

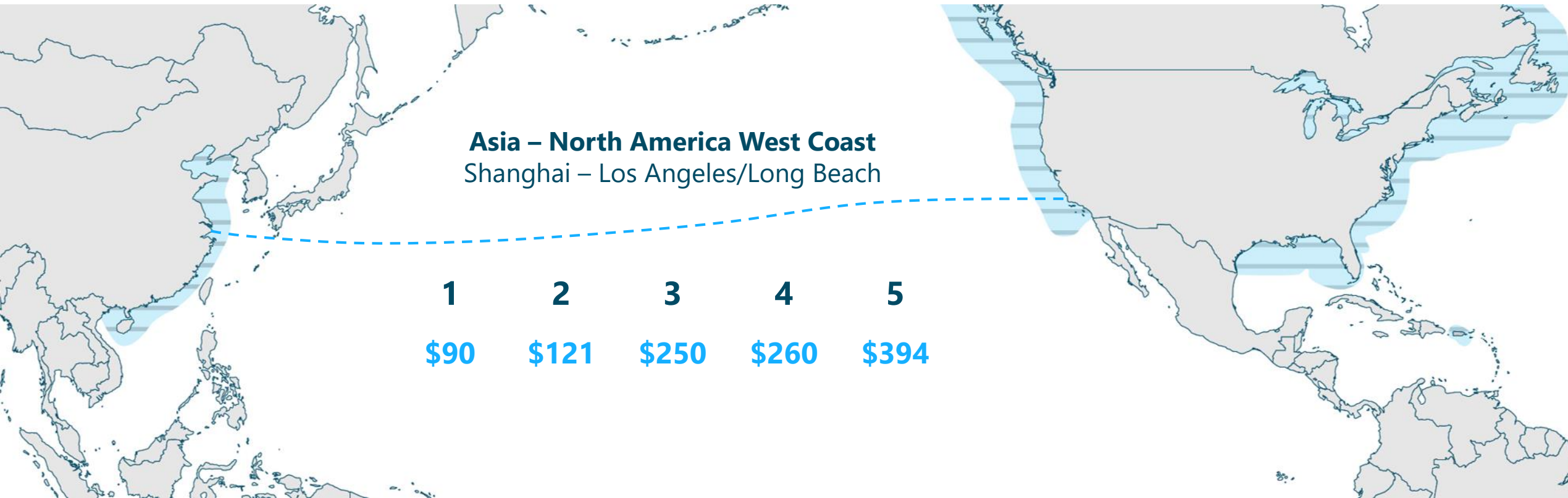


**Navigating the IMO 2020 Mandate**  
Leveraging Market Data to Manage Volatile  
Costs

The maritime industry is fundamentally changing,  
and the catalyst for that change is **fuel**.



# Price Impacts: Fuel Cost Quotes Vary Significantly



Common lanes receive a significant range of fuel amounts across BAF programs. A program with 5,000 TEUs on such lanes could pay a fuel difference of \$1.5M.

Programs are compared using a single fuel cost of \$500/mt. Fuel amounts are expressed per TEU. Some carriers have low-sulfur surcharges in addition to figures shown.

# Price Impacts: Carrier Fuel Amounts are Drastically Different

Common lanes receive a significant range of fuel amounts across fuel programs, however key cost factors show significantly less variance.

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Fuel Cost	\$90	\$121	\$250	\$260	\$394
TEU Capacity	8,749	9,592	12,400	10,062	8,528
Year Build	2008	2010	2011	2009	2010
Consumption Days	13.48	13.12	13.65	13.59	14.48
Average Speed	18.52	19.04	17.39	18.39	17.25
<b>Consumption (MT/TEU/D)</b>	<b>0.015</b>	<b>0.014</b>	<b>0.012</b>	<b>0.012</b>	<b>0.012</b>

Programs are compared using a single fuel cost of \$500/mt. Fuel amounts are expressed per TEU. Some carriers have low-sulfur surcharges in addition to figures shown.

# Three Core Principles Elevate Transportation Energy Strategy.



## ACHIEVE TRANSPARENCY

Understand the underlying costs and data associated with your movements to make way for network improvements & savings initiatives.



## REMOVE DISTORTION

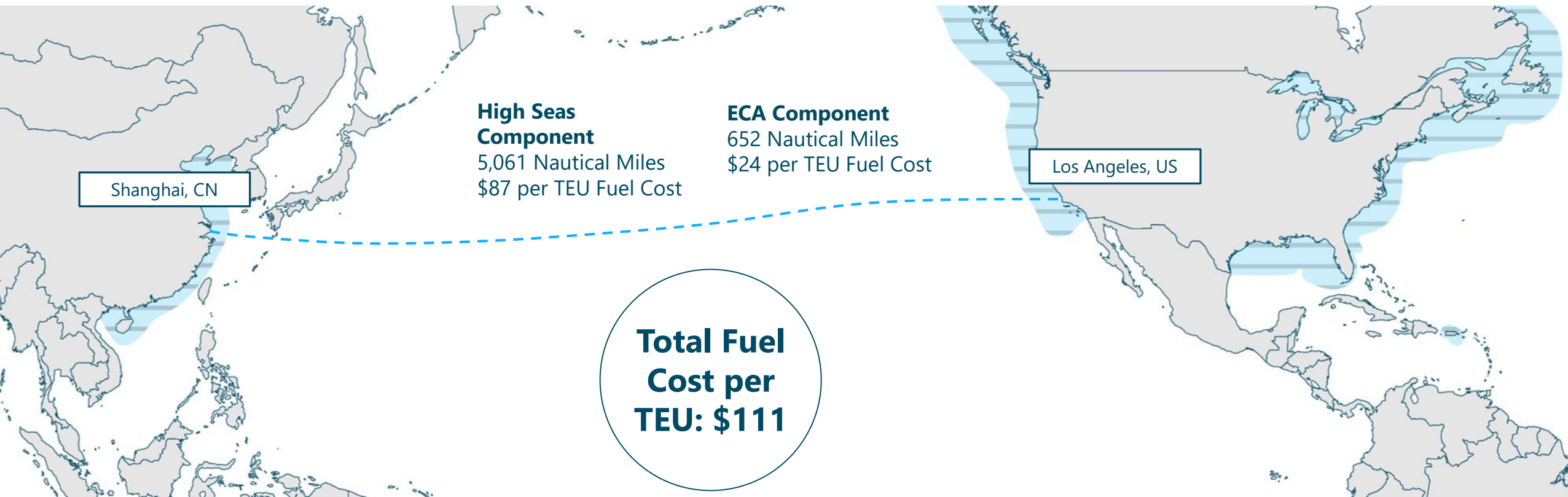
Implement consumption-based fuel reimbursement that accounts for prices at relevant ports, regulations, and technical characteristics.



## ESTABLISH FAIRNESS

Replace existing surcharge programs with a market-based approach that is fair and accurate for all parties involved.

# Breakthrough Methodology – Trans-Pacific Lane Example – September 2019



Calculation is based on the **price of fuel** at benchmark ports and in regulated waters, **distance** of the move, and benchmark **vessel type** and **speed** resulting in an accurate **market-based fuel reimbursement**.

# Thank You



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