

Transport & Logistics Roundtable

Storm in a Teacup?



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June 2025

Executive Summary



Transport & Logistics corporate **balance sheets are in a position of strength** to weather the global headwinds, with Container Shipping retaining excess liquidity and leverage headroom



However, **caution should be taken** even for the strongest balance sheets given **high earning volatility** and **elevated capital allocation pressure**



While uncertainty lies ahead, corporates can further bolster resilience and efficiency by focusing on **working capital optimisation** to **release capital** as a critical **internal funding sources** for investment



Rising geopolitical tensions and structural shifts in global trade are driving fundamental changes across the transportation sector

Supply chain shifts



Trump's tariffs and push to curb China's maritime influence will drive traffic shifts & more friendshoring and impact overall demand



New shipping alliances are reshaping routes, observing slower vessel turnaround, reduced cargo flow and heightened backlogs

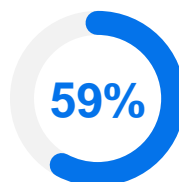


As firms reassess supply chains to mitigate risks, operational and financial priorities will be redefined across the industry

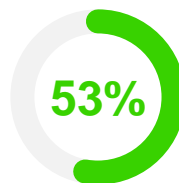
Reshaping of corporate priorities

Top 3 Priorities for Treasury Teams

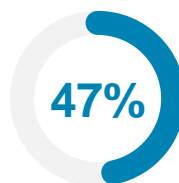
#1 FX Risk



#2 Cash Management



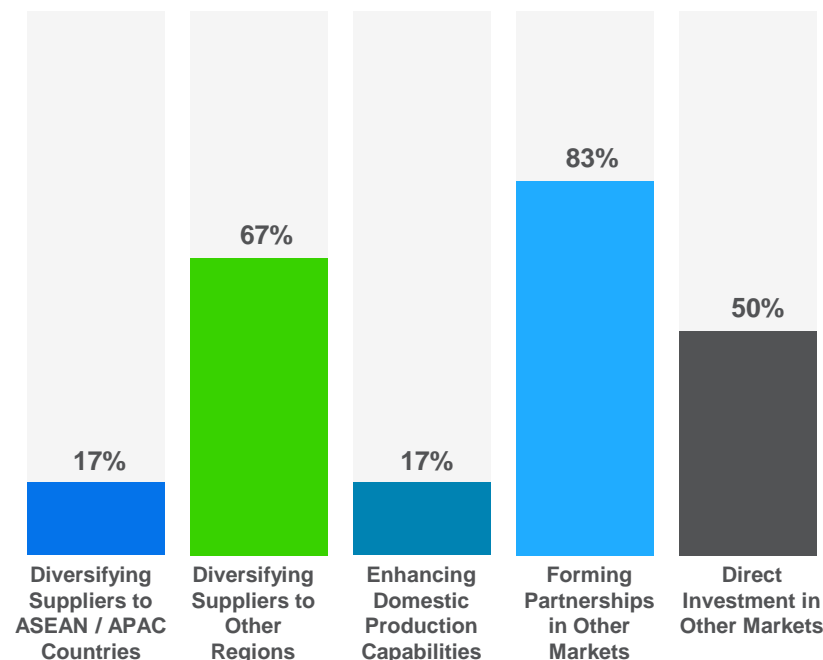
#3 Interest Rates Risk



Mitigating trade and tariff risks

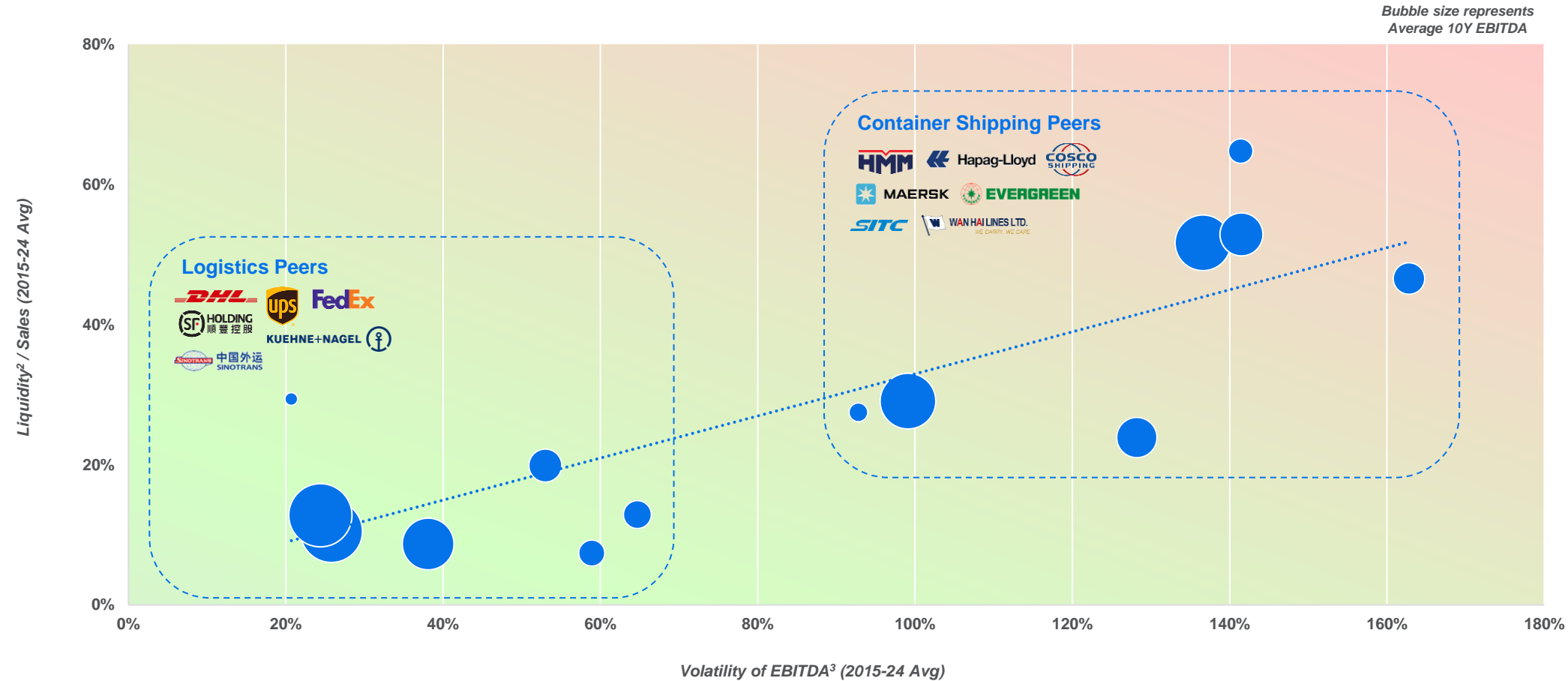
38%

of respondents would mitigate trade and tariff risks through below means:



Container Shipping's higher earning volatility necessitates much higher liquidity buffer for downside protection

Liquidity vs. EBITDA Volatility¹ (2015-24)



4

Source: SCB Analysis, Capital IQ

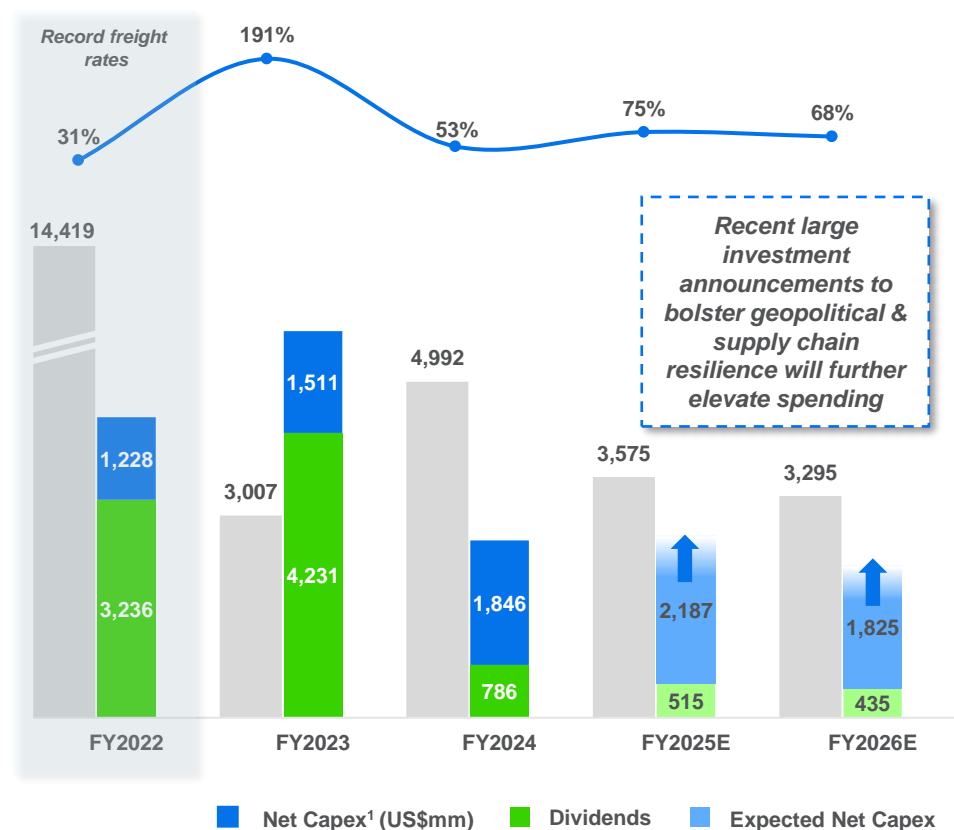
Note: (1) Volatility is defined as Coefficient of Variation = Standard deviation of yearly EBITDA or Liquidity (2015-24) / average EBITDA or Liquidity (2015-24). (2) Liquidity is defined as cash & cash equivalents, short-term investments and undrawn credit facilities, (3) Excludes outliers Mitsui O.S.K.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



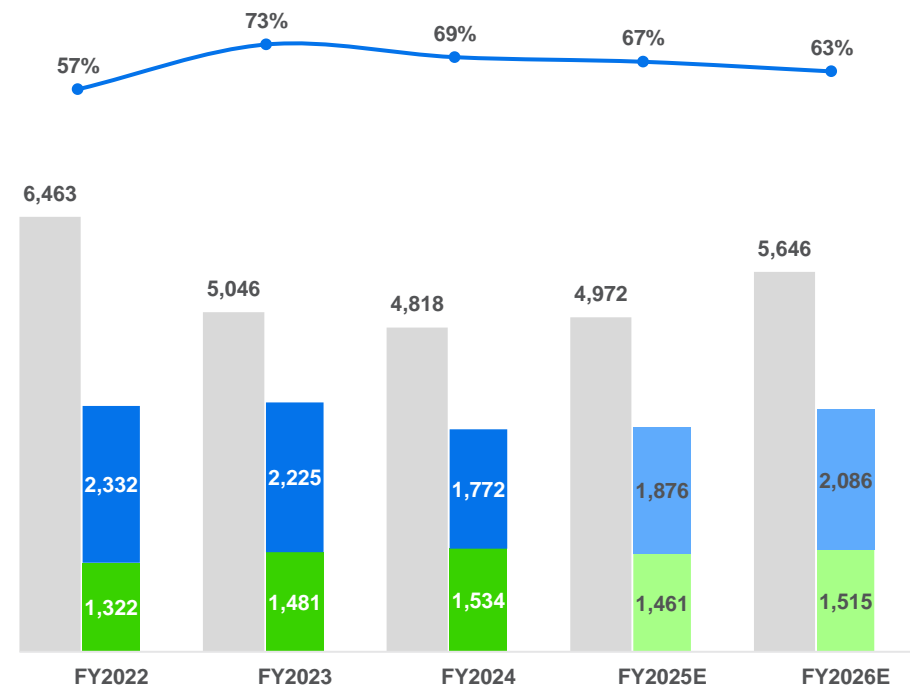
Increased investments to mitigate geopolitical volatility may put pressure on already declining CFO for the Container Shipping sector












Container Shipping Capital Allocation



Logistics Capital Allocation



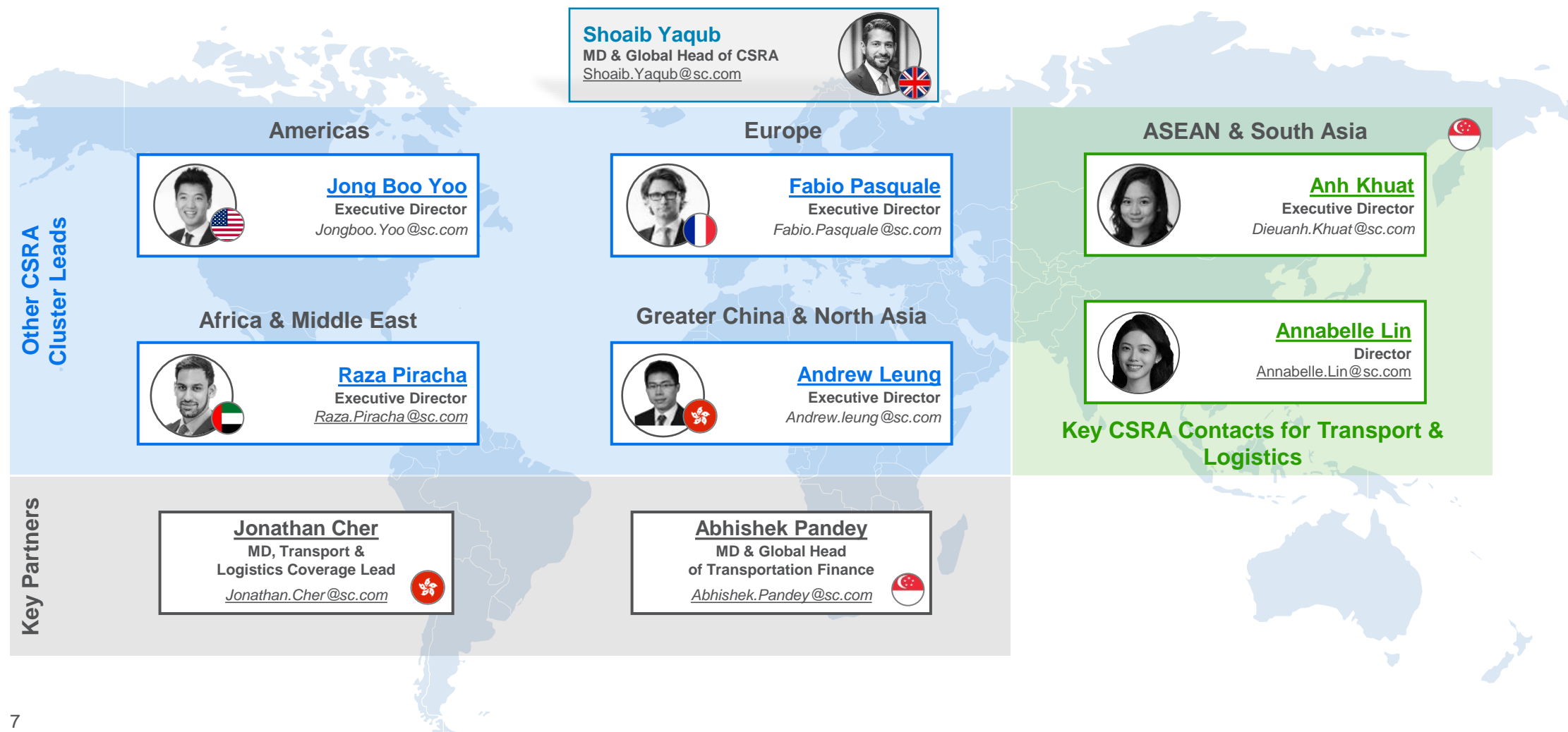
Working capital optimisation can be an attractive funding source in time of elevated spending pressure without compromising flexibility

	Debt raising	Liquidity Drawdown	Working Capital Optimization
Available Headroom	 Headroom available but may be affected by volatilities	 Headroom available but buffer required to sustain volatilities	 Significant potential to improve working capital cycle
Cost Effectiveness	 Long term capital is at relatively higher cost	 Opportunity cost on ST liquidity investment returns	 “Cheapest” form of financing
Credit metrics	 Increase leverage	 Lower liquidity ratio	 Leverage neutral, liquidity boost, ROIC accretive

Legend:    Least to Most Optimal



Get in touch for detailed analysis: Capital Structure & Rating Advisory



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