

Real World Supply Chain Dynamics

DSV Panalpina A/S
September 16th, 2020



DSV Panalpina

Fifth largest global freight forwarder

Global operations



55,000
Employees



1,400
Offices and logistics
facilities



+80
Countries

One company – three divisions



Air & Sea
A global network



Road
Overland transport
in Europe, North
America and South
Africa



Solutions
Contract logistics
services worldwide

DSV Panalpina



Hedehusene, Denmark
Headquarters



Nasdaq Copenhagen
No majority shareholder – 100% free float



BBB+
Credit rating (S&P Global Ratings)



Committed to being responsible

Guided by
UN Global Compact & SDG
(Sustainable Development Goals)



Challenges

Stressors, environmental and political influence with impact on a stable supply chain

In the last 6-7 years we have experienced an unprecedented increase in both natural disasters and man-made disruptions. In addition, we are experiencing, trade wars, new trade agreements, and global pandemics that are likely to have longer term impacts on supply chains.



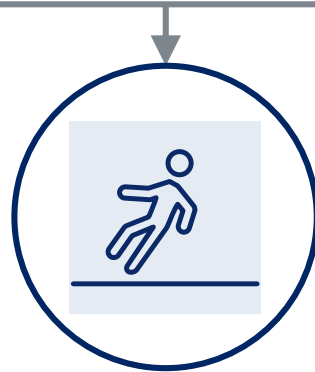
2014

- Typhoon Halong: Japan
- Flooding: New York, US
- Typhoon Rammasun: China & Vietnam
- Gas Explosions: Taiwan
- Chemical Spill: Arizona, US



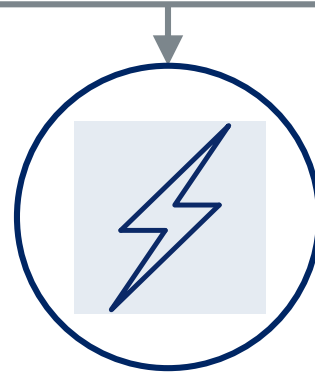
2015

- Typhoon Soudelor & Dujuan: China, Phillipines, & Taiwan
- Explosions: Port of Tianjin, China
- Typhoon Mujigae: China, Phillipnes, & Vietnam
- Typhoon Goni: China, Japan, Korea, Phillipines, & Taiwan



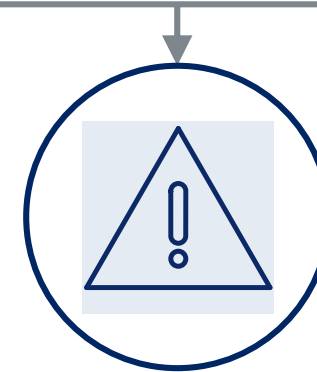
2016

- Earthquake: Taiwan
- Earthquake: Japan
- Typhoon Haima: China, Phillipnes, & Taiwan
- Typhoon Napartak: China & Taiwan
- Typhoon Megi: China & Taiwan



2017

- Severe winter storm: Northeast USA
- Severe weather: US & Mexico closes border
- Hurricane Harvey: US
- Hurricane Irma: USA
- Hurricane Maria: Puerto Rico



2018

- Bomb Cyclone: US
- Earthquake: Taiwan
- Hurricane Florence: US
- Typhoon Mangkhut: China, Guam, & Philippines
- Hurricane Michael: US



2019 & 2020

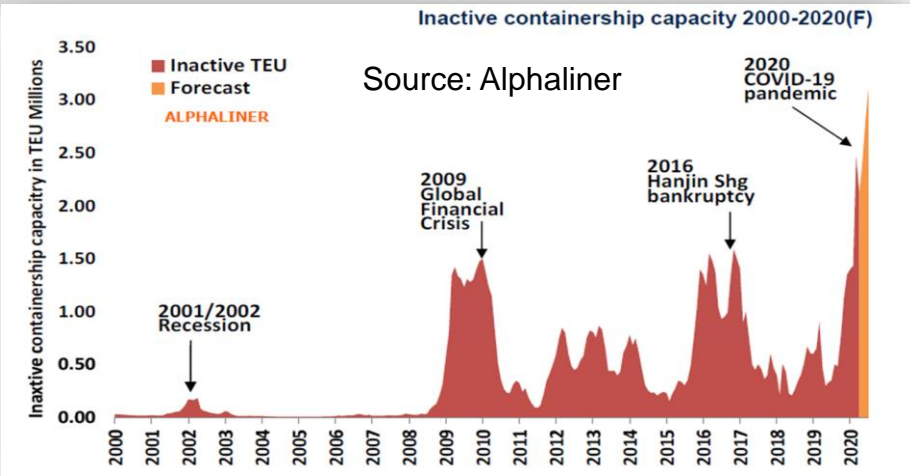
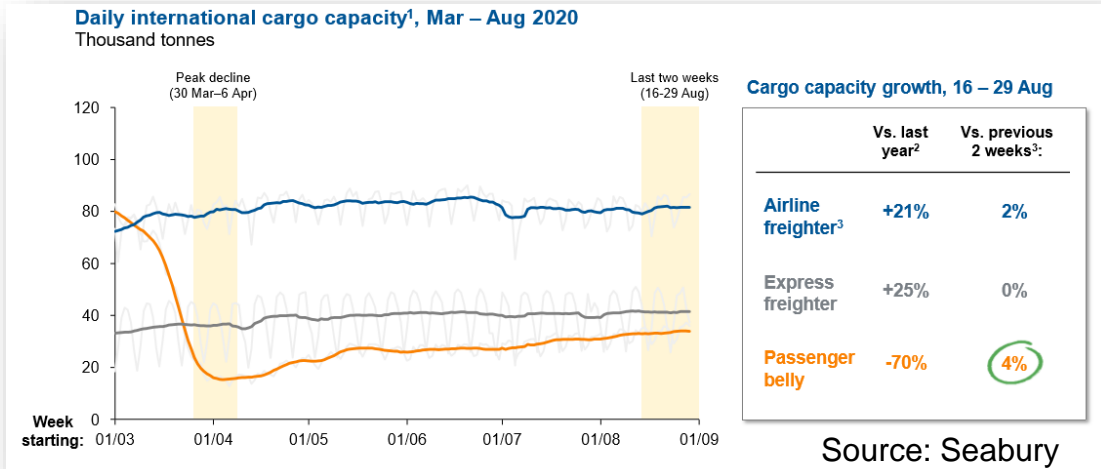
- Brexit: United Kingdom
- Trade war: China & US
- Corona Virus: Global

Poll 1: Biggest supply chain risks

Which biggest risks to your supply chain do you see for the upcoming, next 6 – 12 months?



Sales decline is significant and resulted in capacity cuts



Note: Direct capacity only; All freighters and widebody passenger aircraft only, Date measured in UTC time; 1) Corrected for day-of-week fluctuations, smoothed for clarification; 2) Comparing 16 - 29 Aug 2020 to 18 - 31 August 2019; 3) Comparing 16 - 29 Aug 2020 to 02 - 15 August 2020; Source: Seabury Consulting Capacity Tracking database, Seabury Consulting analysis (September 2020)

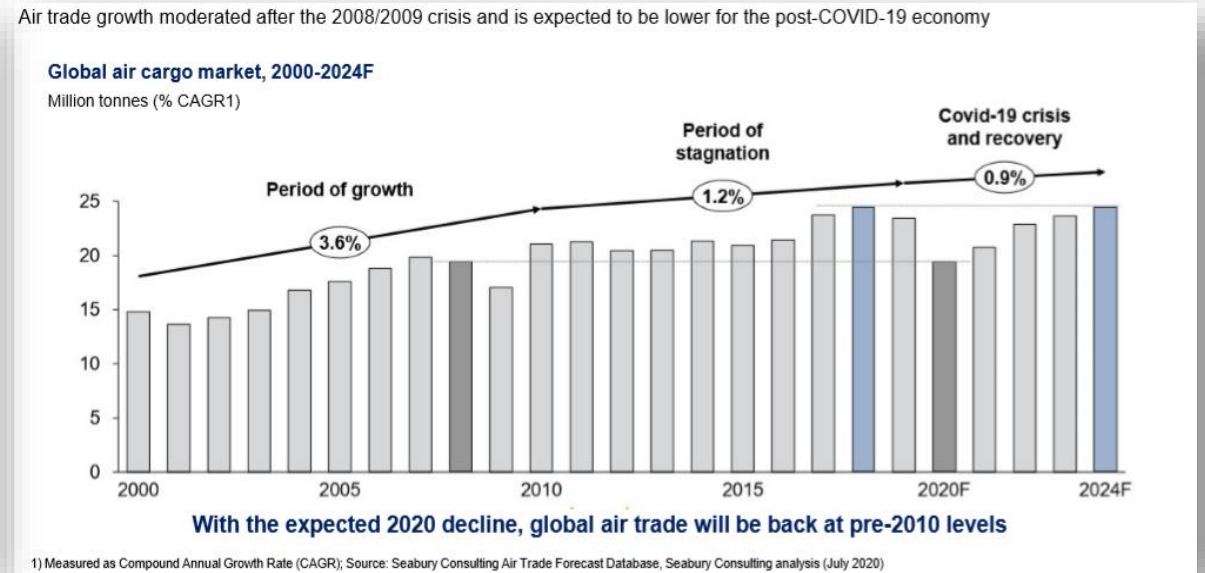
Long road of recovery

e.g. global air trade volume back on 2018 level in 2024



Source: Seabury

China has been and will continue to be the world's air cargo growth engine



Source: Seabury

With the strong decline in 2020, global air trade is back at pre-2010 levels

Air trade growth follows a similar pattern to ocean trade, albeit at a slower pace!

Poll 2: Supply Chain after Corona

Will you change your strategy?

- a) Near-shoring-strategy
- b) 2nd source-strategy
- c) Inventory-strategy

Will this help to accelerate the e-cars sales / market?

- a) Yes
- b) No

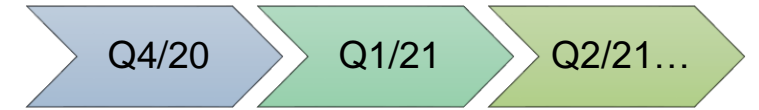
Do you consider your supply-chain ready for the Past-Corona- period?

- a) Yes
- b) No



Outlook Air & Sea Transport

High-level expectation next months to come



Air Freight



Current Market

Freighter Maintenance
Peaks Season (Product Launches)
2nd Wave PPE Shipments



Covid-19 Vaccine

Global! High Value. 7.8 Bn consumers.
(additional capacity demand: ca. 8,000 B747F source IATA)



Impact

Capacity Tight
Demand High
Cost Up

Sea Freight



Current Market

High Demand since approx. June. (Inventory built, fear of a 2nd wave to come). Recovery expectation is long. Capacity Reductions.



Impact

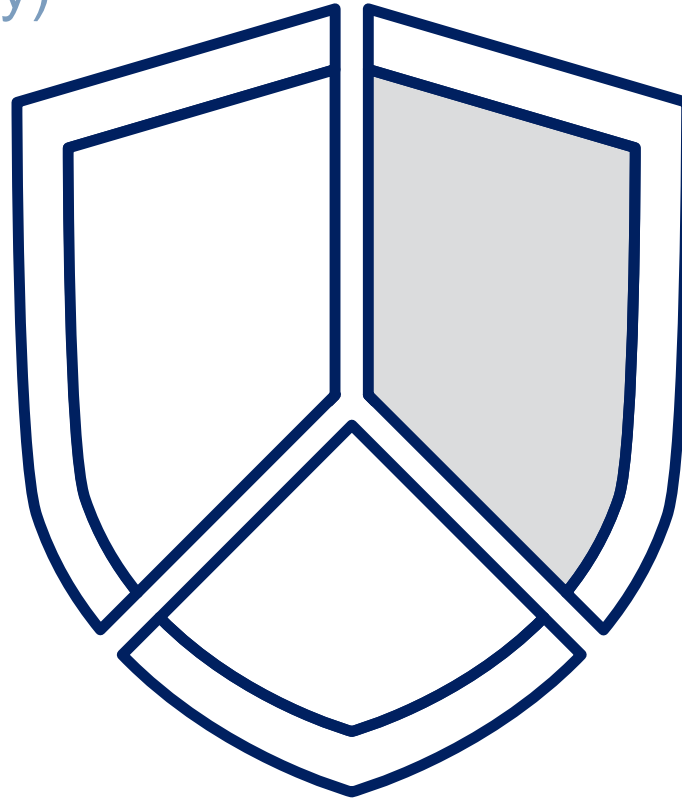
Capacity Okay
Demand Down
Cost Stable

The hybrid model

Potential procurement strategy as response to crisis
(cost – transit-time – reliability)

Fixed Allocation (Cost)

Blocked space for x%
of weekly volume



Priority Cargo (Reliability)

Ship priority cargo in
priority service

Ad hoc (Transit-Time)

Choose best solution, optional
at time of overflow shipment

There is more SC dynamics

Just a reminder for the upcoming Brexit



**31 Jan
2020**
UK left the EU



**31 Dec
2020**
Transition period and
negotiation phase ending



**1 Jan
2021**
Is your Supply Chain
ready?

Thank you!!!

