

Operating and Financial Review for the period ended 30 June, 2020

1. General

The container shipping industry is dynamic and volatile and has been marked in recent years by instability of market environment, also due to USA-China related trade restrictions. Moreover, the recent Covid-19 pandemic outbreak has significantly impacted global economies, resulting in reduced demand and spending across many sectors, adversely affecting the volumes of trades, while also decreasing bunker prices and charter rates. Such effects and the required mitigating actions will continue to be monitored and evaluated by Management during the 2020 financial year.

In view of the aforementioned business environment and in order to improve the Company's results of operations and liquidity position, Management continues to optimize its network by entering into new partnerships and cooperation agreements and by constantly upgrading its customer's offerings whilst maintaining efficiencies and focusing on cost reductions. In addition, due to, among others, its recent improved financial results, the Company is exploring options which may contribute to strengthen its capital structure including by way of private or public equity and/or debt issuance.

Despite the steps mentioned above, an adverse trend, mainly in volumes of trade, freight rates and / or bunker prices (including the implications of the Covid-19 pandemic), could negatively affect the entire industry and also affect the Company's business and its financial position.

2. Financial Position

2.1. Balance Sheet

The Company's total assets as of 30 June, 2020 amounted to \$1,900.6M compared to \$1,926.1M as of 31 December, 2019.

Assets

The Company's fixed assets as of 30 June, 2020 amounted to \$1,222.3M compared to \$1,212.8M as of 31 December, 2019, an increase of \$9.5M. The increase was primarily driven by: (i) an increase of \$151.6M in right-of-use assets, offset by (ii) depreciation expenses of \$141.9M.

The Company's current assets as of 30 June, 2020 amounted to \$595.3M compared to \$630.8M as of 31 December, 2019, a decrease of \$35.5M. The decrease was primarily driven by: (i) a decrease of \$37.6M in trade and other receivables and (ii) a decrease of \$16.8M in inventories, offset by (iii) an increase of \$20.1M in cash and cash equivalents.

The current ratio as of 30 June, 2020 and as of 31 December, 2019 was 0.68.

Liabilities

The Company's long-term loans, lease and other liabilities (including current maturities) as of 30 June, 2020 amounted to \$1,446.2M compared to \$1,422.9M as of 31 December, 2019, an increase of \$23.3M. The increase was primarily driven by: (i) an increase of \$146.4M related to lease liabilities, (ii) an increase of \$9.1M related to sale and lease-back transactions and (iii) an increase of \$7.4M related to amortization of discount, offset by (iv) repayments of borrowings of \$141.0M.

The Company's current liabilities (excluding current maturities) as of 30 June, 2020 amounted to \$634.1M compared to \$687.1M as of 31 December, 2019, a decrease of \$53.0M, primarily driven by: (i) a decrease

of \$47.1 in trade and other payables and (ii) a decrease of \$9.4 in contract liabilities, offset by (iii) an increase of \$4.7M short term loans.

Equity

The Company's deficit in equity attributable to the owners of the Company as of 30 June, 2020 amounted to \$244.2M compared to \$257.7M as of 31 December, 2019, a decrease of \$13.5M. The decrease was primarily driven by a profit attributable to the owners of the Company for the period ended 30 June, 2020 in the amount of \$10.5M.

2.2. Income statements

	Six months ended		Three months ended		Year ended
	30 June		30 June		31 December
	2020	2019	2020	2019	2019
	Million US\$				
Income from voyages and related services	1,618.3	1,630.5	795.1	834.3	3,299.8
Operating expenses and cost of services	(1,322.2)	(1,421.5)	(623.9)	(718.5)	(2,810.8)
Depreciation	(135.8)	(98.4)	(68.7)	(53.3)	(226.0)
Gross profit	160.3	110.6	102.5	62.5	263.0
Other operating income, net	3.7	23.2	1.7	17.7	36.9
General and administrative expenses	(72.0)	(73.7)	(36.6)	(37.0)	(151.6)
Share of profit of associates	1.7	2.7	1.2	1.0	4.7
Results from operating activities	93.7	62.8	68.8	44.2	153.0
Finance expenses, net	(72.8)	(74.8)	(39.1)	(35.6)	(154.3)
Income (loss) before income taxes	20.9	(12.0)	29.7	8.6	(1.3)
Income taxes	(7.5)	(7.2)	(4.4)	(3.5)	(11.7)
Income (loss) for the period	13.4	(19.2)	25.3	5.1	(13.0)
<u>Attributable to:</u>					
Owners of the Company	10.5	(21.5)	24.0	3.8	(18.1)
Non-controlling interests	2.9	2.3	1.3	1.3	5.1

Income

The Company's income from voyages and related services for the period ended 30 June, 2020 was \$1,618.3M compared to \$1,630.5M for the period ended 30 June, 2019, a decrease of \$12.2M (0.7%). The decrease was primarily driven by: (i) a decrease in income from containerized cargo of \$22.2M and (ii) a decrease of \$7.8M in demurrage income, offset by (iii) an increase of \$20.0M in slots hire income.

The carried quantities for the period ended 30 June, 2020 amounted to 1,280 thousand TEUs compared to 1,398 thousand TEUs for the period ended 30 June, 2019, a decrease of 118 thousand TEUs (8.4%). The average revenue per TEU increased by \$76 (7.6%) from about \$1,005 for the period ended 30 June, 2019 to about \$1,081 for the period ended 30 June, 2020.

The Company's income from voyages and related services for the three months ended 30 June, 2020 was \$795.1M compared to \$834.3M for the three months ended 30 June, 2019, a decrease of \$39.2M (4.7%), primarily driven by a decrease in income from containerized cargo of \$38.1M.

The Company carried 641 thousand TEUs during the three months ended 30 June, 2020, compared to 731 thousand TEUs during the three months ended 30 June, 2019, a decrease of 90 thousand TEUs (12.3%). The average revenue per TEU increased by \$78.0 (7.9%) from about \$993 for the three months ended 30 June, 2019 to about \$1,071 for the three months ended 30 June, 2020.

Operating Expenses

The Company's operating expenses for the period ended 30 June, 2020 were \$1,322.2M compared to \$1,421.5M for the period ended 30 June, 2019, a decrease of \$99.3M (7.0%). The decrease was primarily driven by: (i) a decrease in expenses related to cargo handling of \$59.3M (8.3%), (ii) a decrease in bunker expenses of \$18.0M (9.0%), (iii) a decrease in vessels leases expenses and slots purchases of \$14.1M (5.4%) and (iv) a decrease in port expenses of \$8.0M (7.7%).

The Company's operating expenses for the three months ended 30 June, 2020 were \$623.9M compared to \$718.5M for the three months ended 30 June, 2019, a decrease of \$94.6M (13.2%). The decrease was primarily driven by: (i) a decrease in cargo handling expenses of \$37.7M (10.4%), (ii) a decrease in bunker expenses of \$29.5M (30.7%) and (iii) a decrease in vessels lease expenses and slot purchases of \$24.8M (18.3%).

Depreciation

The Company's operating depreciation expenses for the period ended 30 June, 2020 were \$135.8M compared to \$98.4M for the period ended 30 June, 2019, an increase of \$37.4M (38.0%), primarily driven by an increase in right-of-use assets.

The Company's operating depreciation expenses for the three months ended 30 June, 2020 were \$68.7M compared to \$53.3M for the three months ended 30 June, 2019, an increase of \$15.4M (28.9%), primarily driven by an increase in right-of-use assets.

Other Operating Income (Expenses), net

The Company's other operating income, net for the period ended 30 June, 2020 was \$3.7M compared to \$23.2M for the period ended 30 June, 2019, a decrease of \$19.5M, primarily driven by a decrease in capital gains related to real estate assets and containers.

The Company's other operating income, net for the three months ended 30 June, 2020 was \$1.7M compared to \$17.7M for the three months ended 30 June, 2019, a decrease of \$16.0M, primarily driven by a decrease in capital gains related to real estate assets and containers.

General and Administrative Expenses

The Company's general and administrative expenses for the period ended 30 June, 2020 were \$72.0M compared to \$73.7M for the period ended 30 June, 2019, a decrease of \$1.7M (2.3%).

The Company's general and administrative expenses for the three months ended 30 June, 2020 were \$36.6M compared to \$37.0M for the three months ended 30 June, 2019, a decrease of \$0.4M (1.1%).

Finance Income (Expenses), net

The Company's finance expenses, net for the period ended 30 June, 2020 were \$72.8M compared to \$74.8M for the period ended 30 June, 2019, a decrease of \$2.0M (2.7%). The decrease was primarily driven by: (i) a decrease of \$6.4M related to foreign currency exchange difference, offset by (ii) an increase of \$2.5M related to impairment losses on trade and other receivables and (iii) an increase of \$1.9M related to interest expenses.

The Company's finance expenses, net for the three months ended 30 June, 2020 were \$39.1M compared to \$35.6M for the three months ended 30 June, 2019, an increase of \$3.5M. The increase was primarily driven by an increase of \$3.4M related to foreign currency exchange differences.

Income Taxes

The Company's income taxes for the period ended 30 June, 2020 were \$7.5M compared to \$7.2M for the period ended 30 June, 2019, an increase of \$0.3M.

The Company's income taxes for the three months ended 30 June, 2020 were \$4.4M compared to \$3.5M for the three months ended 30 June, 2019, an increase of \$0.9M.

3. Liquidity and Capital Resources

Main Cash flows data:

	Six months ended 30 June		Three months ended 30 June		Year ended 31 December
	2020	2019	2020	2019	2019
	Million US\$				
Cash flows generated from operating activities	221.3	123.8	119.8	64.1	370.6
Cash flows generated from (used in) investing activities	(7.7)	39.2	(4.3)	(10.5)	38.0
Cash flows used in financing activities	(192.0)	(184.4)	(109.9)	(65.3)	(411.4)
Net change in cash during the period	21.6	(21.4)	5.6	(11.7)	(2.8)
Cash – opening balance	182.8	186.3	196.7	177.0	186.3
Effect of exchange rate fluctuations on cash held	(1.6)	(0.1)	0.5	(0.5)	(0.7)
Cash – closing balance	202.8	164.8	202.8	164.8	182.8

3.1. Cash flows from Operating Activities

Cash flows generated from operating activities for the period ended 30 June, 2020 were \$221.3M compared to \$123.8M for the period ended 30 June, 2019, an increase of \$97.5M.

Cash flows generated from operating activities for the three months ended 30 June, 2020 were \$119.8M compared to \$64.1M for the three months ended 30 June, 2019, an increase of \$55.7M.

3.2. Cash flows from Investing Activities

Cash flows used in investing activities for the period ended 30 June, 2020 were \$7.7M compared to cash flows generated from investing activities of \$39.2M for the period ended 30 June, 2019, an overall change of \$46.9M. The change was primarily driven by: (i) a decrease of \$32.3M in proceeds from sale of assets (mainly related to vessels classified as held for sale and real estate assets) and (ii) a change in other investments (mainly short term deposits) of \$15.4M.

Cash flows used in investing activities for the three months ended 30 June, 2020 were \$4.3M compared to \$10.5M for the three months ended 30 June, 2019, a decrease of \$6.2M. The change was primarily driven by: (i) a decrease of \$28.2M related to change in other investments (mainly short term deposits), offset by (ii) a decrease of \$22.0M in proceeds from sale of assets (mainly related to vessels classified as held for sale and real estate assets).

3.3. Cash flows from Financing Activities

Cash flows used in financing activities for the period ended 30 June, 2020 were \$192.0M compared to \$184.4M for the period ended 30 June, 2019, an increase of \$7.6M. The increase was primarily driven by:

(i) an increase of \$4.5M in interest payments and (ii) a decrease of \$4.1M in proceeds from sale and lease back transactions.

Cash flows used in financing activities for the three months ended 30 June, 2020 were \$109.9M compared to \$65.3M for the three months ended 30 June, 2019, an increase of \$44.6M. The increase was primarily driven by: (i) an increase of \$39.1M related to a change in short term loans, (ii) a decrease of \$12.5M in proceeds from sale and lease back transactions, offset by (iii) a decrease of \$10.5M in repayments of borrowings and lease liabilities.

4. Supplemental Non-IFRS Measurements

The tables below present supplemental data, which we believe facilitates a better understanding of the factors affecting our business. The Non-IFRS measurements (“Adjusted”) presented below are used by Management and our Board of Directors to evaluate the Company’s operational performance. In arriving at the Adjusted results, we have factored out items, that either have a non-recurring impact on the income statement or which, in the judgment of our Management, are items that, due to their nature or size, could, when not singled out, potentially lead to extrapolate future performance from an improper base.

The following table presents the IFRS measures, the adjustments and the corresponding Adjusted results:

	Six months ended 30 June 2020			Six months ended 30 June 2019			Year ended 31 December 2019		
	Million US\$								
	<u>IFRS</u>	<u>Adjustment</u>	<u>Adjusted</u>	<u>IFRS</u>	<u>Adjustment</u>	<u>Adjusted</u>	<u>IFRS</u>	<u>Adjustment</u>	<u>Adjusted</u>
Gross profit	160.3	4.5	164.8	110.6	5.8	116.4	263.0	8.9	271.9
EBITDA (*)	242.0	0.3	242.3	170.0	(6.3)	163.7	399.7	(13.8)	385.9
Results from operating activities	93.7	6.2	99.9	62.8	(2.1)	60.7	153.0	(4.1)	148.9
Profit (loss) for the period	13.4	13.5	26.9	(19.2)	4.7	(14.5)	(13.0)	9.8	(3.2)

	Three months ended 30 June 2020			Three months ended 30 June 2019		
	Million US\$					
	<u>IFRS</u>	<u>Adjustment</u>	<u>Adjusted</u>	<u>IFRS</u>	<u>Adjustment</u>	<u>Adjusted</u>
Gross profit	102.5	2.2	104.7	62.5	2.4	64.9
EBITDA (*)	145.0	0.1	145.1	102.0	(7.6)	94.4
Results from operating activities	68.8	3.9	72.7	44.2	(5.5)	38.7
Profit (loss) for the period	25.3	7.6	32.9	5.1	(2.1)	3.0

(*) Profit (loss) excluding financial expenses (income), net, income taxes, depreciation, amortization and impairment.

The below table presents the related adjustments for the applicable periods, which have the following positive (negative) impact on the Company's Adjusted results:

	Six months ended		Three months ended		Year ended
	30 June		30 June		31 December
	2020	2019	2020	2019	2019
	Million US\$				
Accounting charter hire expenses (1)	0.4	1.5	0.2	0.2	1.9
Provision for legal claims					(1.6)
Amortization of Deferred Charter hire expenses (1)	4.1	4.3	2.0	2.2	8.6
Gross profit	4.5	5.8	2.2	2.4	8.9
Capital gains (2)		(7.9)		(7.9)	(14.2)
Impairment of assets	1.7		1.7		1.2
Results from operating activities	6.2	(2.1)	3.9	(5.5)	(4.1)
Finance expenses, net (3)	7.3	6.8	3.7	3.4	13.9
Profit (loss) for the period	13.5	4.7	7.6	(2.1)	9.8

- (1) Mainly non-cash charter hire accounting adjustments relating to the 2014 restructuring.
- (2) Excluding those generated in the ordinary course of business.
- (3) Mainly includes amortization of loans' fair value adjustment.

Use of Non-IFRS Measures:

These data are adjusted financial measures and should not be considered replacements for IFRS results. We provide such adjusted data because management believes that such data provide useful information to readers. However, readers are cautioned that, unlike financial measures prepared in accordance with IFRS, adjusted measures may not be comparable with the calculation of similar measures for other companies. These adjusted financial measures are presented solely to permit readers to better understand how management assesses the Company's performance.