Beyond the Waves

Logistics pivot and what it means for capital structure policy

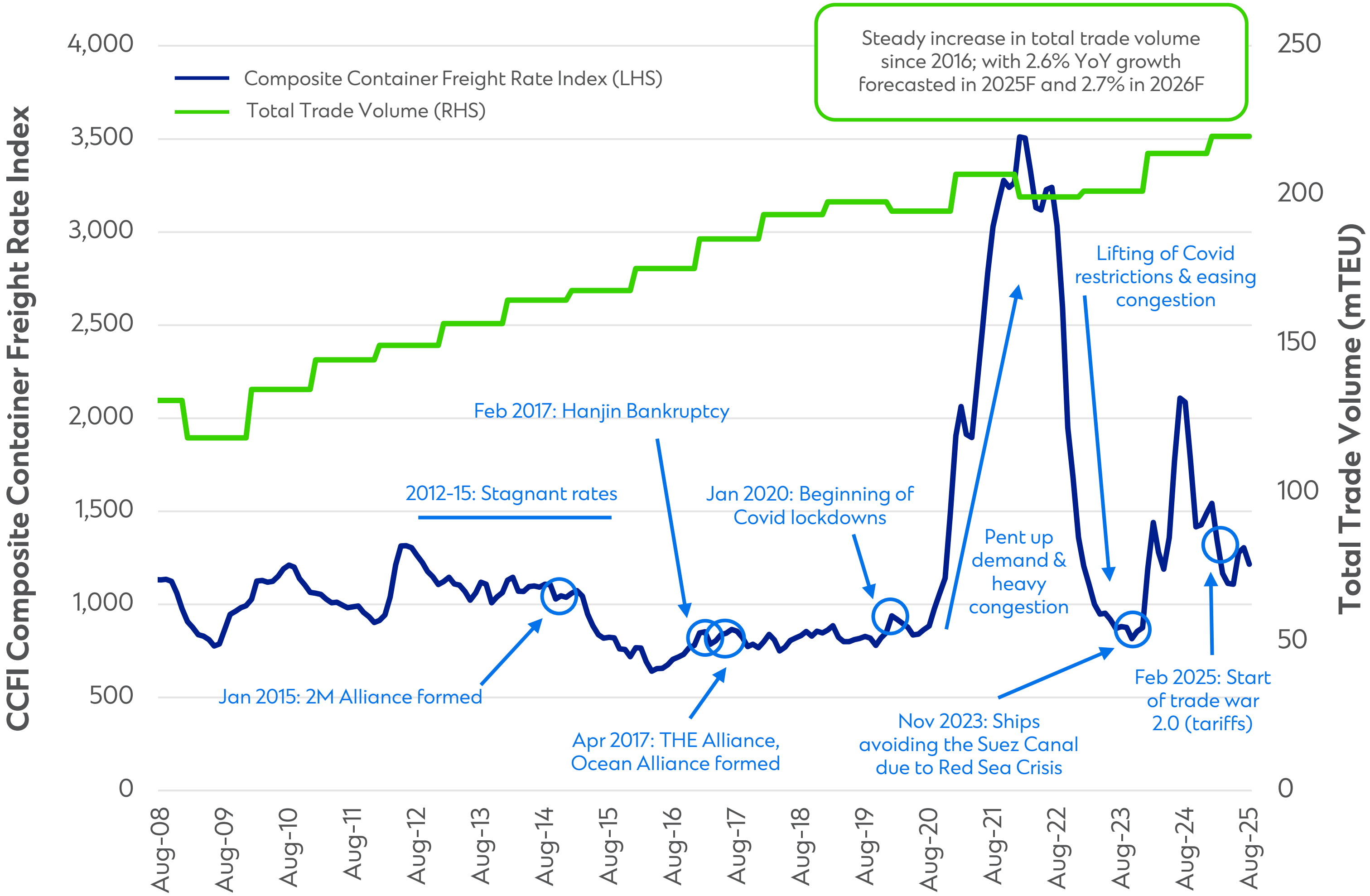
Capital Structure & Rating Advisory

September 2025

Container Business Evolution

Container freight rates remain volatile amid changing tariff policies

A Historical View



Outlook: Freight rates volatility to persist

Bulls

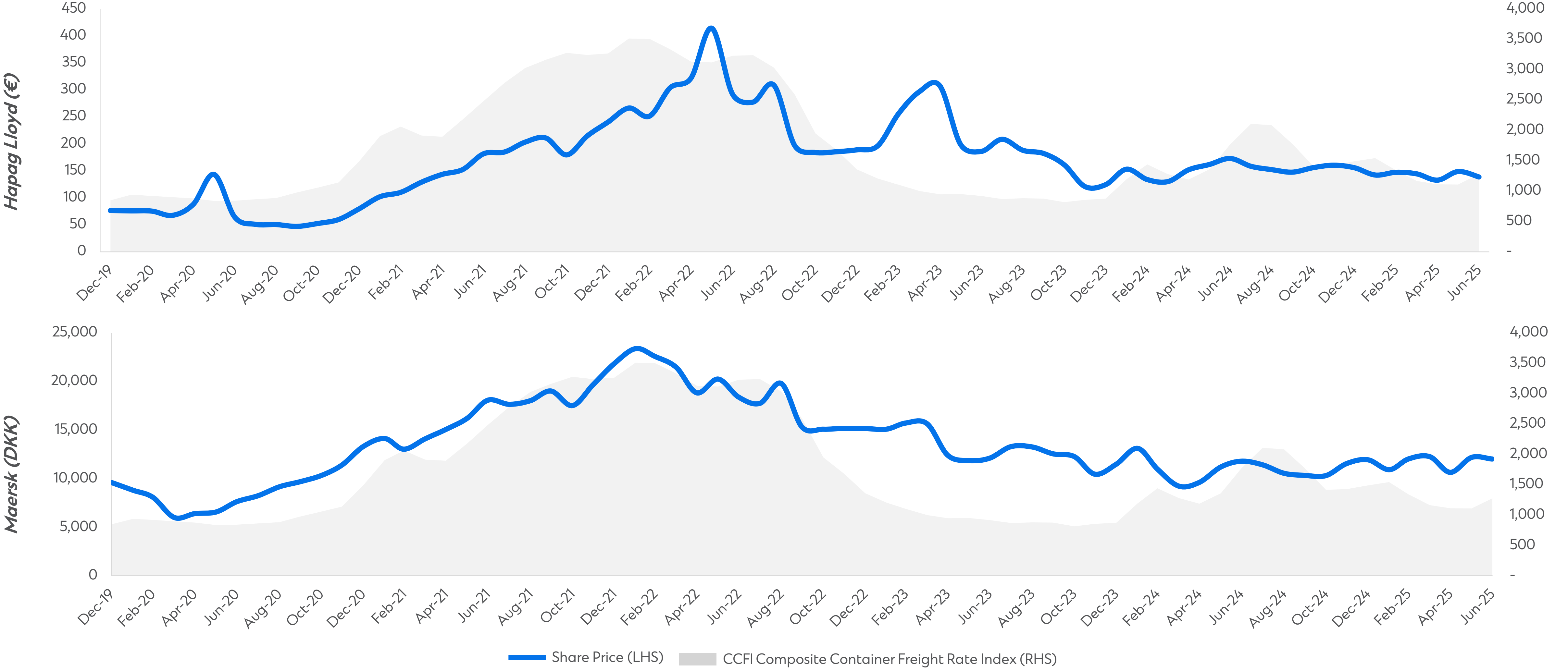
- Continued Suez Canal Deviation
- Somewhat more clarity on US tariff policy
- Rising regulatory costs for shipping

Bears

- Unwinding of Frontloading
- Delivery of 30% orderbook
- New world order focused on protectionism

Historically, value has been driven by freight rates...

Selected Share Price Movement



Sources: SCB Analysis, Capital IQ

...Investment has become a new catalyst

Investment

From container shipping players to logistics powerhouses

Gemini Cooperation
- MAERSK → PILOT Freight Services, Martin Bencher, Panama Canal Railway Company
- Hapag-Lloyd → saam, CNMP, JM BAXi

Ocean Alliance
- CMA CGM → Air Belgium, Santos Brasil, Global Container Terminals
- EVERGREEN → Everport Terminal Services, Hutchison Ports Abu Qir
- COSCO Shipping → Trasgo, AnJi Logistics

Premier Alliance
- ONE Ocean Network Express → NPCT 1, RWG, TraPac, YTI
- HMM → Capital Clean Energy Carriers Corp., ktb 자산운용, KORAIL

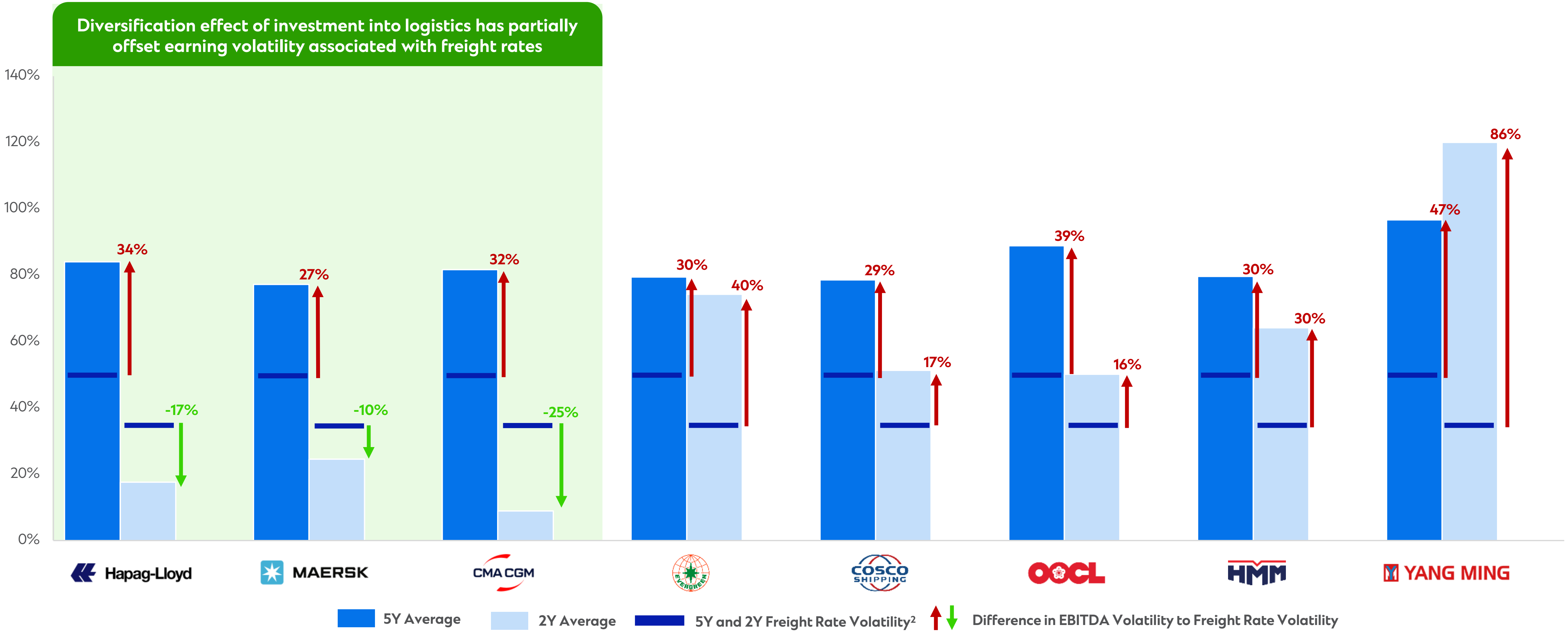
MSC
- msc → HHLA, CK Hutchison, Maritime

Sources: SCB Analysis, Capital IQ
Notes: (1) Net Investments include capex, disposal, acquisitions and divestments, **(2)** Average 90D TEV / EBITDA across 5-year, 3-year and 2-year

Has the investment paid off?

Active diversification into logistics is rewarded with lower earning volatility

EBITDA Volatility[1]



Sources: SCB Analysis, Capital IQ

Notes: **(1)** Volatility is defined as Coefficient of Variation = Standard deviation of yearly EBITDA / average EBITDA over the period, **(2)** Standard deviation of yearly Composite Container Freight Rate Index / average Composite Container Freight Rate Index over the period

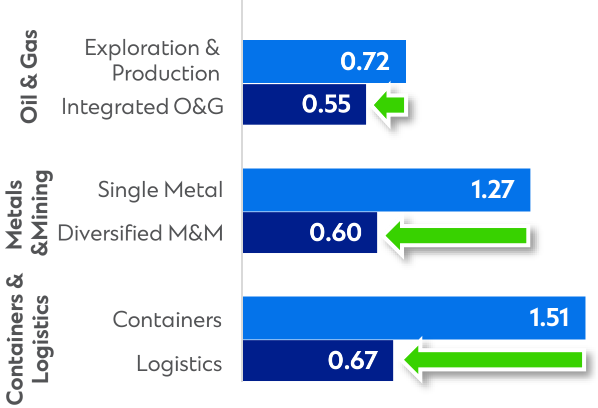
Diversification benefit has arguably translated to lower asset betas

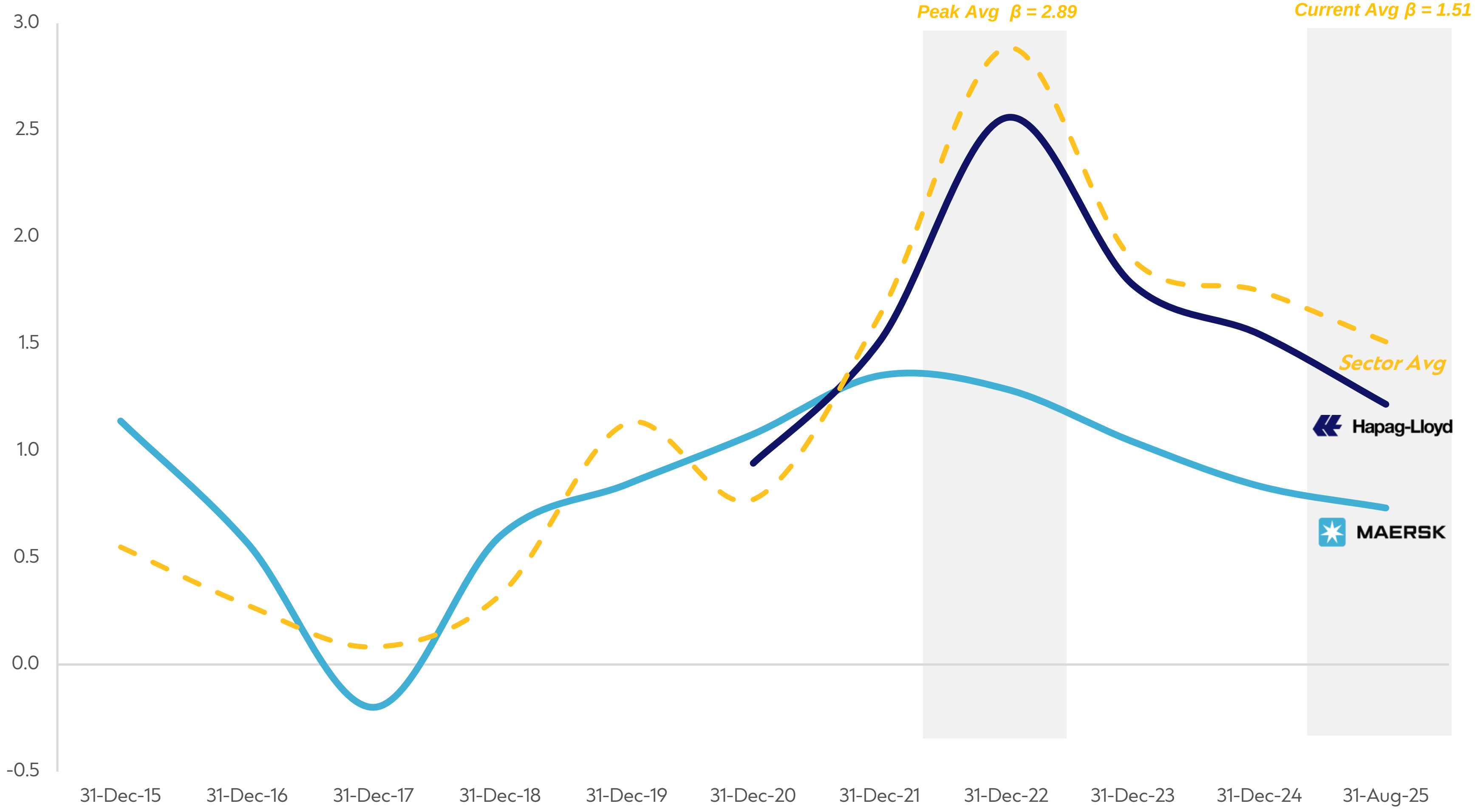
Asset Betas have reduced and stayed below sector average for more diversified players[1], reducing sensitivity to systemic risks

	5Y Avg	Latest
Sector Avg	1.74	1.51
Hapag-Lloyd	1.59	1.22
MAERSK	1.05	0.73
EVERGREEN	2.13	0.78
COSCO SHIPPING	2.40	1.67
HMM	1.32	1.64
YANG MING	1.94	2.03

More diversified players' betas consistently below sector average beta

Similar trend observed across sectors



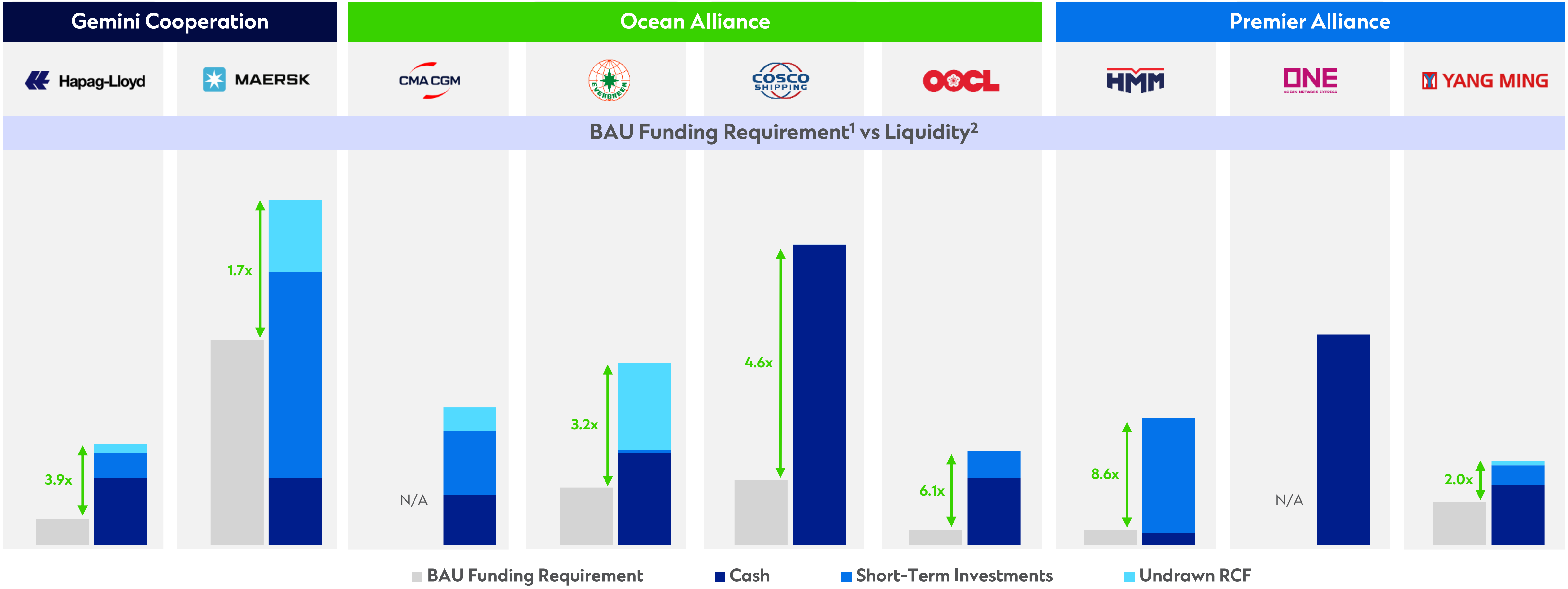


	31-Dec-15	31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19	31-Dec-20	31-Dec-21	31-Dec-22	31-Dec-23	31-Dec-24	31-Aug-25
Container Shipping Avg R-square[2]	16.1	10.2	3.0	5.8	7.3	17.3	18.2	24.6	21.3	17.5	14.2

Sources: SCB Analysis, Capital IQ, NYU Stern
Notes: (1) Asset betas based on 5-year time period and monthly frequency against S&P 500 index, **(2)** R^2 when regressing the respective container shipping's share prices to S&P 500 index

Is there capacity to further invest?

Average liquidity coverage of 4.3x BAU needs suggests ample capacity to invest



Sector Average Liquidity Coverage (Total Current Liquidity[2] / Max of Annual 3Y Forward BAU Funding Requirements[1]): **4.3x**
This is significantly higher than the coverage multiple of **0.9x**, looking back 5 years ago[3]

Sources: SCB Analysis, Company Financials, Capital IQ
Notes: **(1)** BAU funding requirements includes a 3-year forecast of the maximum annual cashflow shortfall and working capital fluctuation – estimated as largest negative outflow observed over the past decade, **(2)** Total liquidity refers to cash, short-term investments and undrawn RCF as per latest FY disclosure, **(3)** Liquidity balance as of FY2020/3Y forward BAU requirements at that point in time

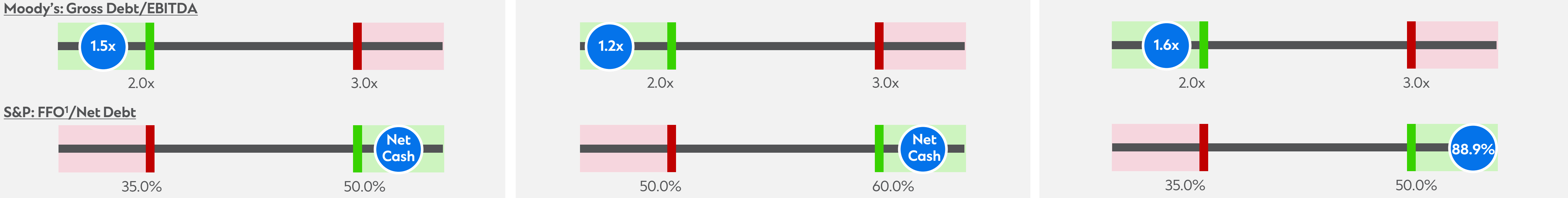
Rated players have ~US$48bn available debt capacity under current ratings

Gemini Cooperation		Ocean Alliance
Hapag-Lloyd	MAERSK	CMA CGM
Ba1/BB+/-	Baa1/BBB+/-	Ba1/BB+/-

Ratings M/S/F

Rated Corporates are Comfortably in the "Upgrade Zone"

Upgrade Trigger   Downgrade Trigger



Ample Debt Capacity (US$mn) under Downgrade Triggers

S&P Global

"expansion into the terminal sector should provide some **earnings stability, given the more resilient nature of the infrastructure-like terminal operations business**"

MOODY'S

"As third-party logistics is a very **competitive industry… growing activities organically on a significant scale is also relatively difficult**… expect Maersk to undertake larger acquisitions near term, with a focus on contract logistics"

S&P Global

"enlarged terminal operations will contribute to the **resilience of the company's cash flows** to the cyclical container liner business… CMA CGM will likely be able to **provide more-complex, high-quality services to its customer in the region**"

Sources: SCB Analysis, Moody's, Company Financials, Capital IQ
Notes: Debt includes lease liabilities **(1)** Funds From Operations

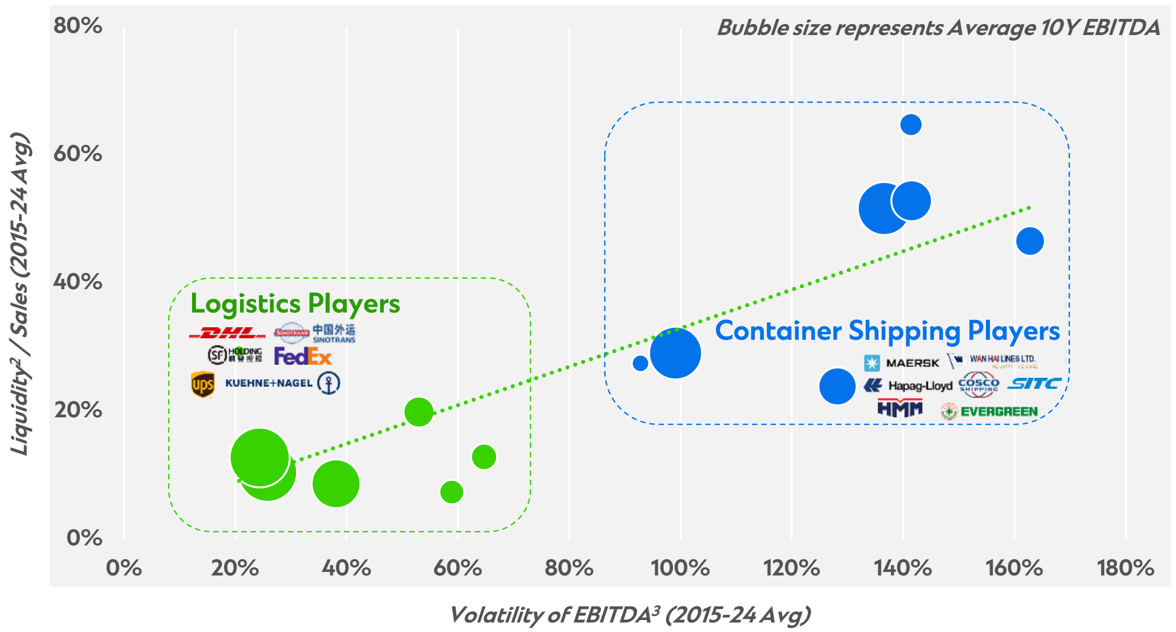
What's next?

Business evolution into logistic giants requires recalibration of capital structure

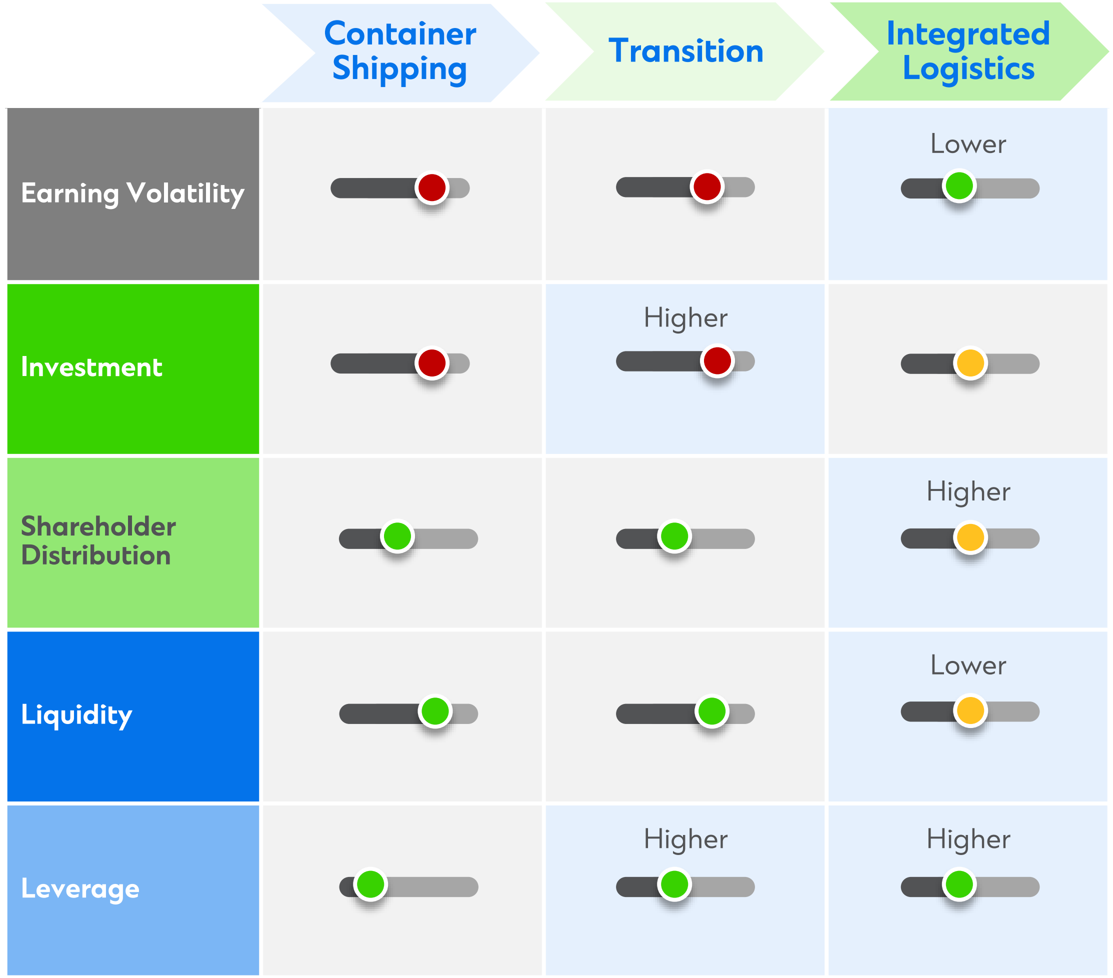
Diversification into ports & terminals will likely continue

- Diversification
- Control and capacity assurance
- Strategic geographic positioning
- Cost efficiency

Which may lead to a fundamentally different business profile



Capital structure should evolve alongside to make room for this transition



Sources: SCB Analysis, Capital IQ
Notes: **(1)** Volatility is defined as Coefficient of Variation = Standard deviation of yearly EBITDA or Liquidity (2015-24) / average EBITDA or Liquidity (2015-24). **(2)** Liquidity is defined as cash & cash equivalents, short-term investments and undrawn credit facilities, **(3)** Excludes outliers Mitsui O.S.K. Lines and JD Logistics.

...Just to recap

Container Shipping Sector

Container Business Evolution

- Container shipping players are reinventing themselves by vertically integrating with terminals, ports and logistics via acquisitions, **transforming into logistic powerhouses**

Investment Pays-off in Value and Stability

- These value-accretive investments have translated into **higher valuation**, as well as helping reduce **earning volatility and arguably asset betas**, underscoring the importance efficient capital allocation

Ample Balance Sheet Capacity to Invest

- Despite the investments, corporates in the sector are **holding liquidity 4.3x in excess of their BAU needs** and rated players have almost **US$48bn additional debt capacity** within their balance sheets

What's Next?

- While excess capacity to invest strengthens the sector's positioning, corporates should simultaneously **re-evaluate their long-term capital structure** and **financial policy** to ensure balance sheets remain **fit-for-purpose**

Sources: SCB Analysis

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