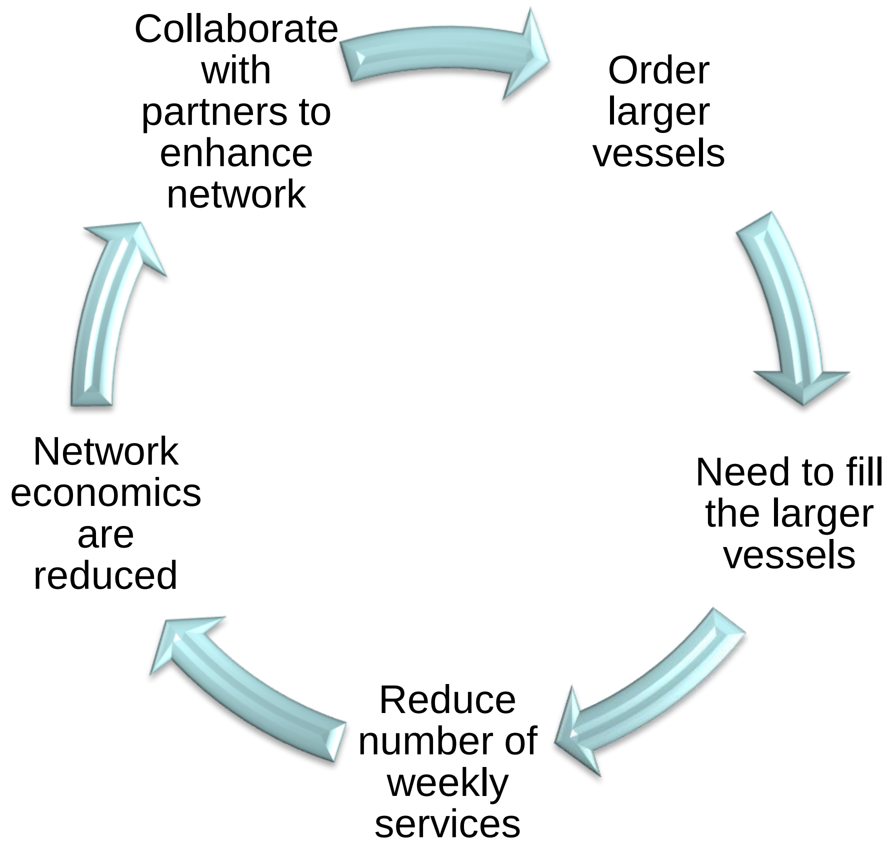
- Online pricing is a race to the bottom
- Shippers want real-time transparency on cargo whereabouts
- Shippers do not want to pay for service
- Carriers still try to collude



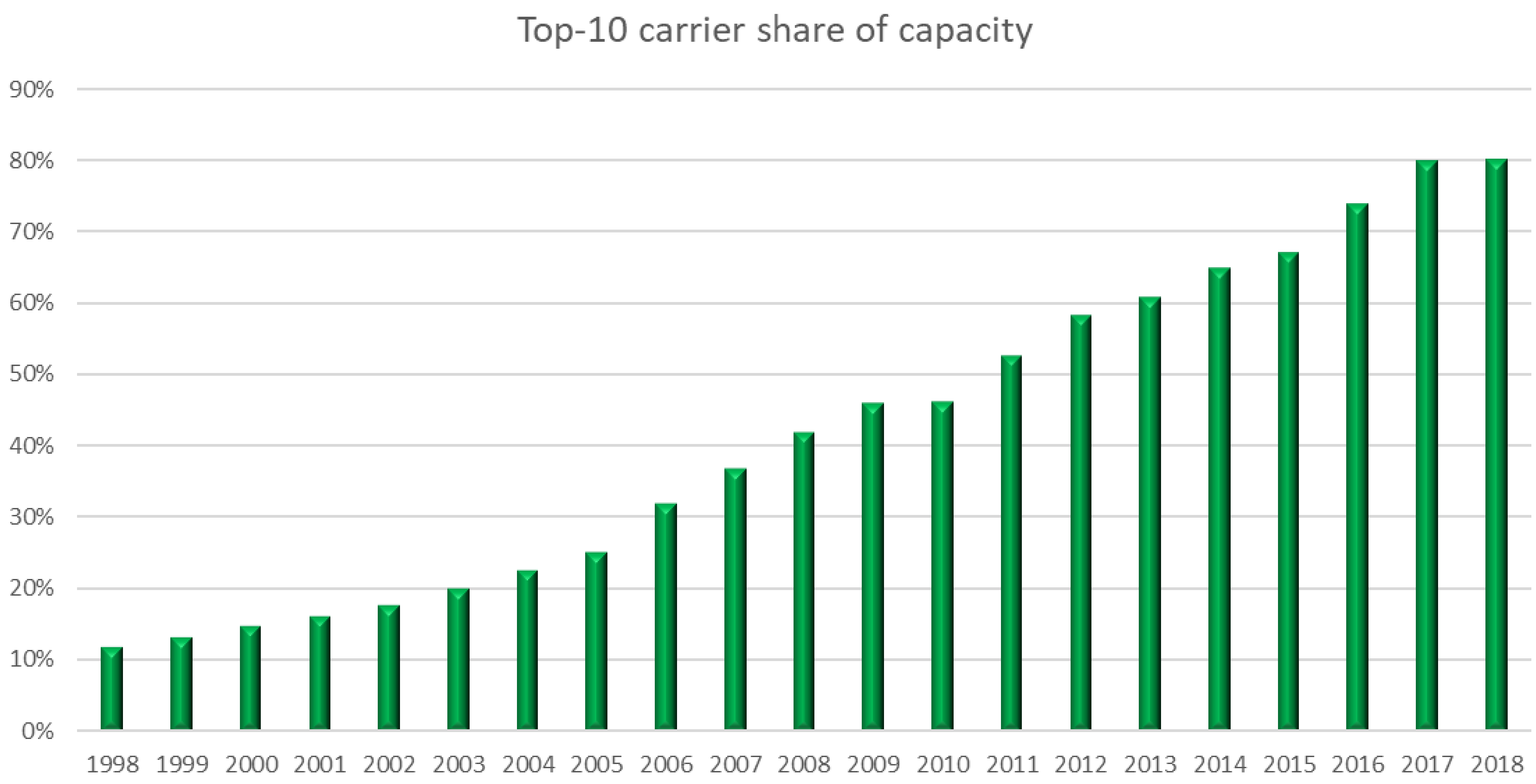
Challenges which appear real
- but it is the follow-consequences that are of interest

- **Overcapacity**
- **Low-Sulphur rules**
- **Cyber security**
- **Market Consolidation**

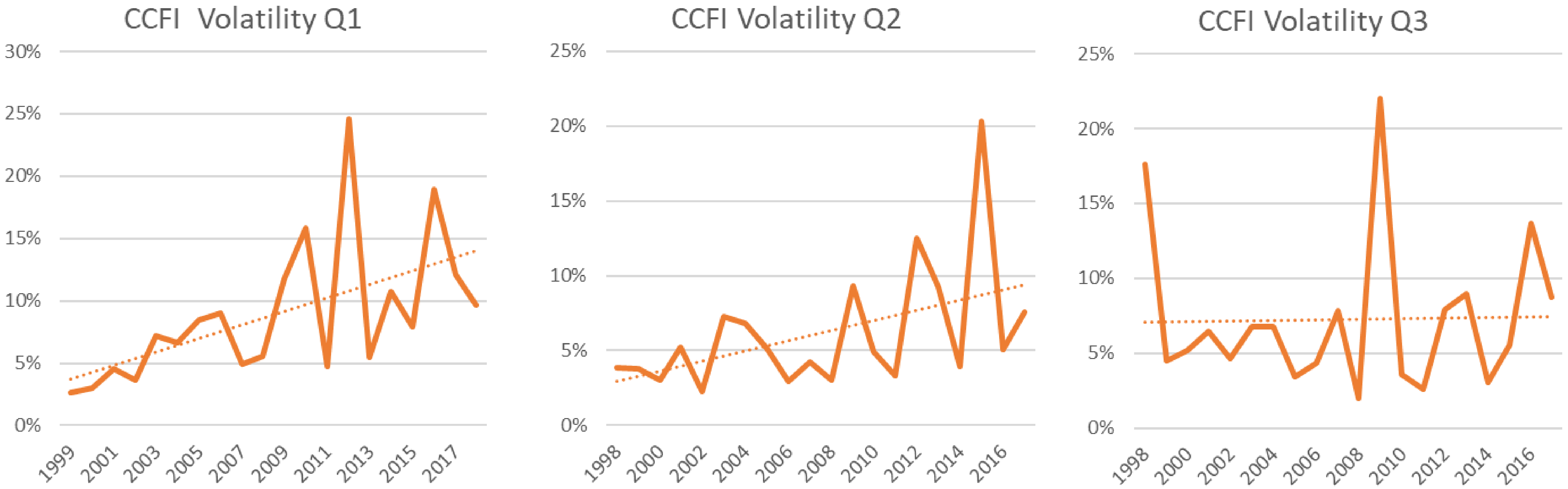
One element of scale-economics has reached its end-point



The industry has clearly increased consolidation



…but without seemingly getting a stability benefit



What are the real challenges?

Go big

Go niche

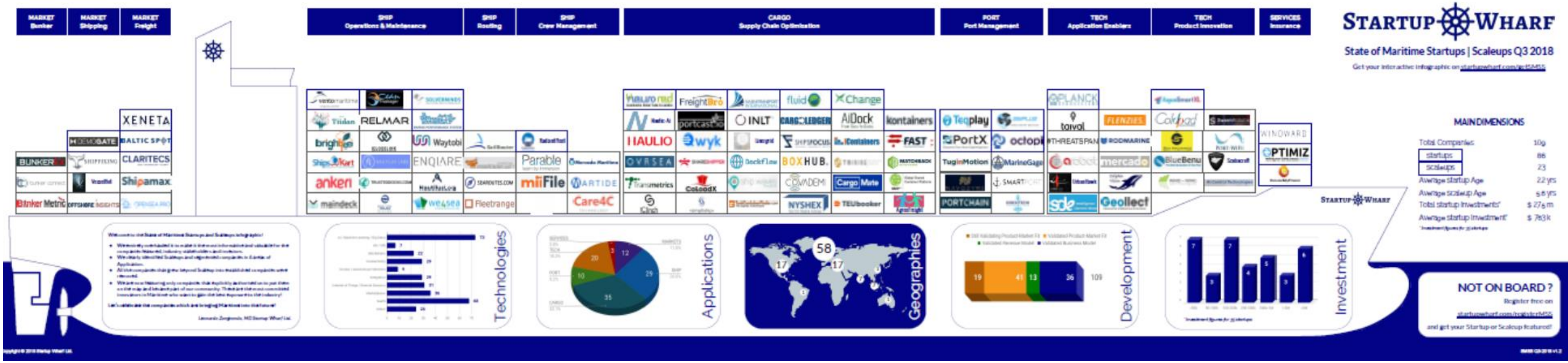
~~Or go home~~…… Get more subsidies from your government….

There are plenty of niches

Niches come in many forms

- Special cargo types
- Special client groups
- Geography
- Physical constraints
- Protected markets
- National preferences
- Informational preferences

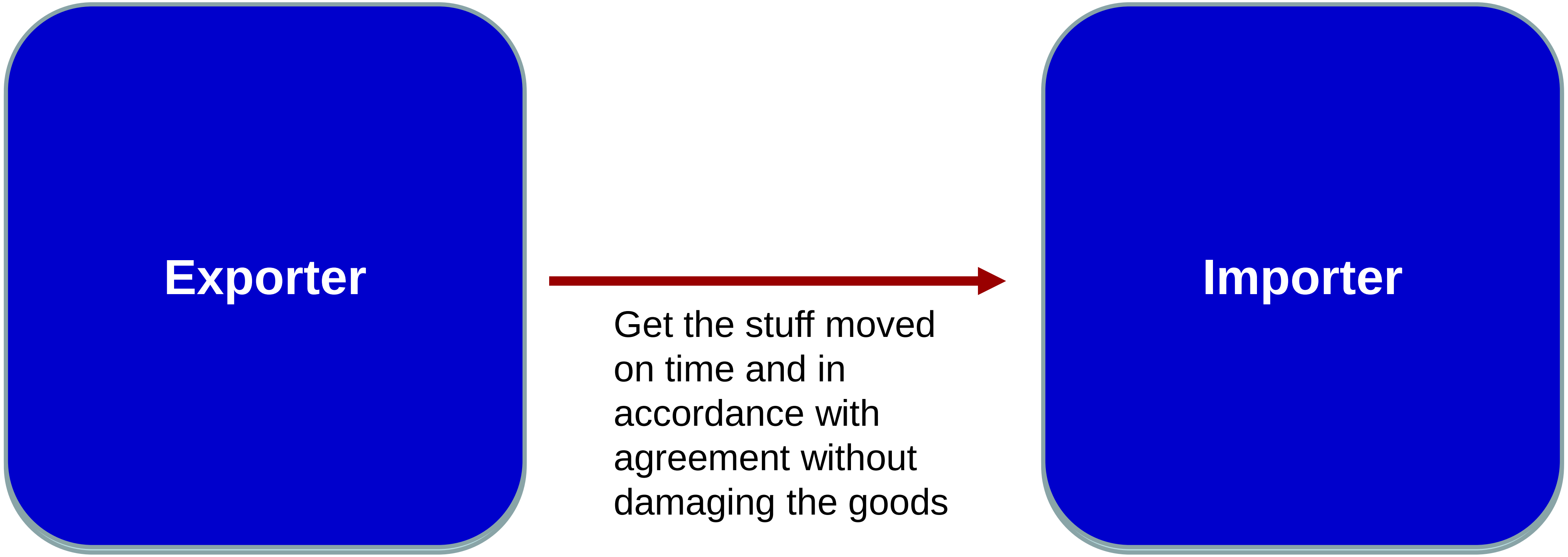
- But we may be looking at Tech the wrong way



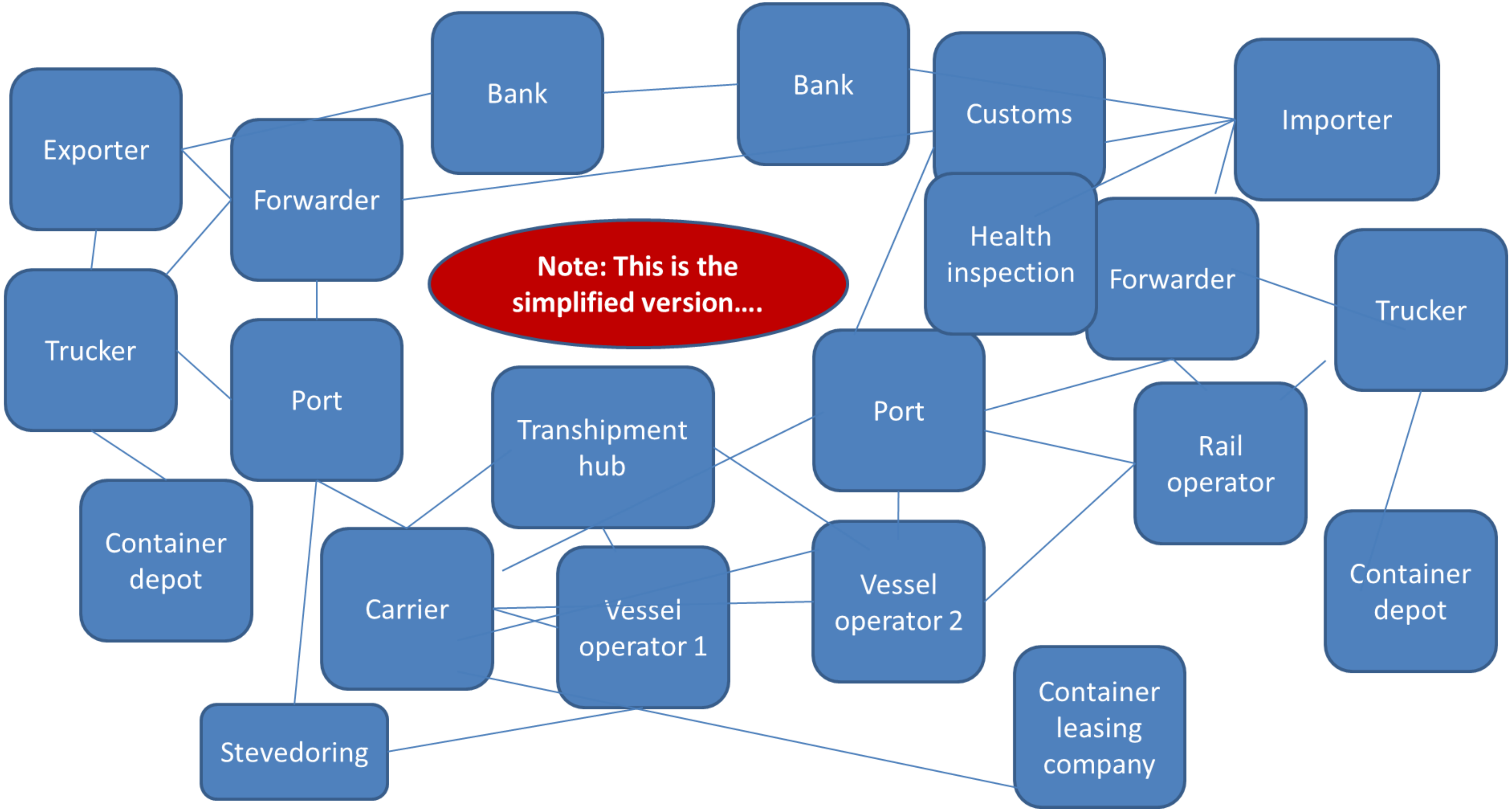
We are at a point where there are now Freight Tech companies catering for every conceivable freight process

Have we lost sight of the ultimate objective?

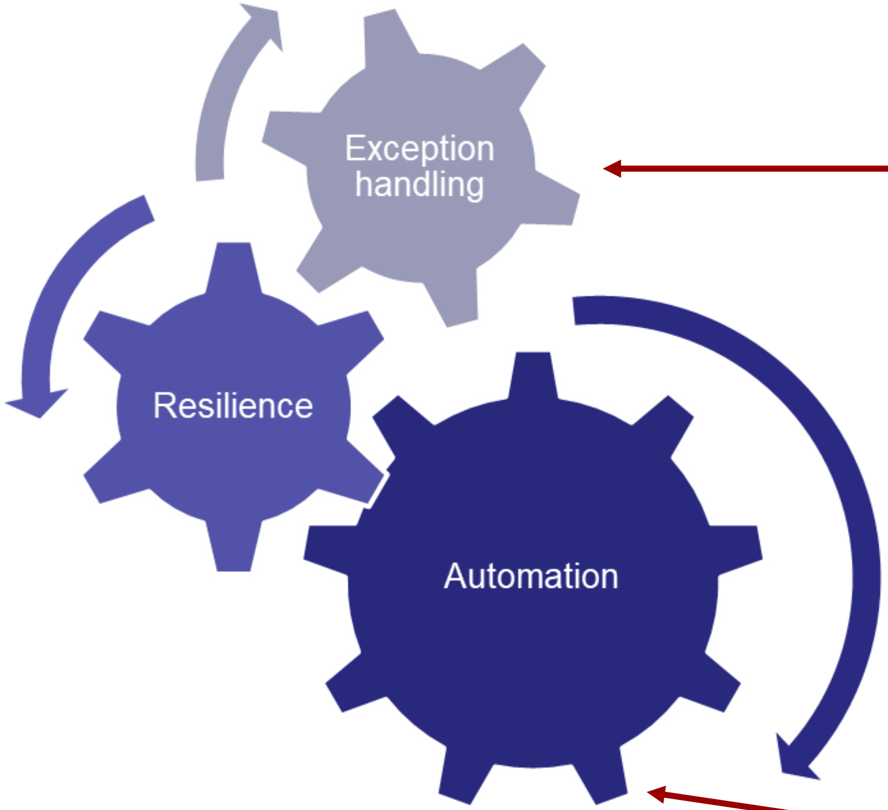
This is really simple.....



- But the devil is in the detail



Technology will not "save" us
– it is a tool to be used in the process, but not an end



This is where the source of competitive advantage exist

This is where the cool tech is – but this will become a qualifier, not a differentiator

So – what's a carrier to do?

What are your strengths in the areas that cannot be automated ?

- People
- Small demand locations
- Special cargo types
- Bureaucratically difficult areas
- Exception handling
- Invisible when everything works

Leverage "large" as a niche proposition as well

Should you automate everything?

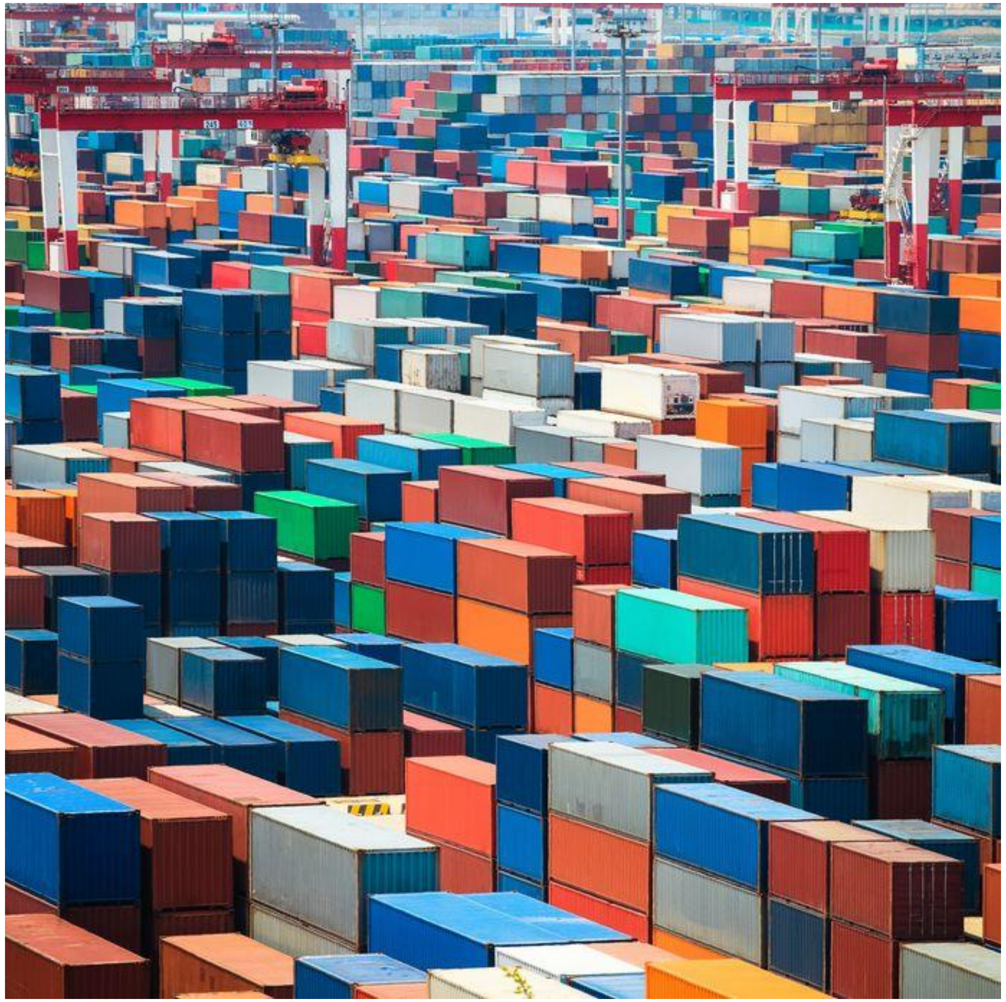
And how about a terminal?

A port for captive or transhipment cargo?

Transhipment terminals will face severe pressure

The key is the feeder carriers

Captive cargo terminals – the niche value lies in developing services for cargo owners and local logistics providers



What does this mean for the shippers?

- More choice at the extreme ends of the spectrum
- Less choice in the “middle”
- Better opportunities to design contractual frameworks matching actual needs – but this requires either higher skills, or the use of a logistics provider doing this

Be optimistic – the industry will re-emerge stronger

- The next few years will remain challenging – and at times appear chaotic
- This is the “phase transition” to new future mature container shipping industry
- Successful implementation of the right digital tools in combination with niche focus on actual value creation will win the day
- We will have fewer carriers in the “mid size” range – but stronger carriers and better value propositions in the large and small scale segment

Thank You

Lars Jensen, CEO
SeaIntelligence Consulting