Key Trends in Global Reefer Trade

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Current State and Forecast of World Reefer Market

Supply & Demand Factors Affecting Reefer Trade

African Swine Flu: A Game Changer?

Trend of Fruits Imports to Asia

ONE’s Service Offering to Perishable Produce Industry
Perishable cargo growth remains strong (5.8% YOY) despite slow growth in global containerized trade (only 0.5% YOY growth).

South America fruits exports to Asia continues to grow and expanding into new markets besides N.E Asia.

Reefer exports from North America is under pressure owing to trade war, leading to expansion in other markets in Asia.

African swine flu (ASF) is leading to significant import of pork meat into China in 2019.
WORLD REEFER CONTAINER TRADE (JAN-OCT, 2019)

Container Industry summary YOY growth (Jan-Oct 2019)

- Raw Materials: ↓-1%
- Consumer Goods: ↑2%
- Machinery Parts: ↑1%
- Chemicals: ↓-1%
- Automotive: ↑1%
- Temperature Control: ↑6%
- Capital Equipment: ↓-3%
- Fashion Goods: ↑2%
- High Technology: ↑6%
- Special Handling: ↑2%

Key reefer commodities YOY growth (Jan-Oct 2019)

- Fresh Foods: ↑8%
- Frozen Foods: ↑4%
- Perishable Non-foods: ↑3%
- Fresh or Frozen Foods: ↑3%
- Cured Foods: ↓-5%

Key Reefer Regions (Jan-Oct 2019)

- Growth: Central America, 27.35%

Key Reefer origins (Jan-Oct 2019)

- China: ↓-6%
- USA: ↑0%
- Brazil: ↑4%
- Other Central America: ↑47%
- Chile: ↑1%
- India: ↑7%
- Costa Rica: ↑16%
- Ecuador: ↑6%
- Australia: ↑10%
- New Zealand: ↑3%

Source: Seabury
Global Seaborne perishable market in 2018 is 129 Million tons (Reefer containers 105 mil tons = 9.5 million teu and conventional reefers 24 mil tons)

- Minimal new investment in conventional leading to an ageing and dwindling fleet. IMO 2020 LSF regulation expected to further impact conventional fleet.

- With accelerated modal shift, incremental volume converting to reefer container is about 285K TEU by 2023.
Global reefer fleet growth is not keeping pace with market growth and shortage of refrigerated equipment expected in future.

Global Reefer Fleet keeps 4-5% generic growth but 2020 reefer container production is uncertain at the moment.

Net conversion of reefer tonnage from conventional reefer to containerized reefer will continue to increase 2020 onwards.
Top 12 carriers contribute more than 78% of total Reefer fleet capacity in terms of TEUs
ONE is ranked within top 5 carriers in terms of container fleet capacity backed with strong legacy market share in key trade lanes.
ONE continuing to invest in upgrading new reefer containers. 2018-14,000 NEW containers were procured; followed by 6000 new units in 2019.
ONE puts strong emphasis in maintaining high quality; average age around 6 years significantly lower than market avg.
BIG IMPACT OF AFRICAN SWINE FEVER ON AGRI INDUSTRY

Huge drop in CN pork production

Pork Imports to China (Mil tons)

Record high prices $$

China’s pork shortage is leading to surge of imports also to other meat segments such as Beef and Poultry.

Top 5 Pork exporters to China, 2018 Vs 2019 (thousand Metric tons)

Chinese pork price (wholesale CNY/kg)

Chinese govt. is taking various measures to control pork price such as releasing strategic reserve, reduce import duty eff Jan 2020 and also providing financial support

Source: EU Agriculture outlook 2019-2030, European commission
Source: Chinese Agriculture Ministry
Source: Chinese Agriculture Ministry
FRUITS IMPORTS TO ASIA

- Key drivers: Growing middle class, high GDP growth, concerns of food safety, improvement in cold chain infrastructure.
- China, Hong Kong, India, Japan and Korea are some of key growth destinations in Asia.
- Thanks for FTAs and low import tax within ASEAN region, lot of import growth is also seen for re export purpose.
- Although full 2019 data is not available yet, trade war effect is expected to result some changes in destination mix.

Key Growth Destinations in Asia

<table>
<thead>
<tr>
<th>Country</th>
<th>Imported value -2018 (Thousand dollar)</th>
<th>% YOY growth</th>
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<tbody>
<tr>
<td>China</td>
<td>36%</td>
<td></td>
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<tr>
<td>Hong Kong</td>
<td>5%</td>
<td></td>
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<tr>
<td>India</td>
<td>10%</td>
<td></td>
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<tr>
<td>Japan</td>
<td>9%</td>
<td></td>
</tr>
<tr>
<td>Viet Nam</td>
<td>-15%</td>
<td></td>
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<tr>
<td>United Arab</td>
<td>-11%</td>
<td></td>
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<tr>
<td>Korea</td>
<td>10%</td>
<td></td>
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<tr>
<td>Saudi Arabia</td>
<td>5%</td>
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<tr>
<td>Indonesia</td>
<td>10%</td>
<td></td>
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<tr>
<td>Thailand</td>
<td>-9%</td>
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<tr>
<td>Taiwan</td>
<td>-7%</td>
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<tr>
<td>Malaysia</td>
<td>2%</td>
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<tr>
<td>Singapore</td>
<td>7%</td>
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Source: ITC Trade map
ONE STRIVES TO SERVE SOME HIGH GROWTH MARKETS

India - fifth largest importer of apple in 2018
Helping Indian Seafood to expand into Europe/MED

SAF is 2nd largest Citrus exporter in world.
Exports to UAE is roughly 6% of SAF export

Egypt is the 4th largest Citrus exporters in 2018
ONE offers optimized and fast service option to EG fruit exporters to expand into Asia
In terms of Reefer box fleet, ONE has one of the largest reefer fleet in the world
In terms of LIVE Reefer lifting, ONE carries a significant portion equalling to 11% market share in the world

Over 90% of world reefer volume is related to these 4 segments – ONE’s key strengths

<table>
<thead>
<tr>
<th>Chilled Meat</th>
<th>Frozen Meat</th>
<th>Fruits/vegetables</th>
<th>Seafood</th>
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<tbody>
<tr>
<td>Best service with on time schedule reliability to major chilled protein destinations such as Japan, Korea and Taiwan</td>
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<tr>
<td>Inland long haul truck and reefer rail combination service in USA</td>
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<td>High quality Customer Service Teams around the world to support time sensitive chilled protein business</td>
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<tr>
<td>Wide coverage of origins such as NA, Europe, Oceania Latin America and more</td>
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<tr>
<td>Multiple rail services to WC and EC in North America to handle frozen protein business (ex. Omaha, Kansas City and Chicago in the US. Calgary, Winnipeg, Toronto and Montreal in Canada.)</td>
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<tr>
<td>Ideal equipment availability (clip-on and under-slung gensets in USA)</td>
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<tr>
<td>Weekly/Multiple service from Latin America, North America, Mediterranean, South Africa, Oceania, Intra Asia etc.</td>
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<td>Competitive transit time (Fastest in many loops)</td>
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<td>Diversified reefer technologies (CA, CT, Dehumidification)</td>
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<td>Leading player in Controlled Atmosphere technology; having the largest fleet of active CA units in market</td>
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<td>Dedicated service focus to handle seafood season out of Alaska, Chile, Halifax, Norway etc.</td>
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<td>Premium service connection to Japan (Major seafood consumption market) or China destinations (Seafood processing industry)</td>
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<td>Dedicated feeder arrangements and empty repositioning</td>
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Despite trade barriers and uncertainties, reefer trade continued to show resilience in 2019 (6% YOY growth) and forecast for 2020 indicates good growth as well.

The demand for Reefer containers is likely to increase in 2020 onwards as a result of Low Sulphur impact in conventional reefer segment.

Will global reefer container production will be able to meet demand growth in upcoming years remains uncertain. As carriers struggle with limited capex, investment in reefer containers remains tight.

ONE is a top reefer carrier with one of the largest and youngest reefer container fleet in the world and we remain committed to provide our customers with best in class service and modern reefer containers equipped with most advanced technologies to handle perishable cargo.
Thank you

COOLvantage with ONE