OCEAN ALLIANCE
The new alliance powered by CMA CGM
Major changes are under way in the container shipping sector. The past year has seen the start of an unprecedented wave of consolidation, leading to a series of takeovers and mergers. We have been one of the driving forces behind this consolidation, which I believe will continue.

In today’s context, the acquisition of APL is of even greater strategic importance. Its integration is moving forward as planned, combining operational synergies with development into new markets.

This industry consolidation has also brought forth new operational alliances. Last November 3rd, for example, our Group announced a new service offering, OCEAN ALLIANCE, with three Asian partners. CMA CGM is a key player in this alliance, providing 119 ships out of the total 323, for capacity share of 35%. When this alliance begins operations in April 2017, we will be able to offer the largest number of sailing frequencies across all East-West trades, while proposing interrelated and unique intermodal and logistics solutions for our customers.

These major developments are reinforced by a strong innovation strategy, focused on both digital technologies, with new functions regularly added to our e-commerce platform, as well as additional service offerings such as Cargo Insurance.

Our objective for 2017 is to pursue continuous improvements in our service offering and to sharpen our competitive edge. We will continue to deliver the services of a strong global group, while remaining close to our customers and attentive to their individual needs.

This is the key objective of our 29,000 employees all over the world, who join me in wishing you very Happy New Year 2017.
The Group was covered in honours at the prestigious Lloyd’s List Global Awards ceremony held in London on 27 September 2016. A rare occurrence, CMA CGM received the ceremony’s two most coveted awards: ‘Company of the Year’ and ‘Newsmaker of the Year’, which was awarded to Rodolphe Saadé.

Through these awards, the jury sought to emphasise the key role played, more than ever before, by the Group within the industry—particularly its development and anticipation of the current economic environment.

CMA CGM Completes Another Stage in Its LNG-Powered Ship Project

In mid-October, CMA CGM and ENGIE signed a memorandum of agreement which aims to develop the use of LNG—an alternative to fuel oil in the shipping industry—by tomorrow’s container ships.

The agreement includes:
- A technical and economic study on the use of LNG as a fuel source for tomorrow’s container ships.
- A study on the specifications of a bunkering vessel adapted to these container ships.

Compared with fuel oil, LNG has several environmental advantages: it significantly reduces CO₂ emissions, eliminates sulphur oxide (SOx) emissions and greatly reduces nitrogen oxide (NOx) and fine particle emissions.

This agreement complements the research programme implemented by CMA CGM in 2011 to design large-capacity container ships that are increasingly environmentally friendly.

CMA CGM Receives the Two Highest Prizes at the Lloyd’s List Global Awards 2016

For CMA CGM, the introduction of intermodal networks—which combine road, river, rail and sea routes in Europe, the United States, Latin America, Africa and Asia—was one of the major projects undertaken over the past few years to offer customers a turnkey service.

Intermodal transport has several advantages. For customers, it simplifies the journey by ensuring the continuity of container flows, without a break of load, from one end of the chain to the other, and offers them an eco-friendly transport solution (which has become increasingly important for those seeking eco-labels).

The Group’s offer is adapted to all customers: a door-to-door service for customers that would like their goods picked up at or delivered to the company’s door and a ‘ramp’ service that delivers containers to dry ports (inland river or rail terminals).

Moroccan Citrus Fruit and Early Fruit and Vegetable Season: CMA CGM Upgrades Its Offer Service with 6 Seasonal Services

In October, the CMA CGM Group announced an improved service in Morocco, which is specially designed for the export of citrus fruit and early fruit and vegetables. The country’s growers can benefit from the best offer on the market with ten departures per week from Morocco and six shipping lines.

This new offer includes six dedicated services, including three direct services to France, Spain, Saudi Arabia and the United Arab Emirates. Through its subsidiary, OPDR, the Group also has three services that connect Morocco to Northern Europe and Russia. This unparalleled offer allows Moroccan products to be exported to strategic consumption zones.

Present in Morocco since 2002, CMA CGM is one of the country’s main maritime transport operators. Today, the Group’s agencies and companies employ more than 1,200 people and operate in all of the country’s ports.

The CMA CGM Group’s 26 shipping lines serve the whole of the country and support Moroccan imports and exports. The Group is notably the top carrier of agricultural produce in refrigerated containers from Morocco to the rest of the world.
On 3 November, CMA CGM Group Vice-Chairman Rodolphe Saadé was in Shanghai with his counterparts at COSCO, Evergreen and OOCL (the fourth-, fifth- and eighth-largest players in the sector) to announce the new OCEAN ALLIANCE: ‘Ocean Alliance is the largest operational agreement ever made between shipping companies. With more than 40 maritime services, we will be sharing our fleet with the largest Asian shipping companies. By offering more ports and more direct calls, as well as better transit times, we will provide our customers with unmatched quality services.’

This operational partnership will involve working with reliable partners for the next ten years. OCEAN ALLIANCE will operate in seven global trades that are vital for the Group: Asia/Northern Europe, Asia/Mediterranean, Trans-Pacific and Trans-Atlantic. The alliance will create new lines to better serve customers while also incorporating the iconic lines that have proved their worth over many years and that shippers turn to again and again. With OCEAN ALLIANCE, the Group hopes to put everything the market has to offer within reach of its customers, selecting the best services of each partner and making them even better to achieve the best port coverage and fastest transit times in every market.

‘This new offering is a cornerstone of our strategy as it reinforces our competitiveness and strengthens our position as a key player in the shipping industry’, adds Rodolphe Saadé, who believes that the conditions in the shipping industry are making operational excellence and economies of scale more important than ever before. Having driven consolidation through its acquisition of APL, CMA CGM is now playing a key role in the world’s largest shipping alliances.

Within the OCEAN ALLIANCE, CMA CGM is the largest player, bringing with it 119 ships that account for 35% of the total slot capacity. The Group is now the leader of the first global alliance.
ALLIANCES BEFORE AND AFTER APRIL 2017:
AN OVERVIEW OF THE OFFERS IN THE MARKET

Over the past few years, challenging conditions and fierce competition have driven industry leaders to form operational alliances aimed at broadening their range of services and cutting costs.

Currently (until April 2017) there are four major alliances in the market:
- **2M**: Maersk Line and MSC.
- **OCEAN THREE**: CMA CGM, UASC and China Shipping.
- **G6**: APL, OOCL, NYK, Hapag, MOL and Hyundai.
- **CKYHE**: Cosco Container Lines, «K» Line, Yang Ming Line, Hanjin Shipping and Evergreen Line.

CURRENT MARKET SHARES:

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<th>Market shares Asia-North Europe</th>
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In April 2017, the landscape of alliances will change:
- **2M**: Maersk Line, MSC and Hyundai.
- **OCEAN ALLIANCE**: CMA CGM, Cosco Shipping, Evergreen and OOCL.
- **THE ALLIANCE**: K Line + NYK + MOL, Hapag Lloyd+UASC and Yang Ming.

MARKET SHARES FROM APRIL 2017 ONWARD:

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Focus on breaking down services by market

Trans-Pacific (Asia - West Coast of the Americas):
- 7 lines
- 78 ships
- 30 ports of call, 100 calls each week
- 600,000 TEU capacity

Advantages for CMA CGM
- CMA CGM provides 30% of the capacity
- 4 loops operated by CMA CGM
- A new line for Southeast Asia/PSW
- Two strong brands: CMA CGM and APL

Trans-Pacific (Asia - East Coast of North America):
- 7 lines
- 71 ships
- 67 calls each week at 22 ports
- 500,000 TEU capacity

Advantages for CMA CGM
- CMA CGM provides 35% of the capacity
- 4 loops operated by CMA CGM
- Complete coverage of the ports on the entire coast, even niche ports
- Two strong brands: CMA CGM and APL

Trans-Atlantic (Europe - East Coast of North America):
- 3 lines
- 17 ships
- 33 calls each week at 21 ports
- 100,000 TEU capacity

Advantages for CMA CGM
- Feeder connections to the UK, Scandinavia, Baltic region and Northern Spain
- A large range of intermodal solutions in Mexico
- Connections to the East Med and Black Sea via Malta

« With 23 services on Transpacific and Transatlantic trades, Ocean Alliance will strengthen our #1 status in North America. Our expertise and position will propel our group as the leading carrier of this unrivaled alliance. We are convinced that our best-in-class customer service in conjunction with our comprehensive coverage will increase the efficiency of our customers' supply chain.»

Olivier Nivoix, Vice President North America Lines
With a fleet of 57 vessels on Asia Mediterranean & Red Sea trades, along with unequaled intermodal and feeder networks, we will keep on providing the best services to meet our most exigent clients’ needs.

Stéphane Courquin, Vice President Asia Mediterranean Red Sea Lines

"With 6 services between Asia and North Europe and 2 of them 100% operated by CMA CGM, we will offer 79 weekly calls in Asia and Europe allowing an enhanced port coverage of our key markets. In addition, between Asia and Middle East Gulf we will offer 5 services (of which 2 are fully operated by CMA CGM Group) performing more than 50 direct calls per week and providing the best transit times in the market."

Xavier Eiglier, Vice President Asia Europe Lines

Asia - Mediterranean:
- 4 lines
- 41 ships
- Covering the main Chinese, Korean and Mediterranean ports with 33 ports of call and 67 calls each week;
- 0.41 million TEU capacity

Advantages for CMA CGM
- A complete feeder network for connections to every Mediterranean port
- An extensive intermodal network

Asia - Northern Europe:
- 6 lines
- 66 ships
- 31 ports of call served with 79 calls each week;
- Nearly 1 million TEU capacity

Advantages for CMA CGM
- 2 loops out of 6 are operated entirely by CMA CGM
- Direct service to Scandinavia and the Baltic region
- Connections to our intermodal network in Northern and Central Europe

Asia - Red Sea:
- 2 lines (REX1, REX2)
- 16 ships
- 21 weekly calls at 13 ports
- 100,000 TEU capacity

Advantages for CMA CGM
- Extensive coverage of the CMA CGM network with agencies in every port served
- Connections to Northern Europe, the Mediterranean, the Gulf and the USA via Jeddah

Advantages for CMA CGM
- Best transit times in the market
- An extensive feeder network

Asia - Middle East:
- 5 lines
- 34 ships
- 55 calls each week at 25 ports
- 300,000 TEU capacity

Advantages for CMA CGM
- Extensive coverage of the CMA CGM network with agencies in every port served
- Connections to Northern Europe, the Mediterranean, the Gulf and the USA via Jeddah
- An extensive feeder network
The risks facing those travelling abroad are quite varied. Security risks stemming from criminal activities, armed conflicts or political uncertainty can affect a company’s staff and business activities. ‘We strive to anticipate risks’, the Safety Manager explained. ‘Working with the other relevant departments at the Group and with our agents around the world, we have developed a variety of protective measures on land and at sea. For example, armed guards might be employed in high-risk countries and in areas where piracy is prevalent’. Health risks are just as crucial, as we saw in 2014 when the Ebola virus ravaged Guinea, Sierra Leone and Liberia. ‘We had to find a way to adapt so that we could provide our services and reassure our customers, while also protecting the health of our sailors and our in-country staff’. In 2015 the Zika virus brought with it a need for new precautions in many parts of the world. Certain ports of call are subject to restrictions and pregnant women are strongly discouraged from taking business trips to these locations. Employees working in these areas are educated about how to protect themselves. Lastly, the risk of a natural or technological disaster should not be discounted. Indeed, in 2015 following the chemical explosions in Tianjin (China) that occurred in August and the massive flooding in India in December, ad hoc measures were put in place to protect our employees and ensure the continuity of our business activities.

COOPERATING WITH MANY DIFFERENT PLAYERS

Any large company operating overseas will inevitably have to handle safety challenges. CMA CGM regularly discusses these with other international corporations that have locations in high-risk areas. When any large-scale security issues occur, we cooperate fully with these French- or foreign-owned companies. These discussions also provide an opportunity to share our methods for protecting our employees and offices with one another. Naturally, the Group is also in regular contact with the French Ministry of Foreign Affairs, the Defence Ministry and various embassies.

With more than fifty major high-risk situations handled in 2015 alone, the question of how to best protect the Group, its employees and its businesses on daily basis is never far from our thoughts.

KEY FIGURES

80 Group locations in countries considered high-risk
Several dozen briefings delivered each year to travellers to high-risk countries
E-learning programme developed to inform all 20,000 CMA CGM Group employees about how to deal with a range of high-risk situations.

The Travel Safe unit, available 24/7.

The risks might have to do with security (criminal activities, terrorism or armed conflicts), health (major pandemics such as Ebola or Zika), or natural or technological events (earthquakes, tsunamis or industrial explosions).
In acquiring APL, the CMA CGM Group is adding a high-quality brand to its global range of services and extending its business lines at a time when the sector is undergoing consolidation and alliances are changing. From Marseilles to Singapore and everywhere in between, the teams are standing by, ready to make sure this acquisition is a success.

On 10 June, the Group bought a controlling interest in NOL (Neptune Orient Lines), a Singaporean company whose primary operating brand is APL (American President Lines). Having acquired the seventh-largest shipping company in the world, CMA CGM has significantly bolstered its position as a leader in shipping. The figures speak for themselves! The CMA CGM family has welcomed 7,000 new employees to the fold, bringing the grand total to 29,000. The Group has increased its fleet capacity to 2.4 million TEU. And its market share in the shipping sector is now close to 12%. ‘Consolidation is no longer optional in the current climate,’ explains Rodolphe Saadé, CMA CGM Vice-Chairman and newly minted Executive Chairman of APL. ‘Acquiring APL meant increasing our leading position on many shipping routes, enhancing our client portfolio and striking a better balance in terms of our global presence. The APL acquisition constitutes a major milestone in our history.’ By becoming a wholly owned subsidiary of CMA CGM, APL is going full steam ahead with its pursuit of growth.

TOGETHER STRONGER

‘We have completed an enormous amount of work in just a few short months’, explains Nicolas Sartini, former Director of the CMA CGM Asia-Europe Lines and now Chief Executive Officer for APL. ‘Like every other Group brand, the APL front office will remain independent in order to maintain a focus on commercial growth’, the Director states. Meanwhile, the integration is visible in several other areas. The agencies are working more closely with one another, and at the Group level many departments are merging in order to generate economies of scale: supply chain, charters, fuel, intermodal and purchasing, to name a few. ‘The new structure will yield many cost synergies for our business. We estimate that we will save $150 million in 2016 and more than $400 million in 2018’, indicates Nicolas Sartini. Joining up with the third-largest shipping company in the world has reinvigorated APL’s business, and the company is now relaunching several shipping lines.

Key Figures

- 29,000 staff members
- 21 billion USD revenue
- 11.7% market share
- 536 vessels
- 200 shipping services and 420 ports of call
CMA CGM and APL are now true partners. Since the summer, they have worked together to exchange 19 ships and more than 6,000 TEU of dry and reefer capacity in just 100 days: saving millions of dollars in all. The Singaporean shipping company’s business is enjoying a second wind: APL is offering customers direct access to the Caribbean from Asia (Asian Caribbean Express) and is re-entering the markets connecting India to the Americas (India America Express) or to Europe (India Pakistan Express). By making use of the synergies from the G6 alliance (of which APL is still a member) and the Ocean Three alliance (of which CMA CGM will be a member through April 2017), APL will offer the greatest range of services between Asia and North America of any shipping company. Europe has not been left out: in addition to the lines made possible by the G6 alliance, APL is adding two new lines to its catalogue (North China Express and Felixstowe Express Service). In the transatlantic segment, the brand is now operating on the West Med Service. APL is also growing its intra-Asian services (in concert with CNC, another Group subsidiary).

‘Our service quality is improving: we have better reefer service and we will be able to offer cargo insurance through CMA CGM’, explains Nicolas Sartini. ‘We will join the Ocean Alliance in April 2017, an exceptional operational partnership that will further boost our revenue on East-West routes.’

The CMA CGM Group’s acquisition of APL was a smart move, as there is little overlap between the shipping lines and customer bases of the two companies. ‘APL is competing with the other carriers, not CMA CGM’, explains the Managing Director. ‘Every one of our long-time customers is standing by us. In future, we would like to bring these two strong brands, CMA CGM and APL, together to open up new markets.’ Already known for excellence in its market, APL won several more awards this autumn (Quest for Quality Award in Orlando, Lloyd’s List Technology and Systems Innovation Award in Singapore, and the Best Green Shipping Line label awarded by an association representing the ports of Le Havre, Rouen and Paris). By joining CMA CGM, APL has adopted the values that every Group employee lives by: initiative, boldness, imagination and integrity. At the September meeting that brought the top management of APL to Marseilles to sit down with key Directors at CMA CGM, Rodolphe Saadé set the tone for the years to come: ‘Together we are embarking on an incredible adventure. I am counting on each and every one of you to do your part to help the CMA CGM Group grow successfully.’ Here’s to smooth sailing on every sea!

TO THE ENDS OF THE EARTH

Singapore: a new hub for the Group!

In the summer of 2016, CMA CGM relocated the Hong Kong regional office to Singapore. The teams joined the 700 APL employees already working in this city, which is home to 5 million people and located between Indonesia and Malaysia. ‘It was not very logical to have two key locations in one geographic area,’ remarked Rodolphe Saadé, CMA CGM Vice-Chairman. Furthermore, in terms of logistics, the Group expects to bring additional volumes to the port of Singapore, making the city-state a true hub in terms of exchanges between CMA CGM and APL. ‘To manage the handling of these volumes, we have created a joint venture with the Singaporean firm PSA, one of the largest port operations players in the world,’ stated Rodolphe Saadé. Other projects that will make Singapore an even more important location will likely emerge in the coming years.
CMA CGM CARGO INSURANCE
CUSTOMIZED TO MEET ANY NEED

ON LAND AND AT SEA, IT IS VITAL TO INSURE CONTAINER SHIPMENTS AGAINST ALL THE RISKS THAT CAN OCCUR DURING SHIPPING. AVAILABLE IN MOST COUNTRIES, OUR COMPETITIVE INSURANCE POLICY COVERS THE FULL VALUE OF THE CARGO. CMA CGM OFFERS CUSTOMERS THE CHANCE TO QUICKLY AND EASILY SIGN UP FOR THIS COVERAGE WHEN THEY PAY FOR SHIPPING. READ ON TO LEARN MORE...
Our policy is perfect for companies and individuals who wish to save time by purchasing a combined freight and insurance solution. Our Group’s bargaining power means that we can offer coverage at a very competitive rate, amongst the best on the market, in fact, and protect customers from almost every possible risk (shipwreck, on-board fire, goods falling overboard, damage to merchandise, theft, water damage, and more.). Customers can sign up quickly and easily when they book their cargo, and their single point of contact is still their usual sales representative. Payment for the policy is invoiced along with their freight. Claims for damages are paid within 30 days of filing. Our service is fast and effective! explained François de Garam. For special requests, CMA CGM developed a special reefer policy that covers goods damaged by temperature fluctuations and/or ship delays. The Group also guarantees proper cold treatment for certain types of fruits that must be unloaded under specific sanitary conditions: if the goods are refused by the authorities at the destination, the customer is compensated for all costs incurred due to problems with the cold treatment process. In addition, customers can take out insurance covering only the main transport risks (such as fire or shipwreck) and still receive compensation for the real value of the cargo.

When you ship cargo without taking out cargo insurance, you risk a nasty surprise if something goes wrong, warned François de Garam, CMA CGM Commercial and Marketing Director for Cargo Insurance. Compensation for lost or damaged goods will not necessarily equal its real value, as it is generally calculated based on the weight or the number of packages. For that reason, in 2012 CMA CGM began offering insurance that covers 100% of the real value of the cargo (plus the cost of shipping and the insurance itself). Better yet, the guarantee includes an additional 10% for any additional costs borne by the customer (destroying damaged goods, guard service, damage surveys, and so on).

A STRAIGHTFORWARD, COMPETITIVELY PRICED COMPREHENSIVE INSURANCE POLICY

CMA CGM Cargo Insurance delivers true peace of mind. To satisfy our customers, we make sure the insurance company is directly involved, explained Elie Zeenny, Group Vice President of Insurance. The comprehensive insurance policy offered by the Group is the most extensive on the market, meaning it has very few exclusions. Furthermore, the Group insures cargo from ‘door to door’, including pre- and post-carriage, even if it is not provided by CMA CGM. Everything happens very quickly when a claim is filed. Once the process is begun, the policy holder can be compensated in as little as ten days! ‘Cargo insurance is now offered by all our Group subsidiaries and APL will soon join in as well. Our goal is to deliver excellent added value and make our customers’ lives easier by providing an extra service that they previously had to seek out for themselves. What we are now offering our customers is a logical extension of our cargo shipping activities and a true turnkey solution’, said Elie Zeenny.

2.3 BILLION D’EUROS the value of cargo insured in 2015.
Cargo is insurance sold by more than 600 AGENCIES throughout the world.
10 EMPLOYEES working at the head office, in the United States or in Asia oversee the cargo insurance programme.
A partnership with a leading global insurance company.

CMA CGM primarily insures produce, artworks, precious metals, pharmaceuticals and extra-large cargo such as yachts.

THE EXPERTS
CMA CGM group
Wishes you the very best for
2017