

Annual Report 2020



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01

CMA CGM GROUP



A WORD FROM THE PRESIDENT

« 2020 was a year like no other. The pandemic turned our lives, the ways we work, and our whole industry upside down. Our top priority was the health of our staff members, and we worked tirelessly to help address the crisis by shipping essential goods and continuing to meet our customers' needs. »

2020 was a year like no other. The pandemic turned our lives, the ways we work, and our whole industry upside down. Our top priority was the health of our staff members, and we worked tirelessly to help address the crisis by shipping essential goods and continuing to meet our customers' needs.

When put to a stern test, we were not found wanting and some of our actions helped save lives. We drew on the full range of CMA CGM's expertise to help combat the COVID-19 pandemic, and we set up air and sea bridges and provided direct support to populations in need via our Foundation. We developed new digital, human, and operational solutions to protect our customers' supply chains by harnessing the synergies between shipping and logistics. All our staff members around the world played a full part. And we are justifiably proud of what we achieved together. Lastly, we reached out to support the Lebanese people and our staff members affected by the tragic explosion at the port of Beirut by organizing the relief operation

"A Humanitarian Ship for Lebanon", together with an array of partners.

We also reached major new milestones during the year. We ushered in a new era of more environment-friendly shipping with the addition to our fleet of the CMA CGM JACQUES SAADE, the world's first 23,000-TEU containership powered by liquefied natural gas. Together with the Coalition for the Energies of the Future in Transport and Supply Chain, which now has 17 international groups in its ranks, we launched seven projects helping to decarbonize our industries. Lastly, we continued our development by unlocking more synergies with CEVA Logistics, and we are reaping the benefit of its transformation plan. Today we are a world leader in shipping and logistics, able to provide our customers with door-to-door solutions combining transport by sea, air, road and logistics. That will stand us in good stead over the coming years.

Although trade slowed down in the first six months of 2020, it then bounced

back with a vengeance. Asia displayed great resilience, while the recovery in the United States and Europe was impressive. Demand and shipping volumes are back at high levels again. New trends have also taken shape or accelerated as a result of the pandemic. The economy is becoming more digitalized and e-commerce is gaining steam, trade is becoming increasingly regionalized in a trend that will only gain impetus once the crisis subsides, and awareness of climate challenges has never been so strong.

We have set clear priorities for our Group in 2021 in this transformed environment.

Amid the growing strain on the global logistics industry, supporting our customers is our foremost task, and that means tailoring our capacity and our services accordingly. The newly established CMA CGM AIR CARGO division, which specializes in air freight, will help us to offer novel solutions. We also need to keep a close eye on

our costs, the quality of service we provide to customers and accelerate the pace of our digitalization to build closer relationships with them, streamline our procedures and enhance our operational efficiency. Likewise, CEVA Logistics will push ahead with its development to establish itself as a leading logistics operator.

Secondly, we will continue to build more efficient supply chains and work to make global trade more planet- and people-friendly. We will come up with new shipping and logistics solutions that deliver value-added to our customers, and we will be unrelenting in our efforts to safeguard biodiversity. As a leading force in the transformation of the global economy, it's up to us to do that.

Lastly, there will be no let-up in our push to embrace cleaner energy. We will continue to reduce our emissions by expanding our use of LNG, biomethane and biofuels. As part of the Coalition, we will work tirelessly to bring projects

through to fruition and launch new ones. We are more determined than ever to combine our strengths so we can decarbonize supply chains completely and be net carbon zero by 2050.

The pandemic has accelerated the pace of change. Throughout 2020, our Group has demonstrated its ability to adapt to and support our customers, our partners and our staff members through these unprecedented times. We intend to keep doing so in 2021, mindful of our responsibilities and drawing strength from the people-friendly values and pioneering spirit that are hard-wired into the DNA of our family-owned Group.

RODOLPHE SAADÉ
CHAIRMAN AND CEO

THE BOARD OF DIRECTORS

CMA CGM BOARD OF DIRECTORS 2020 :

M. Rodolphe SAADÉ – Chairman and Chief Executive Officer

MERIT CC SAL ⁽¹⁾ – Director, represented by **Tanya SAADÉ ZEENNY**, Executive Officer

M. Farid T. SALEM – Director, Advisor to the CEO

Mme Naïla SAADÉ – Director

M. Pierre MONGIN – Independent Director

M. Denis RANQUE – Director

M. Robert YÜKSEL YILDIRIM – Director

M. Evren ÖZTÜRK – Director

Mme Mathilde LEMOINE – Independent Director

Mme Sarah SALEM – Director

Mme Véronique SAADÉ – Director

Mme Mireille TRABUC – Director representing the staff members

M. Badis ZAÏANE – Director representing the staff members

BPI France Investissements – Director, represented by **José GONZALO**

Mme Anne-Sophie HERELLE – Observer

M. Dominique BUSSEREAU – Observer

M. Ercüment ERDEM – Observer

AUDIT AND ACCOUNTING COMMITTEE :

Chairman : Pierre MONGIN

Members : Rodolphe SAADÉ, Mathilde LEMOINE, Evren ÖZTÜRK, José GONZALO et Anne-Sophie HERELLE (permanent guest)

APPOINTMENTS AND REMUNERATION COMMITTEE :

Chairman : Rodolphe SAADÉ

Members : Mathilde LEMOINE, MERIT CC SAL (represented by Tanya SAADÉ ZEENNY) and Dominique BUSSEREAU (permanent guest)

⁽¹⁾ (1) Note that MERIT France acquired the rights and obligations of MERIT CC SAL as of 17 February 2021

KEY FIGURES IN 2020

257
shipping lines

420
ports of call
in 160 countries

755
warehouses representing
9 million m²

+ **110,000**
staff members
worldwide

21
million TEUs shipped by
Group-wide shipping
companies

566
vessels

+ **400**
offices

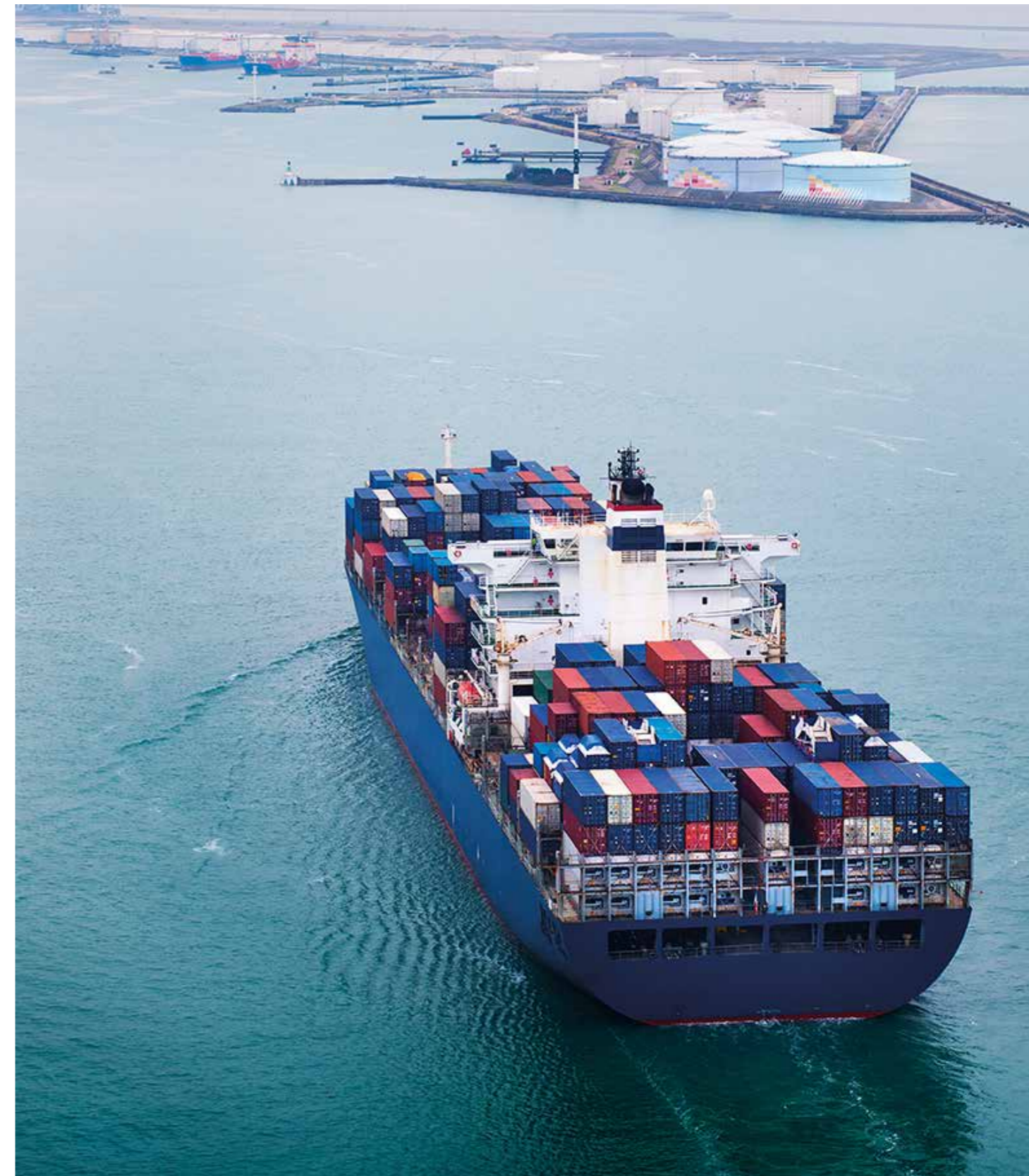
A portfolio of
52
active port terminals

USD
31.50
billion in revenue

3
million TEUs (total fleet
capacity)

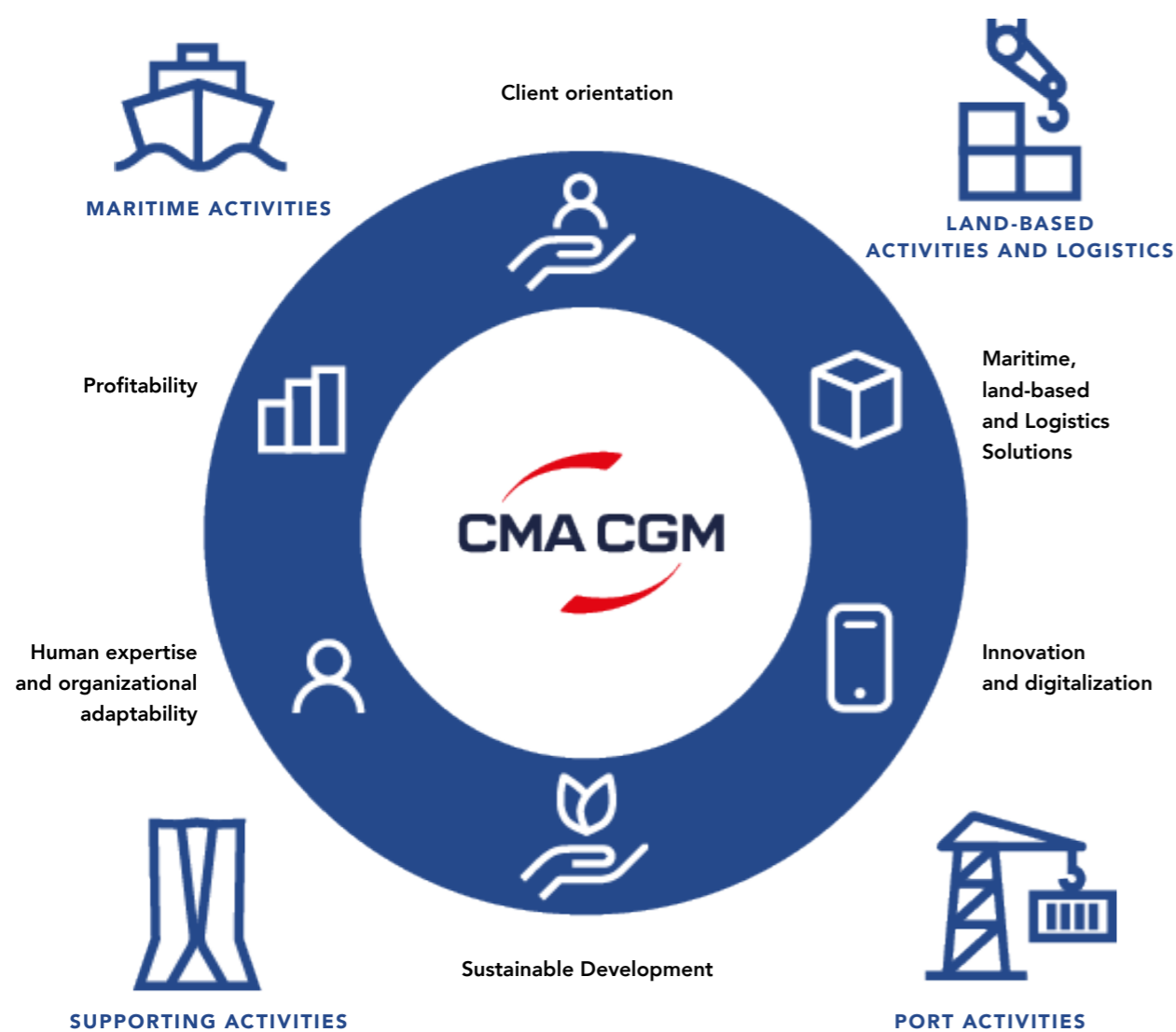
363,300
tons of air cargo
transported

1.08
million TEUs handled by
CEVA Logistics



GROUP ACTIVITIES AND BUSINESS LINES

In 2020, the CMA CGM Group's expertise fell within four main areas of activity allowing it to offer its clients and partners a unique range of services and solutions. In 2021, the Group expanded its activities to include air transport, with the commissioning of a fleet of four aircraft for the new CMA CGM Air Cargo division.



The CMA CGM Group owns a diverse portfolio of brands and subsidiaries that take care of our customers and their cargo wherever they are in the world, door- to-door. Each of the Group's subsidiaries offers an area of expertise and specialisation. Together, our brands and subsidiaries offer a comprehensive infrastructure for one-stop solutions. The CMA CGM Group is committed to ensuring the growth of all its brands.



GROUP HISTORY

The CMA CGM Group is known for its entrepreneurial history and its family spirit. Since its founding, the Group has continually grown to become one of the largest shipping companies in the world and one of today's global leaders in shipping and logistic.

1978

Founded in 1978 in Marseille by Jacques R. Saadé, the Compagnie Maritime d'Affrètement (CMA) initially operated just one shipping line between Southern Europe, Lebanon and Syria. The Group was already a pioneer, expanding the use of containers.

BETWEEN 1981 AND 1988

CMA experienced spectacular growth. Its fleet grew from 12 to 45 vessels, and its volumes shipped rose from 60,000 TEUs to 150,000 annually. During this period, the company developed a multimodal offer and extended its network of agencies beyond the Mediterranean. In 1983, CMA crossed the Suez Canal for the first time and, in 1986, it extended its Northern Europe-Red Sea shipping line to Asia.

IN 1992

the company opened its first office in China. Two years later, it started regular rotations between Europe and the Far East. With 29 vessels and 350,000 containers shipped, CMA became the largest container shipping company in France and the 20th largest worldwide.

IN 1996

CMA acquired the Compagnie Générale Maritime (CGM) and, in 1998, it acquired the Australian National Line (ANL). In 1999, CMA and CGM merged to become the 12th largest shipping company in the world.

IN 2000

the Group crossed the Panama Canal, providing a direct link between Asia and the east coast of the United States.

IN 2002

it acquired MacAndrews to develop European coastal trade. In 2003, it became the world's 5th largest carrier and put environmental protection as its top priority.

IN 2004

it made its first port investment in Malta and developed a rail service to complement its maritime activities.

IN 2005

CMA CGM created a Corporate Foundation, founded by Naïla Saadé. The foundation helps sick and disabled children as well as young people from unprivileged backgrounds.

STARTING 2005

the Group became stronger through the acquisition of companies with significant regional expertise. In 2005, it acquired Delmas, specialized in exchanges with Africa, followed in 2007 by the acquisitions of CNC, operating in the intra-Asia market, Comanav, operating in Maghreb and US Lines, serving the United States.

IN 2006

the Group became the third-largest container shipping company in the world.

IN 2008

CMA CGM had 16,000 staff members and almost 400 ships, and acquired its first 11,000 TEU vessels. In 2011, the Group remained faithful to Marseille, choosing the city as the location for its new head office, a 147-meter tower with 33 floors, designed by architect Zaha Hadid.

IN 2013

the Fonds Stratégique d'Investissement (FSI, a French sovereign fund now known as BPI Banque Publique d'investissement) purchased a stake in CMA CGM, and Terminal Link was created in partnership with CMHI. In 2014, CMA CGM acquired OPDR, specialized in maritime transport between Europe, the Canary Islands, the Iberian Peninsula and Morocco.

IN 2015

the Group developed its port and logistics activities in Africa (Kribi and Douala in Cameroon) and the Caribbean (Kingston in Jamaica). It announced the founding of CCIS, an entity dedicated to developing inland transport solutions. The Group welcomed China's Prime Minister Li Keqiang to its head office in Marseille and French President François Hollande to Le Havre for the inauguration of the CMA CGM BOUGAINVILLE, the world's largest container ship at the time.

That same year, CMA CGM developed a range of digital innovations (e-Commerce platform, mobile app, Traxens container tracking system). It also met its environmental target by halving its carbon emissions (per container/km for the company-owned fleet) compared to 2005.

IN 2016

CMA CGM took control of the Singaporean company, Neptune Orient Lines (NOL), the world's 12th largest container shipping company, renowned for its commercial brand APL. Through this acquisition, the Group was able to consolidate its leadership in a fiercely competitive market.

IN 2017

Rodolphe Saadé was named Chairman and Chief Executive Officer of the CMA CGM Group and Jacques Saadé became Founding Chairman.

IN 2018

CMA CGM acquired Containerships, specialized in door-to-door transport in the Baltic, Scandinavia and Russia. This transaction strengthened the Group's intra-regional offer in Europe in addition to its MacAndrews subsidiary and OPDR. The Group also pursued its strategy to protect the environment with the entry into operation of four Containerships vessels LNG-powered along with the acquisition of a fleet of LNG trucks.

IN 2019

CMA CGM became a global leader in logistics after acquiring CEVA Logistics, whose headquarters were inaugurated in Marseille by the Prime Minister Edouard Philippe. The Group also accelerated its ecological transition by increasing its investments in LNG and biofuels. Tanya Saadé Zeenny became President of the CMA CGM Foundation.

IN 2020

CMA CGM asserted its position as a leader in environmental transition, with the introduction of the world's largest container vessels LNG-powered. Under the leadership of Rodolphe Saadé, the Group has set itself the goal of becoming carbon neutral by 2050 and using 10% of alternative fuels by 2023. In response to the COVID-19 pandemic, the Group mobilized its expertise to combat the spread of the virus in France and around the world, by transporting emergency medical supplies by air and sea.

STRONG ENTREPRENEURIAL AND HUMAN VALUES

Since its creation in 1978, the CMA CGM Group has continued to grow, drawing its strength from its corporate culture: its family dimension, a long-term strategic vision, a management team united around its leaders and the expertise of its teams driven by a common passion and shared values. These strong entrepreneurial and human values are demonstrated daily:

THE PURSUIT OF EXCELLENCE IN EVERY AREA

As a leader in our industry, we have committed ourselves in a perpetual quest for excellence at every level of our organization. One that ranges from operational excellence all the way to excellence in environmental protection, as well as achieving excellence in interactions with our customers, our suppliers, and our staff members.

IMAGINATION TO INVENT THE TRANSPORT AND LOGISTICS OF THE FUTURE

In a fast-moving world that poses multiple challenges, the ability to reinvent ourselves, and to think outside the box, is crucial so that our Group keeps growing in a sustainable manner. Imagination must be synonymous of open-mindedness and inclusion.

EXEMPLARITY IN EVERY SITUATION

With its size and global presence, along with the key role it plays in driving the global economy, the CMA CGM Group and all its staff members must lead by example. That means upholding the highest standards in their daily tasks as well as in the strategic decisions they make.

BOLDNESS TO ALWAYS GO ABOVE AND BEYOND

Boldness has long been one of the Group's core values. It is inherent to our entrepreneurial mindset and to our passion for development. Boldness, which enables us to reach beyond our limits, never settle and always overcome every obstacle, is fundamental to our future growth.

These values are set out in the Group's Ethics Code, which is based on internationally recognized regulations and distributed to all staff members.



OUR SUSTAINABLE DEVELOPMENT STRATEGY

A REINFORCED AMBITION

The health and economic crisis that has been impacting all societies and economies around the world since 2020 has reinforced global awareness on the fact that companies have a major role to play in addressing major social and environmental challenges.

Through its shipping and logistics activities, CMA CGM plays a key role in the transportation of essential goods, the continuity of international trade and the preservation of ecosystems. This role comes with responsibility: the responsibility to guide our company and our sector into the future, while ensuring that it has a positive impact on the people and the planet.

CONVICTIONS ANCHORED IN THE GROUP'S VALUES

As a family-owned international Group, CMA CGM draws from its values the belief that its economic strategy is inseparable from its strong commitments to society and to the environment.

In 2018, the Group aligned its sustainability approach with the UN's Sustainable Development Goals. Going beyond regulations' requirements, it decided the following year to avoid using the Northern route in order to preserve the fragile ecosystems in the Arctic. At COP 25 at the end of 2019, CMA CGM joined the United Nations Global Compact, endorsing the ten principles related to respect for human

rights, international labor standards, environmental regulations and the fight against corruption.

RESPONSIBILITY AT THE HEART OF THE GROUP'S MISSION

Today, CMA CGM reaffirms its commitment to placing social and environmental responsibility at the heart of its actions, with the mission clearly expressed by Rodolphe Saadé, Chairman and CEO of CMA CGM:

"The mission of CMA CGM, as a leader in the transport and logistics industry, is to develop fair and more balanced economic exchanges, while respecting the integrity of all people and of the planet."



This mission is supported by the structuring of the Group's Sustainable Development approach around three pillars: **Acting for People, Acting for Planet and Acting for Responsible Trade.**

In June 2020, the Group announced its goal of achieving carbon neutrality by 2050. The Group has already embarked upon an unprecedented energy transition of its fleet by choosing LNG (liquefied natural gas) propulsion. CMA CGM is committed to ensuring our staff members' protection and professional development, and to supporting them in the evolution of their jobs. Involved in local communities, CMA CGM supports numerous associations to help the

most vulnerable populations, notably through its Foundation.

These initiatives demonstrate CMA CGM's determination, shared by its teams and partners, to accelerate the transformation of its activities so that they keep creating greater value for their customers, their staff members, local populations and our planet.

BUSINESS ACTIVITIES

02



CMA CGM'S STRATEGY



HIGHLIGHTS OF 2020

8 JANUARY

During a call by one of its vessels at the Grand Port Maritime de Dunkerque, the Group inaugurates the onshore power supply facilities at the Terminal des Flandres.

9 JANUARY

CMA CGM announces its new services as part of Ocean Alliance, the world's largest operational alliance between shipping lines. As part of the Day 4 Product, launched in April 2020, the Group will mobilize 112 of the 325 vessels operated by the Alliance.

15 JANUARY

CMA CGM Group strengthens the organization of CEVA Logistics to initiate the second phase of its development: its return to profitability.

16 JANUARY

The CMA CGM Foundation and the French Ministry for Europe and Foreign Affairs enter into a partnership for emergency humanitarian aid. On the same day, the Group launches NETWORKING INTERMEDIATION SERVICES (NIS), a unique and unprecedented commercial networking service.

10 FEBRUARY

CMA CGM and Energy Observer join forces to deploy hydrogen on a large scale in maritime transport.

20 FEBRUARY

CMA CGM confirms its commitment to the maritime and economic development of Morocco. The Group participates in the training of Moroccan merchant marine cadets and supports the country's start-ups through its incubator, ZEBOS.

4 MARCH

The Group launches CMA CGM+, a comprehensive range of high value-added services designed to preserve cargo and boost its customers' business. Grouped into two categories (CARE and BOOST) and composed of 16 products, CMA CGM+ illustrates CMA CGM's Customer Centric strategy.

19 MARCH

During 2020, the CMA CGM Group donates several hundreds of thousands of masks and medical equipment to Lebanon, Algeria, Ivory Coast, Nigeria, Senegal, and Mauritania. Donations have also been made directly to local authorities, hospitals, and Group's partners such as the port of Los Angeles.

25 MARCH

CMA CGM launches SEAPRIORITY Go, a new solution in the CMA CGM+ range that guarantees priority delivery of goods.

26 MARCH

As part of its Liquidity Plan announced in autumn 2019, CMA CGM finalizes the sale of eight port terminals to Terminal Link for a cash consideration of USD 815 million. On the same day, it takes control of the e-commerce company Oxatis.

9 APRIL

CMA CGM launches the Business Continuity Pack, a new global range of services designed to offer the Group's customers solutions during the pandemic period.

10 APRIL

The Group opens a logistics bridge to supply France with emergency medical equipment.

27 MAY

The engines of the future 23,000 TEU LNG-powered container ships are certified by Bureau Veritas.

2 JUNE

At a meeting of the United Nations Global Compact, Rodolphe Saadé commits to achieving carbon neutrality by 2050 and announces that Group's vessels will use 10% of alternative fuels by 2023.

15 JUNE

CEVA Logistics takes a majority stake in AMI Worldwide Limited and strengthens its strategic presence in Africa.

3 JULY

As part of the Coalition for the Energy of the Future, the Group and its partners present 9 concrete projects to accelerate the environmental transition of the transport and logistics industry.

6 JULY

In order to better serve its customers, CMA CGM announces the simplification of its offer on the Transpacific by refocusing on the CMA CGM brand.

8 JULY

The Group sets up a maritime bridge to transport several hundred millions of masks from China to France. On the same day, CMA CGM commits to fight against the trafficking of protected species by reinforcing its cargo control procedures.

10 AUGUST

Following the terrible explosions in Beirut, the CMA CGM Foundation launches the operation «A Ship for Lebanon». Thanks to a CMA CGM Group vessel being made available and with the support of numerous French companies, NGOs and government agencies, an entire ship of essential items arrives in Beirut on 1st September to support the Lebanese people.

16 SEPTEMBRE

The CMA CGM BRAZIL becomes the largest container ship to call at the Port of New York - New Jersey. This record

is a symbol of the Group's commitment to the United States.

2 OCTOBER

The CMA CGM JACQUES SAADE, the world's first 23,000 TEU LNG-powered vessel, enters the fleet. The Group's new flagship is the first of a series of 9 container ships flying the French flag. The vessel joins the French Asia Line, an emblematic line between Asia and Northern Europe.

12 OCTOBER

The Group launches a new EUR 525 million bond issue.

29 OCTOBER

The CMA CGM CHAMPS ELYSEES, the second LNG-powered 23,000 TEU container ship, enters the fleet.

6 NOVEMBER

CMA CGM Group partners with SeaExplorer for the 2020 edition of the Vendée Globe, with a shared ambition to take action against climate change and to protect the oceans.

12 NOVEMBER

Bunkering begins in Rotterdam for a new generation of CMA CGM LNG-powered container ships.

17 NOVEMBER

CMA CGM launches ACT with CMA CGM+, a comprehensive service offering enabling its customers to analyze, reduce and offset the environmental footprint

of freight transport.

2 DECEMBER

The CMA CGM Foundation and UNICEF enter into a partnership to deliver essential products for children all over the world. As part of the "Containers of Hope" campaign, 200 containers will be carried for free each year. Employees of the CMA CGM Group will support UNICEF in its shipping strategy as part of the skills sponsorship programme.

17 DECEMBER

CMA CGM announces the introduction of five new 15,000 TEU LNG-powered vessels under the French flag. By December 2021, the port of Marseille-Fos will be the first French port to offer LNG bunkering.

21 DECEMBER

CMA CGM Group joins forces with UNICEF and the World Economic Forum to facilitate the distribution of vaccines worldwide.

THE MARKET AND ITS TRENDS

In 2020, the container transport market experienced an extremely unstable year. After two quarters of historic decline, demand for transport reached very high levels in the second half of the year. Despite the global crisis, container transport has proved remarkably resilient. In particular, liners successfully implemented the IMO 2020 regulation imposing a limit on the sulfur content of fuels. They have also managed to maintain all supply chains for essential goods and commodities, even at the height of the health crisis.

In 2020, global container volumes fell by 1.2% (2 million TEUs). According to CTS, they reached 168.1 million TEUs at the end of December compared to 170.2 million TEUs in 2019. Despite a loss of 2.1 million TEUs, a strong catch-up occurred in the final months of the year (+6.7% in October, +7.7% in November and +4% in December).

More specifically, the first half of 2020 was marked by a 6.6% drop in volumes (5 million TEUs) compared with 2019, due to the lockdown in China and then in the rest of the world. In this unprecedented context, maritime carriers significantly reduced the capacity deployed (11.6% of ships were inactive at the end of May 2020) while still ensuring the continuity of logistics chains. During this period, the nature of the products

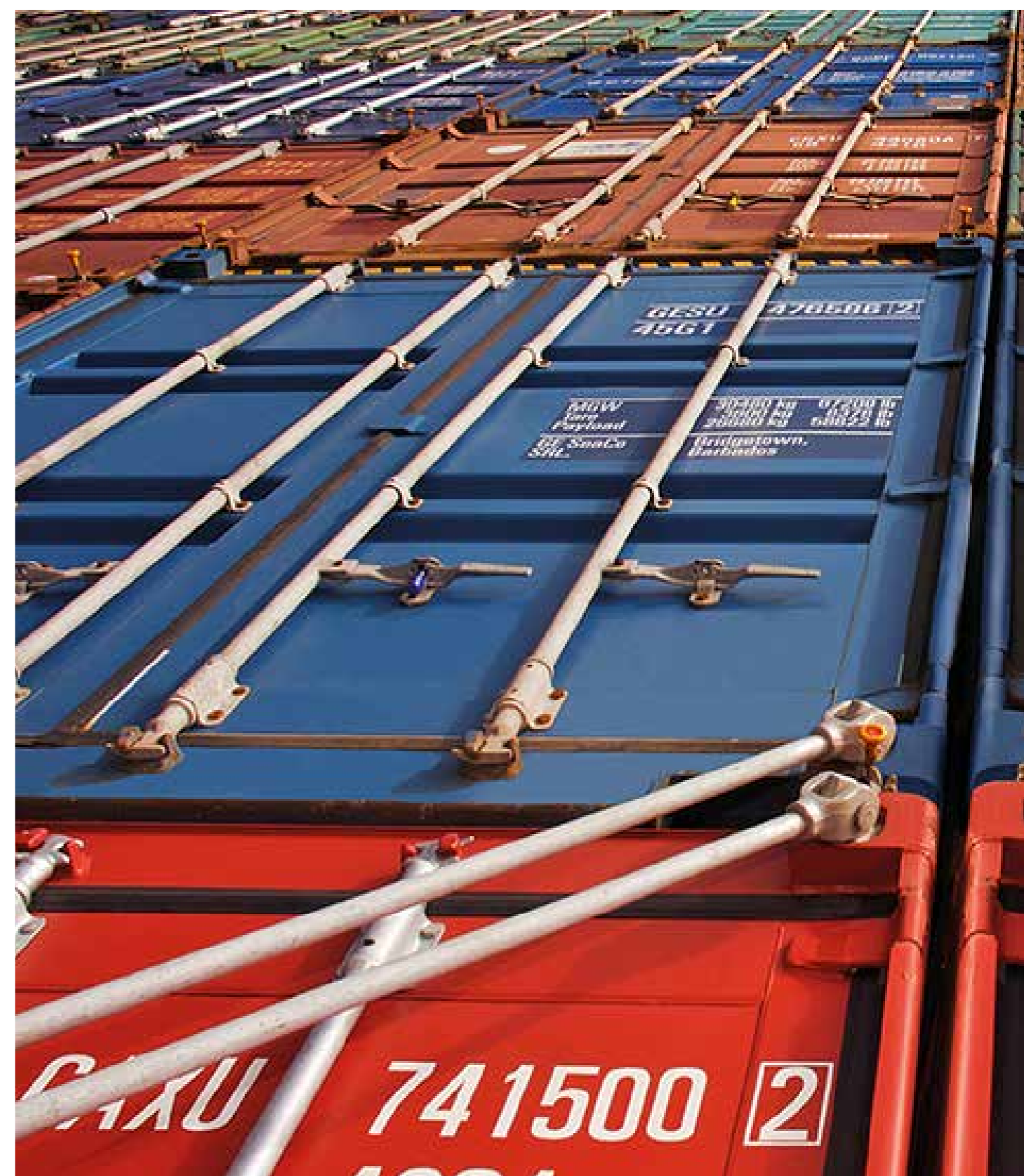
transported changed. Textiles and automobiles declined, while health-care products and household goods increased. E-commerce also posted strong growth.

The second half of the year was radically different, with a significant rebound in volumes transported, up by 4.3% compared to 2019, against a backdrop of a strong increase in the consumption of goods, following the end of the lockdown.

This rebound can be explained by the replenishment of inventories by importers and e-commerce businesses, the reorientation of household spending from services (largely unavailable during lockdowns) to consumer goods, the economic recovery supported by plans to boost consumer spending, or seasonality (back-to-school, end-of-year festive season) in Western countries. Liners reacted quickly by deploying all available capacity, canceling blank sailings and repositioning vessels and containers to meet demand. By the end

of the year, equipment shortages and port congestion affected the reliability of rotations, creating tensions in logistics chains, particularly on the US West Coast.

In 2021, demand remains strong, and the market shows no signs of slowing down. With a low level of inactive fleet (idle and under repair) as of 1st February (2.2% of total world capacity), the supply of maritime transport capacity should improve with the arrival on the market of around 135 vessels (representing 1 million TEUs). CMA CGM will participate in this growth with 16 new vessels (representing 278,000 TEUs). These new capacities should enable the Group to regain the third place in Alphaliner's ranking of world operators from March 2021. However, according to Alphaliner, demand is expected to continue to grow faster (+6.7%) than supply (+3.9%).





THE CHALLENGES AHEAD

In 2021, the shipping industry will have to deal with an unusual market, still largely affected by COVID-19, and overcome several economic, operational, safety-related and regulatory challenges.

In 2021, the economic environment will be largely determined by the management of the health crisis. Although the availability of several vaccines gives hope that the pandemic will eventually come to an end, new waves of contamination have been observed. In a health context marked by exceptional uncertainty, the economic recovery is likely to be gradual. The International Monetary Fund (IMF) estimates that the world economy should grow by 4% in 2021. After world merchandise trade declined by 9.2% in 2020, the WTO expects it to recover and grow by 7% in 2021.

In the medium term, the crisis should accelerate underlying trends such as growth in intra-regional trade, digitalization and e-commerce, and

generate new momentum for the ecological transition. In the immediate future, industry players will have to deal with a number of uncertainties, such as the effectiveness of economic stimulus plans to restore business and household confidence in order to boost investment and maintain consumption, the evolution of trade conflicts, and the evolution of the pandemic, given the progress with vaccination and the restriction measures taken by the authorities in the various countries.

From an operational standpoint, due to increased demand for consumer goods, supply chains are likely to remain disrupted for at least part of the year. The industry will have to deal with the imbalance in the global distribution of containers that is

causing shortages and significant port congestion in some areas (Oceania, US West Coast). These factors have already led to significant delays in port calls.

These difficulties should ease as the pandemic subsides. Nevertheless, pending the arrival of new capacity, shipowners will seek to optimize the use of their assets (vessels and containers) while ensuring transparency towards customers.

In addition, crew changes may remain complicated. As of mid-December 2020, some 400,000 seafarers were still stuck on board commercial vessels despite the expiration of their contracts. Working with the public authorities, shipowners will seek to find ways to facilitate the transport

of seafarers. Implementing appropriate health protocols in ports and getting seafarers vaccinated will also be priorities.

In an unusual economic environment marked by remote working, the growth of e-commerce and disruption of logistics chains have underscored the importance of digital tools. The pandemic has confirmed the importance of tracking vessel movements and the need for common standards and interoperable systems. The increased use of digital technologies has also intensified the threats in the field of cybersecurity.

In 2021, the International Maritime Organization (IMO) will continue negotiations on the implementation of its strategy to reduce greenhouse

gas (GHG) emissions from ships. The implementation of short-term measures such as the Energy Efficiency Existing Ship Index (EEXI) and the Carbon Intensity Indicator (CII) will likely be clarified, while the first discussions on market-based instruments to reduce carbon emissions will get started.

At the EU level, the revision of the carbon market (EU ETS) and the presentation of a "basket of measures" aimed at promoting the use of alternative fuels in maritime transport will also be discussed in connection with the "green deal".

In this context, liners will have to anticipate these new standards by deploying innovative technologies and accelerating their R&D activities.

THE GROUP PURSUES ITS GROWTH STRATEGY

In keeping with the spirit of conquest and responsibility that has characterized CMA CGM since its creation, the Group is committed to a long-term vision that includes a strong commitment to the planet, to people and to responsible trade. Accordingly, the Group's strategy is based on 5 pillars :

1. PURSUING MARITIME DEVELOPMENT

Growing our maritime business by strengthening our inter-regional offer and increasing our long-haul services, as well as further developing our high value-added services while continuing to reduce our costs and optimize our processes.

2. PROVIDING LOGISTICS SOLUTIONS

Strengthening our logistics activities through four priority areas (sea, air, land and contract logistics) in a logic of increased intermodality, notably by emphasizing complementarity and cross-selling between CMA CGM and CEVA Logistics and by leveraging the expertise of the new air division CMA CGM AIR CARGO.

3. ACCELERATING INNOVATION AND DIGITALIZATION

We invest massively in R&D and digitalization. In order to modernize and improve the efficiency of our activities, we lead an innovation ecosystem that includes the world's leading groups and schools, as well as ZEBOX, our incubator and accelerator of innovative start-ups.

4. ACTING IN FAVOR OF DEVELOPMENT THAT IS MORE RESPECTFUL OF OUR PLANET AND EVERY HUMAN BEING

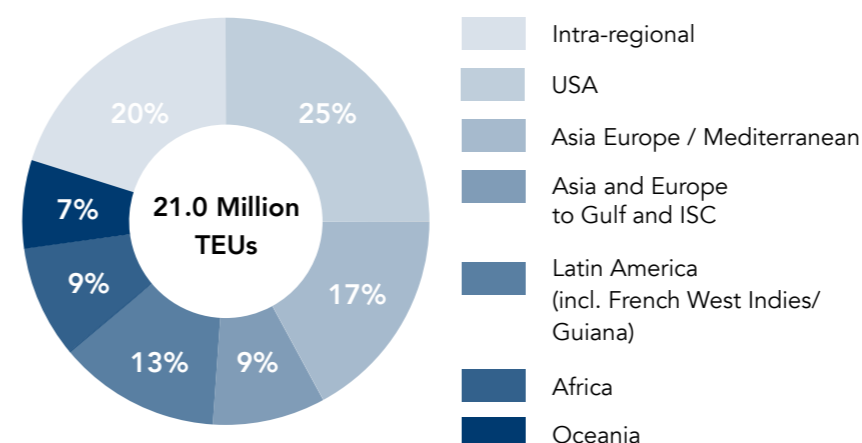
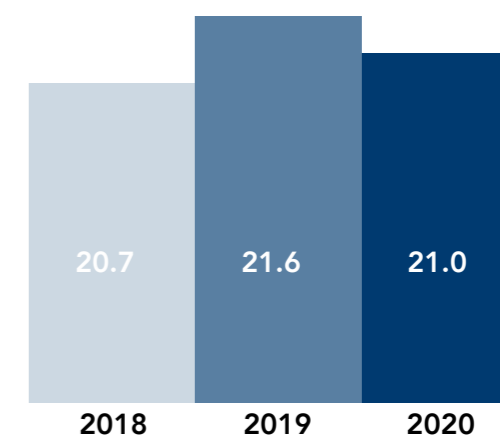
Strengthening our commitment to a more sustainable globalization through increasingly responsible services and solutions; maintaining our goals to reduce and offset carbon emissions.

5. SUPPORTING THE GROUP'S STAFF MEMBERS

Improving the wellbeing of our staff members with concrete measures to ensure their health and financial security, with an increasingly inclusive approach that promotes diversity and professional enrichment within the Group.

VOLUMES

Containers carried in million of TEUs
Volume down 2.7% in 2020 compared to 2019 due to the effects of the COVID-19 pandemic, which mainly affected shipping activity in the first half of the year before a significant rebound from July onwards.

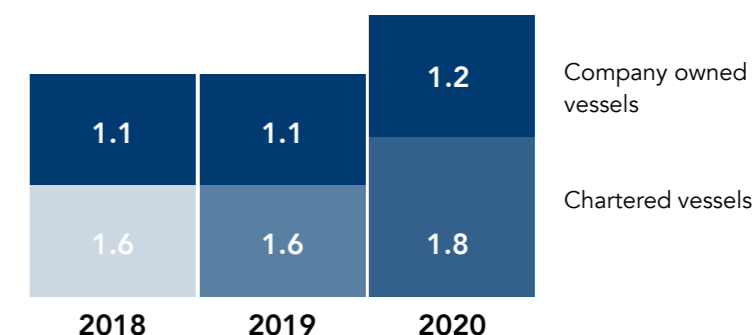


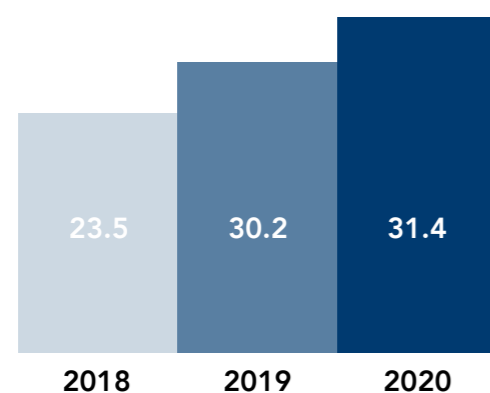
DISTRIBUTION OF MARITIME VOLUMES BY AREA

Remarkable resilience of the intra-regional segment (+1.7% volume growth) in a context of decreasing volumes. The Asia and Europe - India and Persian Gulf routes (-11.9%) and Intra-Oceania (-6.7%) were the most affected by the COVID-19 pandemic.

CMA CGM FLEET

Evolution of the CMA CGM fleet in million TEUs
Total fleet capacity increased by 11.0% in 2020 compared to 2019 to 3.0 million TEUs.





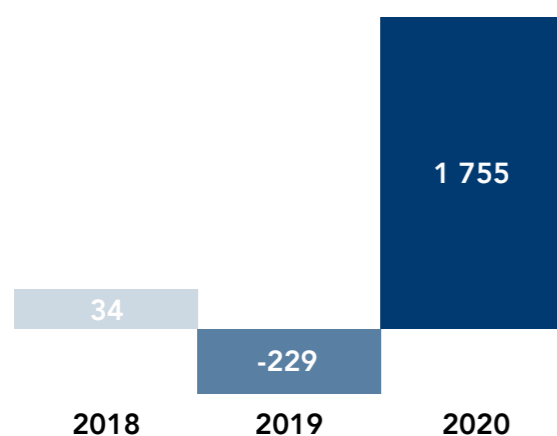
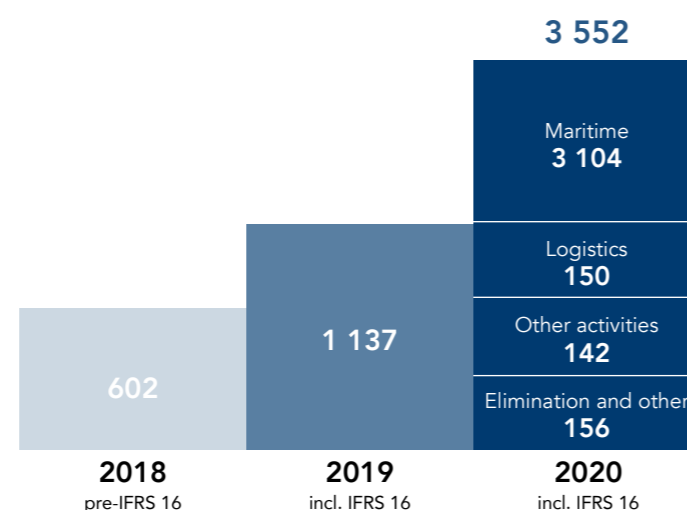
SALES FIGURES

Turnover in billion USD billion
Group revenue growth in 2020 of 3.9% over 2019 to USD 31.4 billion. This is mainly due to an increase in ocean freight rates.

RECURRING OPERATING RESULT

CORE EBIT in USD million

Very significant increase in Current Operating Income of 176.4% in 2020 compared to 2019 due to a very significant increase in the profitability of the Container Shipping segment (+253.6%). This was due to excellent cost control in the first half of 2020, when the pandemic and containment measures were in place. We then benefited in the second half of the year from very strong growth in freight rates in a context of rebounding volumes.



NET INCOME

Net profit, Group share in USD million

The 2020 Net Profit was USD 1.8 billion, up almost USD 2.0 billion from 2019 due to the very strong increase in Group profitability in 2020, mainly in the Container Shipping Segment.

CONDENSED FINANCIAL STATEMENTS

INCOME STATEMENT	2019	2020
Turnover	30 254	31 445
Operating expenses	(26 495)	(25 336)
EBITDA before capital gains/(losses) on disposal of fixed assets and subsidiaries	3 759	6 109
Gain/(loss) on disposal of fixed assets and subsidiaries	15	159
Depreciation of tangible and intangible assets	(2 718)	(2 756)
Other operating items	228	39
EBIT	1 285	3 552
Financial result	(1 342)	(1 673)
Income tax	(162)	(103)
Profit for the year	(219)	1 776
Non-controlling interests	(11)	(20)
Net result, group share	(229)	1 755

BALANCE SHEET	2019	2020
Acquisition goodwill and other intangible assets	5 418	5 300
Property, plant and equipment	17 766	18 607
Financial assets	1 361	1 350
Non-current assets	24 544	25 257
Inventories and receivables	4 415	4 171
Cash and cash equivalents	1 763	1 880
Other current assets	2 008	1 592
Current assets	8 187	7 643
Total assets	32 731	32 900
Total equity	5 134	6 779
Trade and other payables	6 037	5 893
Financial debts	19 514	18 513
Other liabilities	2 046	1 715
Current and non-current liabilities	27 597	26 121
Net income, group share	32 731	32 900

CASH FLOW STATEMENT	2019	2020
Net cash flow from operating activities	3 560	5 624
Net cash flow from investing activities	(1 250)	54
Net cash flow from financing activities *	(2 027)	(5 427)
Total net cash flow	283	251

* Including currency effects on cash and cash equivalents

KEY FINANCIAL INDICATORS	2019	2020
Core EBIT	1 137	3 392
Core EBIT margin	3,8%	10,8%
Group Available Liquidity	1 624	2 700
Adjusted net debt	17 795	16 892

MARITIME ACTIVITY



MARITIME ACTIVITY

2020 was an extremely unusual year, marked by the following events:

On 1st January, CMA CGM lines adopted the new IMO 2020 regulations, which require ocean carriers to drastically reduce their sulfur emissions. This important environmental step was a technical and commercial challenge requiring years of preparation. By any measure, the transition has been a success.

In February, the COVID-19 pandemic first affected China with a lockdown and plant closures that had a significant impact on

freight volumes until the end of March. Then, the other countries affected by COVID-19 imposed lockdowns, resulting in a significant downturn in volumes throughout the second quarter.

Thus, according to Alphaliner, in the first half of the year, global volumes were down by 7% compared to the same period in 2019. Nevertheless, ocean carriers adapted by reducing their deployed capacity. As a result,

the fleet of inactive vessels reached a record high (11.6% at the end of May 2020).

The nature of the products transported changed in the first half of the year. Volumes in the textiles and automobile industries fell, while the volumes of medical equipment (including masks) and furniture increased. This rise in consumption was driven by a steady growth in e-commerce during this period.

The second half of the year was radically different, as demand rebounded. This rise in transported volumes can be explained by several factors:

- The strong momentum in spending on consumer goods in countries still under lockdown, including the United States, fueled by stimulus packages;
- The vigorous growth of e-commerce;
- Sharp increase in inventories by

importers in Europe, North America and Latin America to prepare for the end of the lockdown;

- The recovery of global economic activity following the various lockdowns;
- The traditional seasonal trends of the business in accordance with spending peaks related to the start of the new school year and the end-of-year holidays in Western countries.

The fleet of inactive vessels fell to 1.1% in December 2020.

In order to support this rebound in the second half of the year, the CMA CGM Group accelerated the redeployment of operated capacity.

During the second half of the year, the global container market grew by 15.6%. At the same time, CMA CGM increased its volumes by 18.4% by increasing its capacities deployed by various means.





It implemented 51 extra loader rotations and increased its regular rotations by dedicating 13 additional vessels to the transpacific market. The Group responded to strong customer demand by launching 23 new services, boosted in particular by the addition of the first four LNG-powered 23,000-TEU vessels to its fleet.

In early August, the Group's lines overcame the terrible explosion at the port of Beirut, an important hub for the CMA CGM network in the Levant and the Eastern Mediterranean. The cyberattack at the end of September had a limited impact on operations.

The year 2020 was also marked by a profound reorganization of maritime

activities.

All lines are now under the responsibility of a single Executive Vice President, who reports to the Chairman and CEO. This new way of organizing our maritime business will strengthen consistency between the subsidiaries and unify management methods and processes so that our maritime strategy can be deployed more effectively.

Major structuring projects achieved or initiated in 2020 include:

- The Lisa/SAP system was deployed for all deep-sea lines for operations/vessel schedules, partnerships, flow/filling management and yield manage-

- ment (commercial allocations, customer allocations);
- The Aqua project (the overhaul of Lara Pricing) is gradually being implemented and will transform and digitalize the Group's revenue management.

Finally, CMA CGM has simplified its business strategy with a global CMA CGM brand for deep-sea routes and specialized regional short sea brands:

- Containerships, for intra-European routes;
- Mercosul Line, for Brazilian cabotage trade and routes to Argentina (Plata);
- ANL, for links between Asia and Oceania, the United States and Oceania and intra-Oceania;
- CNC, as a specialist in intra-Asia;

- APL, focused on operations under the American flag.

The first half of 2021 should be positive, in line with the fourth quarter of 2020. Nevertheless, the Group will have to remain vigilant to control increasing costs related to port congestion and the increase of bunkering and vessel charter costs.

In 2021, the shipping department will focus on six strategic areas:

- Volume growth through the delivery of new LNG-powered vessels, including five 23,000 TEU vessels in the Asia-Northern Europe sector, five 15,000-TEU vessels deployed on the Asia-Mediterranean lines and

- two 1,400 TEU vessels operated by Containerships;
- Revenue optimization;
- Cost control;
- Digital transformation and simplification of the organization;
- Development of innovative solutions, in particular to enable customers to reduce their carbon footprint;
- Supporting the Group's staff members, some of whom have been severely affected by the health crisis.

Customer satisfaction will continue to underpin each of these actions.

EAST-WEST LINES

THE EAST-WEST MARKETS EXPERIENCED TWO PHASES IN 2020

The first phase corresponds to the first half of the year and coincides with the spread of COVID-19, first in China and then in the rest of the world. Lockdown measures and the shutdown of production centers resulted in a decrease in transported volumes. CMA CGM adapted its capacities (vessels and equipment) accordingly.

The second phase covers the second half of the year and coincides with a strong rebound in demand. In most developed countries, governments put in place major economic stimulus packages. In the United States and the European Union, household spending shifted from services to goods. As a result, from June onwards, the e-commerce sector and major retailers (furniture, household equipment, electronics) have been ordering massively in Asia. This trend created an imbalance between supply and demand.

The arrival in the fleet of four 23,000-TEU vessels and one 15,000-TEU vessel, all LNG-powered, helped to address this situation.

Finally, in order to simplify and clarify its offering, the Group transferred all APL customers on the Transpacific and Asia-Indian Subcontinent (ISC) markets to the CMA CGM Bill of Lading (B/L). From now on, only the CMA CGM brand will remain on all the East-West markets, except for the nine vessels under American flag operated by APL.

ASIA - NORTHERN EUROPE LINES

As for the global market, 2020 was an exceptional year for Asia-Northern Europe lines.

Transported volumes fell by 13% in the first half of 2020, with a 35% decline in February during the lockdown in China. Conversely, throughout the second half of the year, volumes rose sharply due to demand for goods imported from Asia (retail, outdoor, electronics), supported by e-commerce. This rebound generated tensions throughout the logistics chain (maritime transport, port terminals, intermodal) and a significant increase in spot market rates.

In a market down 3% for the year as a whole, CMA CGM managed to maintain its volumes compared to 2019. Its market share stood at 12.8% on the "strong leg" (Asia to Northern Europe) and 11.4% on the "weak leg" (Northern Europe to Asia).

The year was also marked by the entry into the fleet of the CMA CGM JACQUES SAADE, the first of a series of nine LNG-powered 23,000 TEU vessels. By the end of 2020, four vessels equipped with this technology were deployed on the FAL1. The next five vessels will be delivered in the first half of 2021. In addition, the Group deployed twelve 18,000-TEU vessels equipped with scrubbers on the FAL3. The year 2021 should be a dynamic one. Nevertheless, the European market will continue to be affected by the pandemic and could slow down in the second half. In order to anticipate this trend, the Group will increase its capacities by more than 15% and will adapt

its business strategy accordingly. It will seek to capitalize on the most buoyant segments and focus on its direct customers (BCO).

ASIA-MEDITERRANEAN LINES

Like the East-West markets, the Mediterranean area was hard hit by the pandemic. Lines were also affected by the explosion at the port of Beirut in early August.

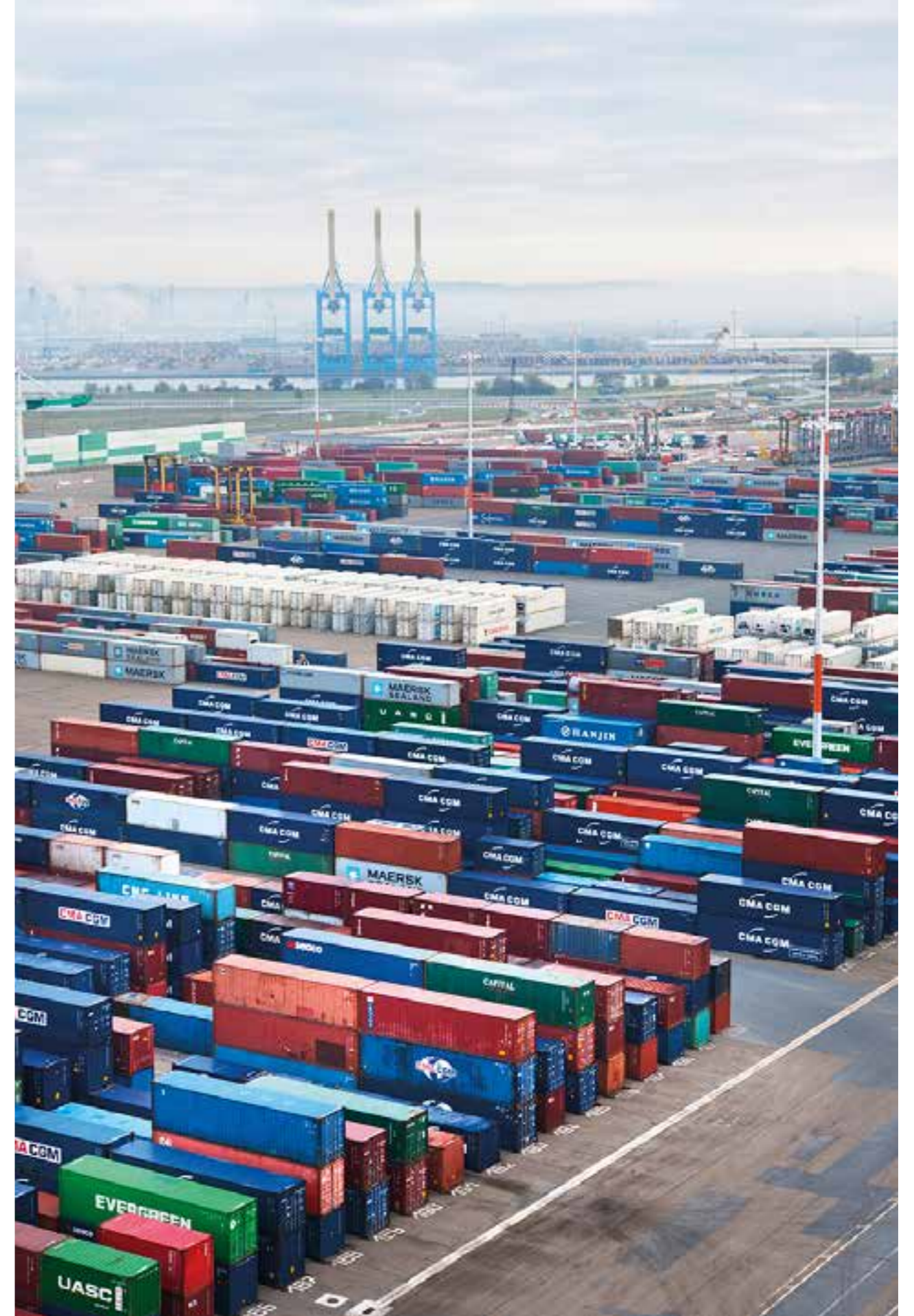
In the first half of the year, volumes fell by 15% compared with 2019, before growing by 10% in the second half. Despite this rebound, the Asia-Mediterranean market was down 9% compared with 2019.

Over the course of the year, the Group's volumes increased by 19%, due to increased capacity from Asia.

In 2021, the Group expects its business to grow. However, volumes will probably not return to 2019 levels until 2022.

This more gradual recovery is due to several factors: the economic and political crisis in Lebanon, the decline in oil revenues in certain major importing countries such as Algeria, and the major impact of the pandemic on Mediterranean countries, in particular Italy and Spain beginning in February 2020.

The year 2021 will be marked by the entry into the fleet of the first 15,000 TEU LNG-powered vessels, which will increase capacity on the MEX1, the main service serving Spain, France, Italy and North Africa from Asia.





NORTH AMERICAN LINES

TRANSPACIFIC LINES

In 2020, the transpacific market grew by 3.6%.

Despite a slowdown in activity in the first quarter, the market rebounded strongly in the second half.

CMA CGM increased its capacity by allocating additional and larger vessels in order to meet the very strong demand in the second half driven by the growth of e-commerce and the heavy demand for consumer goods.

The relocation of part of the production from China to Southeast Asian countries continued. Exports from China to the United States rose by 1.5%, compared with 16.8% for exports from Southeast Asia. The Group followed this trend and turned in its best performance in this segment.

In 2021, CMA CGM will pursue growth in volumes from Southeast Asian countries, while maintaining a very competitive service offering from China.

Within Ocean Alliance, the Group now offers thirteen weekly services to the West Coast and seven services to the East Coast of the United States. It also offers four services to the West Coast, including three express services operated entirely by CMA CGM: the EXX and EX1 to Los Angeles and the GGB to Oakland launched in September 2020.

TRANSATLANTIC LINES

On this route, the market was much more sluggish, with a 2.3% decrease over 2020, in large part due to COVID-19.

However, on routes originating from Europe, the recovery that began in the third quarter picked up steam in

the fourth quarter (+9%). Exports from North America remained down (-15% in Q4). As a result, the imbalance between the "strong leg" (Europe to North America) and the "weak leg" (North America to Europe) widened further in 2020.

Despite a rebound in demand, the capacity lost in 2020 has not yet been fully restored. In addition, many operational difficulties (port congestion, lack of equipment) endure. These factors could reverse the supply/demand ratio and lead to an increase in freight rates in 2021.

In 2020, CMA CGM increased its capacity on its main services. On the INDAMEX (India to the East Coast of the United States), in October 2020, the Group introduced 10,000 TEU vessels to meet the strong growth in volumes out of India and more generally out of Asia (+10% in the second half). On the VICTORY BRIDGE (Northern Europe to the East Coast of the United States), in January 2021, the Group added 6,500 TEU vessels to its fleet to support the recovery in volumes exiting Europe. CMA CGM will fully benefit from these capacity increases in the coming year.

MIDDLE EAST LINES – INDIAN SUBCONTINENT – RED SEA

EUROPE – MIDDLE EAST, INDIAN SUBCONTINENT, RED SEA

India has been hit hard by the health crisis. Following 10 years of GDP growth averaging more than 6%, the country recorded a decline of 10.3% in 2020. Nevertheless, the country is rebounding rapidly, with growth reaching 7.1% in the last quarter.

In this context, exports to Europe fell by 5.3% compared to 2019.

In 2021, volumes are expected to reach the same level as in 2019.

Starting in January, after the termination of agreements with MSC, the Group will benefit from new partnerships with COSCO and HAPAG LLOYD, leading to a 16% increase in capacity.

ASIA - PERSIAN GULF

Despite the impact of COVID-19, the Group achieved good results in 2020. Asian exports to the Middle East grew by 3.8% for the year. Volumes increased particularly towards Iraq (+22.3%) and Saudi Arabia (+9.5%).

Despite an uncertain economic context linked to oil price variations and the revival of the tourism business in 2021, CMA CGM will maintain all its direct services between Asia and the Persian Gulf with its Ocean Alliance partners.

ASIA – RED SEA SECTOR

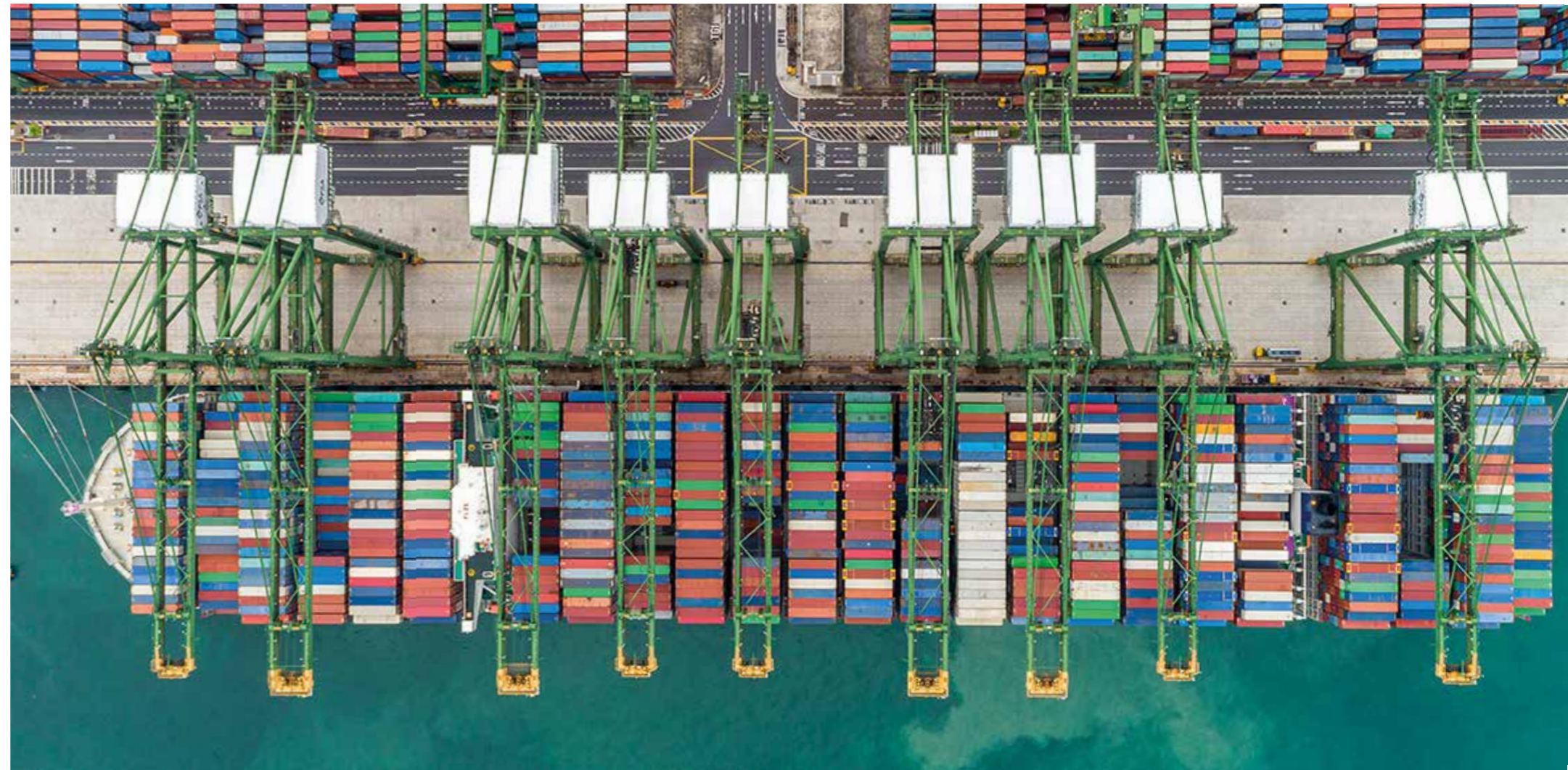
In 2020, the Group maintained its two services to the Red Sea (REX1 and REX2). Exports from Asia increased by 4.8% over the year. In 2021, the market is expected to continue to grow, with a 6% increase in volumes.

ASIA - INDIAN SUBCONTINENT

The market was very strongly impacted by the sharp slowdown in the Indian economy from February onwards. In 2020, it fell by 22% (-23% on routes to India, -13% on routes to Pakistan), despite a clear rebound in the fourth quarter.

Despite this difficult environment, the Group managed to consolidate its services in a partnership with COSCO and OOCL.

NORTH-SOUTH LINES



At the beginning of 2020, lines from Europe suffered disruptions following strikes in France, and then due to a drop in export volumes during the lockdown (from the end of February to the beginning of May).

Conversely, import volumes rose sharply, in particular refrigerated containers leaving Brazil, the West Coast of Latin America, the Caribbean and Ivory Coast. This performance enabled the Group to maintain its capacity during the lockdown in Asia.

The Asia lines and intraregional markets experienced a sharp slowdown in the first half of the year, particularly in the

South America and Caribbean area. In contrast, the African subcontinent held up well (with the exception of South Africa), with volumes increasing in all sectors in the second half. Given this situation, the Group was able to launch new developments.

Since November 2020, CMA CGM has been the only shipping company present in both the South America and Caribbean sectors and the African subcontinent.

OCEANIA, DOM TOM, SOUTH AND CENTRAL AMERICA, CARIBBEAN LINES

EUROPE TO OCEANIA

In 2020, CMA CGM relied on the NEMO service linking Europe to the Indian Ocean, which withstood the consequences of the pandemic in the first half. In this context, two calls have been added in Malta to offer additional import and export solutions to the Group's customers.

Through the PAD service from Europe, CMA CGM continued to offer a direct

link with the Pacific Islands (New Caledonia and French Polynesia), the United States, Australia and New Zealand.

From New Zealand, the Group contributed to a large share of kiwi exports to Europe and the United States.

CARIBBEAN/SOUTH AMERICA/FRENCH WEST INDIES-GUIANA

In 2020, on the Latin America, French West Indies-Guiana and Caribbean routes, volumes increased by 1.8% compared with 2019. The Group transported 2.29 million TEUs, in a market

that was sluggish and heavily impacted by the COVID-19 crisis.

At the same time, the Kingston hub saw its activity increase by 13%, enabling CMA CGM to reach volumes of 715,000 TEUs.

EUROPE TO LATIN AMERICA/FRENCH WEST INDIES-GUIANA

In late 2019, the Group reorganized its lines linking Europe and the Mediterranean to the Caribbean and the West Coast of Latin America. It now offers restructured services, operated by a fleet of modern vessels.

In 2020, CMA CGM focused its capacities on the transport of fresh fruit and perishables to Europe departing from Latin America and the Caribbean. This demand was particularly strong, as was the demand for dry goods.

On the Northern Europe and Mediterranean route to and from the Caribbean and the West Coast of Latin America, the MED CARIBE service posted a volume growth of 20%. The EUROSAL and PCR (NEFWI) services grew by 11.8%.

In the fourth quarter, the Group launched Fortaleza Express to meet the seasonal demand of fresh product exporters in



the North East of Brazil. To support these flows, CMA CGM used one of its two hubs in the Caribbean (Pointe-à-Pitre) to connect the PCRf service (NEFWI) to Northern Europe.

With its hub in Kingston, Jamaica, the Group demonstrated its agility by redistributing import and export transshipments for the Western Caribbean and Central America (Guatemala and Honduras). Last year, the French West Indies and Guyanese markets shrank slightly compared to 2019. Nevertheless, they proved resilient compared to other countries in the Caribbean or Central America (-10%), where tourism suffered due to the pandemic.

ASIA TO LATIN AMERICA

The Asia to Latin America market shrank by 3% in 2020. Despite this situation, CMA CGM managed to maintain a market share of over 15%.

In the market departing Asia towards the Caribbean and the West Coast of Latin America, volumes declined by 7%,

while volumes in the East Coast of Latin America market grew by 6%.

CMA CGM now deploys a fleet of 24 vessels ranging from 6,500 to 14,000 TEUs on four major services connecting Asia directly to Mexico, the Caribbean, and the East and West Coasts of Latin America.

In the second half of 2020, Brazil was at the heart of the momentum in the market from Asia to the East Coast of Latin America. CMA CGM was able to meet the demand by deploying three vessels instead of one in the SEAS 2 service.

From Latin America to Asia, CMA CGM continues to support exporters of fresh and frozen products requiring reefer containers and exporters of dry goods such as wood, cotton and ore. From the East and West coasts of Latin America, the Group has promoted agricultural, fruit and cattle exports to China, Southeast Asia and North Asia to meet strong demand (+11%).

INTRA-AMERICAS

In 2020, CMA CGM continued its growth with the launch of two major services:

- BRAZEX2 offers additional coverage from South and North Brazil to and from the Caribbean. It offers direct service to the Dominican Republic and Jamaica, taking advantage of the Kingston hub and import/export combinations;
- FLAMINGO EXPRESS operates on the North America-Caribbean route. This new service connecting Florida and the Bahamas (Nassau) accompanies the two CAGEMA lines 1 and 2 covering the Caribbean arc and the Eastern Caribbean Basin.

These services round off an offer of more than twenty services serving the regional Caribbean market, Central America and the two coasts of South America. It allows trade with the United States (East Coast, Gulf of Mexico and West Coast), representing the equivalent of 300,000 TEUs for CMA CGM in 2020.

AFRICA – INDIAN OCEAN LINES

In 2020, volumes to Africa fell by 1.4%. Despite a difficult start to the year linked to COVID-19, the Group finished on track with the market trend in 2020. In East Africa, in 2020, CMA CGM improved its market share by 0.9 points. In 2021, the Group has a growth plan of over 5% in volume to Africa. Operational control remains a priority for lines serving this sector.

WEST AFRICA LINES

Volumes have been little affected by COVID-19, since they are mainly essential goods.

The year 2020 was marked by heavy congestion at the port of Lagos, which serves West Africa, and at the port of Pointe Noire, which serves as a hub for the ports in the southern range from Douala to Matadi. Waiting times averaged 30 days in Lagos and one week in Pointe Noire, causing major disruptions in all services. Transshipment volumes

were diverted to the Kribi terminal, where the Group succeeded in developing local import and export volumes to replace those handled in Douala. CMA CGM also innovated by launching seasonal RTA service in July 2020 from China to Dakar, Freetown and Abidjan via the Suez Canal and the Strait of Gibraltar.

These volumes, which are usually routed on the Asia-Northern Europe (FAL1) service, freed up capacity to Northern Europe and allowed us to carry more cargo to Europe.

EAST AFRICA, SOUTH AFRICA AND INDIAN OCEAN LINES

South Africa is the only country on the African subcontinent to have been hard hit by the pandemic. As in Western countries, volumes fell sharply during the first half of the year before picking up again from July onwards.

Due to factory shutdowns and the sudden halt in intermodal transport, routes

from India also suffered during March and April. The situation returned to normal in June.

CMA CGM took advantage of the year 2020 to relaunch its network to East Africa and the Indian Ocean.

Its achievements include :

- The reorganization of the sequence of calls of the NOURA service, allowing us to offer a transit time of 11 days between Jebel Ali and Mogadishu. The launch of the JEDDEX service in March;
- The optimization of the MOZEX service (Asia - Indian Ocean - Mozambique) to provide more capacity to the very dynamic Mozambican market.

REGIONAL LINES AND SUBSIDIARIES



CMA CGM INTRA-EUROPE SHORT LINES AND CONTAINERSHIPS

The intra-European market remained buoyant in 2020 despite the effects of COVID-19. This performance was achieved thanks to modal shift (from road to sea transport partly fueled by Brexit) and the relocation of purchases, enabling European customers to reduce their carbon footprint and their dependence on imports from China.

The Group has experienced significant growth in this market, thanks to developments of CMA CGM's European short sea lines and via its subsidiary CONTAINERSHIPS.

The intra-European short sea lines are dedicated to intra-regional transport and feeding of long-distance lines (deep sea). Now grouped together in a single department at the Group's headquarters in Marseille, thus promoting synergies, these 30 lines cover the intra-Mediterranean market, Northern Europe, North Africa, the Baltics and Asian Russia. CONTAINERSHIPS is the Group's subsidiary dedicated to intra-regional, multimodal and sustainable transport in Northern Europe and on the Atlantic coast.

In 2020, the growth strategy of the Group has paid off. CMA CGM and CONTAINERSHIPS volumes increased by 10.3% for a total of 3.2 million TEUs carried, an increase of 300,000 TEUs compared to 2019.

In 2021, the intra-European lines and CONTAINERSHIPS will accelerate this organic growth strategy based on modal shift and relocation of purchases. These two entities will be ready to seize all external growth opportunities in this very promising sector.



MERCOSUL LINE (INTRA-BRAZIL/ ARGENTINA)

Mercosul Line is the Group's subsidiary specialized in multimodal transport in Brazil (cabotage) and between Brazil and Argentina. It also provides feeding services for CMA CGM's long-distance lines.

In 2020, in a context made particularly difficult by the health crisis in Latin America, Mercosul Line was able to strengthen its presence on the intra-Brazilian and Brazil-Argentina markets. The subsidiary increased its volumes by 5.2% compared to 2019.

Mercosul Line will continue its development strategy in 2021, taking full advantage of a modal shift from road to sea transport in Brazil and an increase in feeding volumes.

CMA CGM ASIA PACIFIC LIMITED

Last year, NOL LIMITED became CMA CGM ASIA PACIFIC LIMITED. APL and CNC are the operating brands. 2020 was a year of transformation for APL. As part of the Group's brand simplification strategy, CMA CGM has become the global carrier while APL is now focused on activities related to the deployment of the American flag.

CNC remains the subsidiary specialized in intra-Asia, the largest market in the world.



APL LINES

APL LINES' main customer is the North American authorities through its fleet of vessels flying the American flag.

Positioning itself as a long-term partner, APL currently offers five weekly services linking North America to Asia and Europe. The subsidiary also serves Guam and the Middle East.

APL's signature Eagle Express 1 (EX1) service continues to be a leading service in the transpacific region, providing a fast connection between China and the US West Coast. This service has seen particularly strong demand this year, in a market context marked by a sharp reduction in air capacity (due to the significant downturn in passenger traffic as a result of the pandemic) and later in the year, by port congestion. This express service, combined with value-added services (priority unloading, fast connection with rail), enables us to offer a differentiating premium service to our customers.



CNC (INTRA-ASIA)

Against the backdrop of the COVID-19 pandemic, CNC recorded an exceptionally strong performance, with 12% more volumes in 2020 compared with the previous year. In particular, the Group's intra-Asia specialist grew by 17% in the reefer segment.

In 2020, CNC launched twelve new services, diversifying its coverage. The short sea subsidiary now offers more than 70 intra-Asia services.

In April, the China Vietnam Cambodia (CVC) service was introduced. In addition to facilitating market access between Cambodia and its neighboring economies, CVC allowed customers to compensate for the closure of land borders between Cambodia and Vietnam.

In August, the Bay Bengal Express 2 (BBX2) service was launched with one of the best transit times between China and Bangladesh.

An express service between South China and Indonesia, the China-Southeast Asia Loop 2 (CS2) service started in November. With a weekly call in Semarang, CS2 serves the third-largest port in Indonesia.

CNC rounded off its portfolio with the Japan Vietnam Haiphong (JVH) and Straits Thailand Belawan (STB) services.

In addition, the Chu Lai Express (CHX) service was upgraded, making CNC the only player in the market with a direct link from Japan to Chu Lai in Vietnam. The new CHX service also improved transit times from Northern China and Korea to Chu Lai and Qui Nhon in Vietnam.

Throughout the year, CNC gained market shares in Bangladesh and became a market leader in reefers from Davao, Philippines to China through its China 1 Service.



ANL (THE OCEANIA SPECIALIST)

ANL is the Group's subsidiary specialized in Oceania. It links Australia, New Zealand and the Pacific Islands to Asia and North America, with 20 services operating 32 vessels in total.

ANL is the regional market leader with over 60 years of experience. The subsidiary has particular expertise in the transport of refrigerated cargo, which accounts for a large part of the volumes traded in this area.

ANL is also a major player in the Trans-Tasman market between Australia and New Zealand.

Finally, through its subsidiary Sofrana, ANL is present on the intra-Oceania market serving the South Pacific islands from Australia and New Zealand.

2020 was an exceptional year for ANL with excellent volume growth. In this context, ANL made a strong contribution to the Group's results.

During 2020, ANL services were enhanced with larger vessels and expanded port coverage to meet customer needs.

For example, ANL launched a new direct connection between Asia and Australia's Pilbara region, a region known for its iron ore exports, which account for nearly 10% of Australia's GDP.

ANL has also launched a number of CSR initiatives, including the Reef Recovery Program to regenerate coral on Australia's Great Barrier Reef.

In 2020, ANL's volume was 1.3 million TEUs with revenues of USD 1.389 billion.

The outlook for 2021 is favorable with strong demand, particularly for departures from Asia.

A NETWORK OF AGENCIES COVERING 160 COUNTRIES AROUND THE WORLD

A recognized global operator, CMA CGM relies on a dense and efficient network of over 400 offices in 160 countries. CMA CGM Agencies Worldwide (CCAW), the Group's subsidiary in charge of shipping agencies, is committed to satisfying its customers' needs on a daily basis through a range of adapted services.

In 2020, CCAW continued its growth, notably through the creation of a joint venture in Saudi Arabia. The Group also finalized the integration of CONTAINERSHIPS agencies in Belgium, the United Kingdom and Finland, as well as those of APL into the existing network.

Faced with the pandemic, the Group introduced measures such as working from home to ensure the continuity of its services. CCAW was able to respond to strong demand for transport in the second half of the year. Agencies actively promoted **ACT with CMA CGM +** products, allowing customers to reduce and offset their carbon emissions.

In addition, CMA CGM continued its digital transformation and now offers new services such as paperless bills of lading, online quotation, paperless LOIs (letter of indemnity), and, via the Tradelens platform, a blockchain consortium dedicated to maritime

transport. The significant growth of these services confirms the interest of the Group's customers in new digital solutions.

In 2021, CCAW will pursue its growth by focusing on optimization and will work to develop innovative, high value-added products. The acceleration of the collaboration and synergies with CEVA Logistics will also remain a priority.





A MODERN AND EFFICIENT FLEET

Since 2008, the management of CMA CGM Group's vessels has been entrusted to a 100% dedicated subsidiary, CMA Ships, based in Marseille. CMA Ships is responsible for all operations related to the company-owned fleet or the fleet considered as such, including:

- fleet management (maintenance, downtimes, performance, etc.)
- crew management (recruitment, training, scheduling and payroll management);
- service procurement, spare parts, and consumables for ships;
- dry dock management (shipyard tenders, onsite support, inspections, negotiations, etc.);
- support for ship management and for CMA CGM which includes:

- IT services: deployment of business software on land and onboard, management of vessels' IT infrastructure, cybersecurity;
- technical aspects: navigation systems, communications, technical support and expertise for the CMA CGM Group and its subsidiaries;
- Vessel computer systems: navigation systems, communications, and IT;
- Efficiency and Technology: fuel consumption, studies of new technologies, scrubber projects, liquefied natural gas, etc.
- new construction projects: negotiations for new vessels, building standards, plan approval, supervision of ongoing building work, preparing for the commissioning of new ships;
- quality control and compliance

(ISO 9001 & ISO 14001 certification).

CMA Ships has subsidiaries and a network of third-party offices around the world for crew recruitment and fleet management. The CMA Ships subsidiaries are based in Croatia, Romania, the Philippines, Singapore, Ukraine, China, Russia, Sri Lanka, and Myanmar, but are also represented by third-party agencies in India, Indonesia, Morocco, and Brazil. CMA ships manages 193 ships through its own subsidiaries.

Seven new vessels were delivered in 2020 (all managed by CMA Ships):

- The CMA CGM JACQUES SAADE (23,112 TEUs)
- The CMA CGM CHAMPS ELYSEES (23,112 TEUs)
- The CMA CGM PALAIS ROYAL

(23,112 TEUs)

- The CMA CGM LOUVRE (23,112 TEUs)
- The CMA CGM KOUROU (2,296 TEUs)
- The CMA CGM SINNAMARY (2,296 TEUs)

The CMA CGM RIVOLI (23,112 TEUs) and the CONTAINERSHIPS BOREALIS (1,380 TEUs) were delivered in January 2021.

6 of the Group's vessels were sold last year to shipping companies or dismantling yards in accordance with the Hong Kong Convention and were audited by CMA Ships.

In terms of maintenance, 56 dry dock operations were carried out in 2020, including 4 propeller changes and 14 scrubber installations.

7 ships were also upgraded to comply with the new Panama Canal lock standards, 5 were equipped with cold ironing systems (allowing ships to plug into an onshore electricity supply) and 21 were equipped with new ballast water treatment system.

37 ships have been ordered from CSSC Group and are expected to be delivered by 2024:

- four 23,000 TEU vessels and ten 15,000 TEU vessels.
- one 1,400 TEUs vessel (under a ship management contract with NORDIC HAMBURG).
- six 13,000 TEUs vessels powered by liquefied natural gas (LNG).
- six 15,000 TEUs vessels powered by LNG.

- ten 5,500 TEUs vessels powered by Very Low Sulfur Oil (VLSFO). The Group has also confirmed the deployment, by the end of 2022, of six new 15,000 TEUs vessels LNG-powered between China and the West Coast of the United States. The first vessel will join the Group's fleet in October 2021.



CMA CGM INLAND SERVICES

CCIS encompasses various subsidiaries in charge of several inland services: container depots, multiservice logistics platforms and ground transport services by road, rail or barge, including services such as repair, maintenance, trading and transformation of Group containers. CCIS manages more than 50 depots and platforms and has performed maintenance on some 3 million containers and has transported some 800,000 containers. In 2020, it generated revenues of USD 337 million.

CCIS seeks to better support existing subsidiaries from its headquarters, to create real synergies between them and

to develop professional standards of quality. It also promotes the consideration of environmental and safety constraints.

CCIS has several development objectives:

- Increasing its profitability;
- Expanding its geographical footprint by creating new companies and new sites and by bringing third-party services inhouse in profitable areas;
- Implementing certain additional value-added services and diversifying its customer portfolio.

The extension of the CCIS network and

its services offers a complementary network to the Group's marine terminals and other service providers. With CEVA Logistics, CCIS enriches CMA CGM's offer by providing door-to-door solutions for its customers. With 27 subsidiaries on five continents, CCIS' scope continues to grow, with the launch of eight new entities already scheduled for 2021.

A PORTFOLIO OF 52 TERMINALS FOR BETTER CONTROL OF PORT OPERATIONS

For the past 15 years, the CMA CGM Group has been making strategic investments in ports and has become one of the world's largest operators of container terminals, now ranking no. 8 according to Drewry.

In 2020, the CMA CGM Group held stakes in 52 container terminals in 30 different countries, five of which are development projects (**Puerto Antioquia, Port Lafito, Algeciras TTI, Nouakchott, Lekki**).

Through its two entities dedicated to terminal investment, management and development, **CMA TERMINALS** (100% CMA CGM) and **TERMINAL LINK** (JV between CMA CGM (51%) and CM PORT (49%)), the Group handled more than 32 million TEUs last year.

2020 was marked by the sale of eight holdings to **TERMINAL LINK**, including: **QQCTUA Qingdao, CCTI Umm Qasr, BKP Odessa, CPLT Singapore, RWG Rotterdam, KFTL Kingston and LCIT Laem Chabang**. In addition, the Group continued its program of acquisition and commissioning of new equipment such as:

- 12 gantry cranes (STS SPP): 4 at **GMP** in Le Havre, 2 at **EUROFOS** in Fos, 2 at **BNCT** in Busan and 4 STS at **Gemalink** in Cai Mep;
- 15 gantry cranes (RTG): 6 eRTG at **SFCT** in Miami and 9 eRTG at **Gemalink** in Cai Mep.

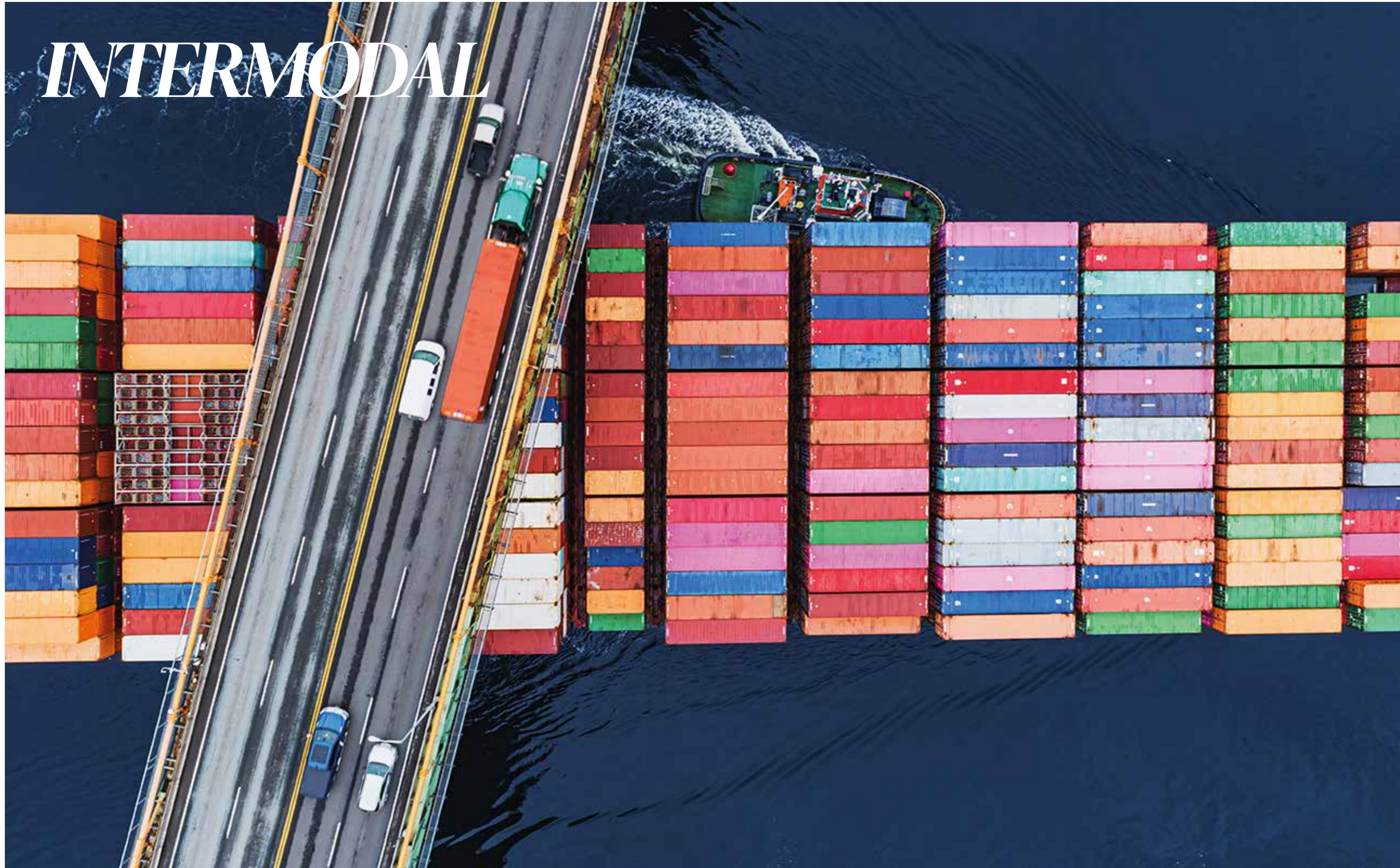
The Group intends to continue its port development in 2021 and is studying all investment opportunities through green-field or brownfield projects.

Current initiatives include:

- The start of operations at the **Gemalink** terminal in January 2021;
- The completion of the **Puerto Antioquia** project in Colombia and the start of work scheduled for the first half of 2021;
- The completion of the **Algeciras TTI** project via a 50% acquisition in partnership with DIF;
- The continuation of construction work on the **Lekki** terminal in Nigeria (start of operations scheduled for the first half of 2023);
- Implementation of the investment and modernization plan for the Group's existing terminals.



INTERMODAL



INTERMODAL, A SIGNIFICANT MEANS OF REDUCING OUR EMISSIONS



In freight transport, a significant part of CO₂ emissions comes from the last few kilometers before reaching the end customer. Substantial reductions in emissions can be achieved by using trains or barges containing several hundred containers, instead of trucks.

The CMA CGM Group prioritizes these consolidated modes: 71% of goods transported by land use a rail or river solution. Despite a shortage of supply in several geographical areas around

the world, the Group's objective is to reach 75% by 2025.

In the second half of the year, the Group launched a "switch-to-rail" campaign in Europe to promote modal shift to eco-responsible modes of transport. European customers have shown great interest in these alternatives to trucks.

This commitment to rail is also evident in other regions of the world. In Asia and South America, the Group is the

first carrier to have launched block trains (dedicated trains). The Group is also pursuing its rail development in India and Africa.

The solutions developed by CMA CGM for its customers are innovative, eco-responsible, faster and less costly.

LOGISTICS BUSINESS



THE PANDEMIC IN 2020 REVEALED THE SYNERGIES BETWEEN OUR LOGISTICS AND SHIPPING SOLUTIONS

Growing our logistics business is one of the strategic pillars of the CMA CGM Group

In 2020, during the pandemic, CEVA Logistics offered all of the Group's customers a complete range of transport solutions, beyond maritime transport, thus helping to ensure the continuity of supply chains in an unprecedented context.

In January 2020, CEVA Logistics unveiled its strategic plan to carry out a major recovery effort. The subsidiary realigned its global organization and processes throughout the year. It continued to develop logistics services to help its customers overcome the disruptions related to the COVID-19 pandemic. CEVA Logistics played a major role in battling the spread of the virus through its services. The subsidiary also continued to extend its service offerings by establishing itself in key markets. Although CMA CGM and CEVA Logistics continue to operate independently, their combined expertise offers integrated transport and door-to-door solutions. The synergy between these two companies repre-

sents a competitive strength both for the Group and for its customers.

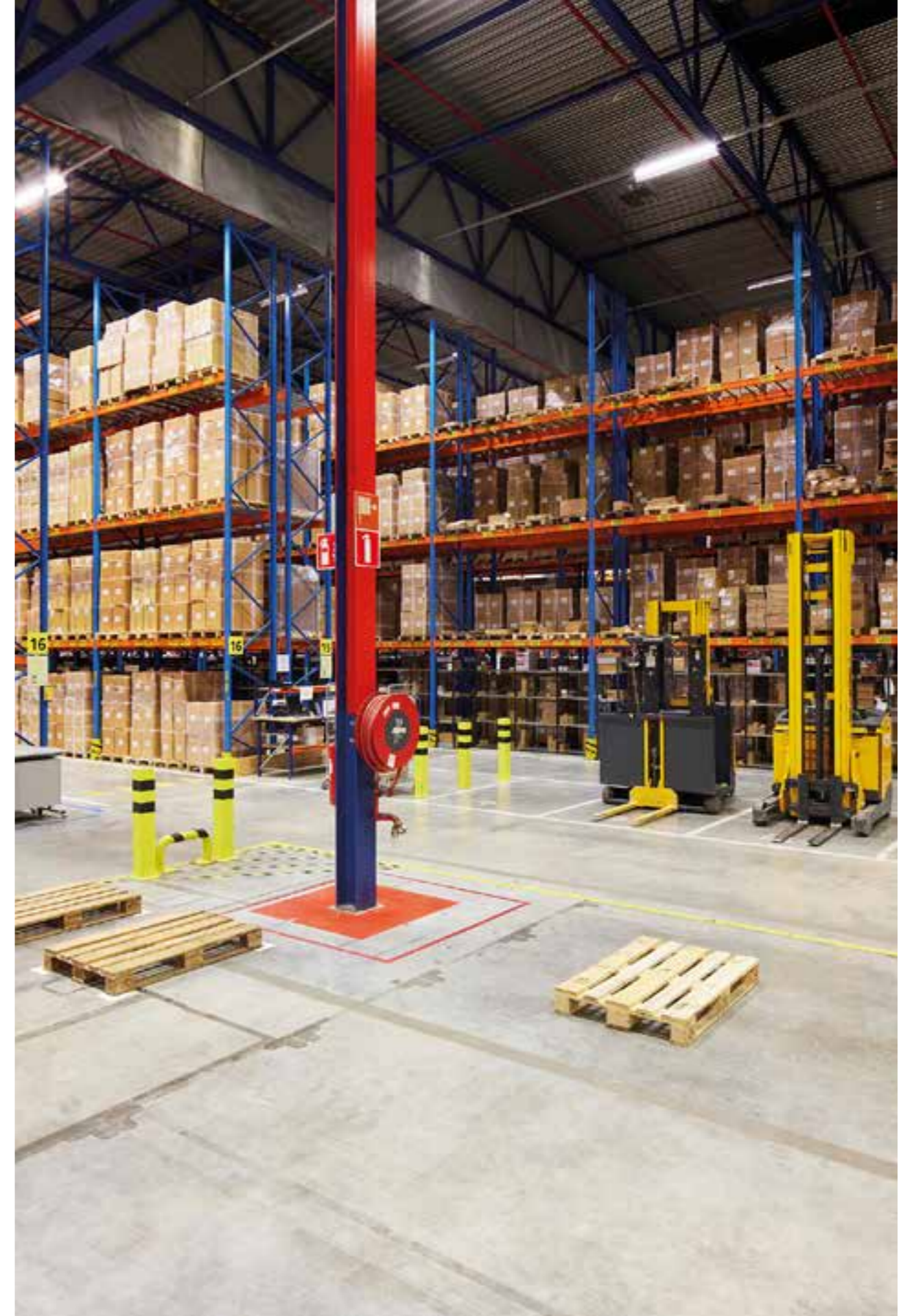
IMPACT2020 STRATEGY

2020 was the first year of implementation for ImpACT, CEVA Logistics' transformation plan. The aim is to return CEVA Logistics to profitable growth in its different business sectors by 2024 through three primary strategies:

- Acceleration of revenue growth;
- Improvement of operational efficiency and;
- Simplification of processes and organization.

For the first year, ImpACT2020 priorities were to transform the organization and reduce its cost-to-operate, while setting the basis for a deeper transformation.

This program fully reached its objectives in 2020. The plan was successfully launched with over 90 major initiatives structured in some 27 workstreams and with effective governance. In its first year of implementation, the plan deli-



vered above its initial EBITDA improvement target of USD 160 million.

UNPRECEDENTED MARKET CONDITIONS IN 2020

The pandemic led to a significant drop in ocean freight volumes in the first half of the year, with a trough in May, at -15%. However, a recovery was quick in coming and from August onwards, the volumes transported were only marginally down for the year. The market finished the year strongly, up 6% y-o-y in December. Exports from China led the recovery, with strong volumes in the Transpacific trade lanes in particular. Certain categories experienced significant growth in the second half, notably white goods, electronics, home furnishing, sports goods, DIY, etc.

On the other hand, hard-hit sectors such as automotive and fashion goods recovered more slowly. Carriers adjusted capacity in the first half, with some 2.4 million TEUs of capacity idle at the peak of the crisis. However, with the rapid pick-up in demand, assets were brought back on to the market. In the last quarter of 2020, idle capacity fell to its lowest level. The pandemic led to substantial disruptions and significant disorganization in supply chains. These effects combined with the unexpectedly rapid pick-up in demand, which was particularly unbalanced geographically, to generate significant price tensions in certain trade lanes beginning in Q4.

The pandemic completely disrupted the air cargo market. Some 60% of available capacity is normally provided by passenger flight freight. The grounding

of some 80% of the passenger planes in April and May led to a 40% drop in air cargo volumes in Q2. In response to this disruption, carriers increased both dedicated freighter aircraft capacity and load factor. Passenger flights recovered slowly throughout the year, and capacity was still down 20% by Q4 compared to the previous year.

The increase in load factor means, however, that volumes are progressively catching up with 2019 levels. Overall, the market is down 11% year-on-year (in tons/km). Going forward, Asia Pacific air exports are expected to experience a quicker recovery and to be close to 2019 levels in early 2021. European air export is forecast to be more than 900 tons/km less in 2021 than in 2019.

CONTINUED IMPLEMENTATION OF TRANSFORMATION PLAN

CEVA Logistics took the following initiatives in 2020 to enhance its performance:

- Specific plan to boost the large accounts business;
- Cross-selling with CMA CGM; in 2020, they generated revenues of more than USD 300 million, more than double the amount in 2019. The Group intends to build on this momentum in 2021, in particular by leveraging the launch of the CMA CGM AIR CARGO division. The Group's goal is to again double the amount sales generated by cross-selling;
- E-commerce growth, especially in Contract Logistics, leveraging the Smart Solutions offering and the enhanced WMS Matrix platform, which was delivered in Q3. Due to these innovations, CEVA Logistics plans to roll out the new X-border e-commerce solution in 2021;
- Development of project logistics

- solutions (industrial and energy);
- Diversification in prioritized new sub-verticals, in particular with air solutions for medical devices and new electric vehicles/semiconductors;
- Improvement of Contract Logistics margins, including two major Italian publishing contracts;
- Setting up a Global Business Service Center to optimize management of transactional tasks in India and the Philippines;
- Launching a new industry-leading operating system (Cargowise) for air and ocean transport;
- Digitalization of the air and ocean product offer, with the successful launch of myCEVA for FCL. CEVA Logistics plans to capitalize on these tools to grow its air and ground freight business beginning in 2021;
- Implementation of a new organization, moving from 12 clusters to 6 regions.

Despite the deteriorating market conditions, the implementation of the performance improvement plan

enabled CEVA Logistics to enhance its performance consistently and rapidly throughout the year. Dynamic marketing, cost cutting and improved productivity were key factors here.

In 2020, CEVA Logistics' air cargo volumes reached 363,000 tons, down some 13% compared with 2019. Ocean volumes reached 1,081,000 TEUs, up 3% against the previous year's volumes. Activity in the Contract Logistics business was down overall in the year, due to the impact of the pandemic and the closing of numerous sites in Q2, but recovered strongly in the second half.

The ImpACT plan, which has been extended until 2024, has ambitious goals, including making CEVA Logistics one of the top five logistics companies in the world, with revenues of USD 10 billion. CEVA Logistics intends to increase its warehousing capacity by 50% and to double its air and ocean freight volumes over the period.



CEVA Logistics will concentrate on objectives in 2021:

- Sales performance and competitiveness to increase revenues. To achieve this, CEVA Logistics will rely on external growth and the development of priority sectors (Consumer & Retail, Pharma and e-commerce), as well as cross-selling with the CMA CGM Group, in order to exceed USD 600 million in orders;
- Operational excellence, through continued simplification of processes and systems, cost control with improved execution discipline and the initial deployments of CargoWise;
- Customer satisfaction, which CEVA Logistics is constantly investing in. To improve the customer experience, the company has launched an innovation program tied to the

CMA CGM Group's CSR policy. In terms of IT and digital transformation, the efforts made in 2020, and particularly the implementation of the MyCEVA platform, positioned CEVA Logistics as a solid player with state-of-the-art e-business solutions;

- The final area involves corporate culture, societal commitment and the commitment of its stakeholders, beginning with its staff members and customers.

CEVA LOGISTICS IN THE FIGHT AGAINST COVID-19

CEVA Logistics was fully mobilized to help its customers fight COVID-19 around the world. Air freight, air charter, ocean freight, ground transport and rail freight have all been deployed to ensure that shipments can be delivered in spite of the operational challenges created by the pandemic.

In particular, CEVA Logistics provided strategic deliveries to governments (such as the French government), healthcare institutions (such as the NHS in London) and its customers (such as General Motors for the transport of spare parts).

In air transport specifically, CEVA Logistics operated 260 charter flights for its customers, notably to transport PPE (Personal Protection Equipment) and medical equipment. CEVA Logistics also introduced new services such as an innovative Truck-Rail-Truck (TRT) solution. This kept customers' freight moving across Asia despite air cargo capacity reductions and operational restrictions combined with more thorough inspections at border crossings.

In the space of just a few days during the early weeks of the pandemic, CEVA Logistics shipped over 20 million face-masks to France by harnessing the CMA CGM Group's expertise and resources

to establish an air bridge between China and France. As part of the overall project, which was supported by two weekly flights in conjunction with Air France, CEVA Logistics successfully collected, packaged, stored, shipped and delivered these strategically important consignments.

In ground, CEVA Logistics continued to enhance its services, especially its road traffic between Asia and Europe. Launched in 2018, this trucking service, which is an attractive alternative to air transport, posted growth of 500% in 2020, despite the problems originating from closed borders due to the pandemic.

General Motors (GM) entrusted CEVA Logistics with managing its entire supply chain for ventilator production in support of the US response to the COVID-19 pandemic. Under GM's agreement with the US Department of Health and Human Services, CEVA was entrusted with making deliveries of hundreds of components to the GM Kokomo plant (Indiana). CEVA set up arrangements for the entire supply chain in just one week.

CEVA Logistics also actively participated in implementing the **BUSINESS CONTINUITY PACK**, which offers logistics solutions to customers impacted by

the COVID-19 pandemic and border closures for fast delivery of urgent shipments (especially food, medical equipment, and pharmaceuticals), and for slow nonurgent shipments.

DELAY IN TRANSIT allows customers to temporarily store containers in a dedicated hub until they are ready to be received at the final point of destination indicated on the B/L. With this new solution, customers can control and reduce warehousing and storage costs, and other expenditures that might be incurred during the shipment of merchandise.

Overall, CEVA Logistics was able to reduce the impact of COVID-19 on its results, despite significant disruptions in volumes in the air and at sea and the closure of close to 100 warehousing sites at the peak of the crisis. The negative impact was limited to a net effect of USD 30 million, thanks to the countermeasures that were put in place in the first half of the year.



GEOGRAPHIC EXPANSION

In 2020, CEVA Logistics enhanced its position as a major player on the African continent.

THE COMPANY LAUNCHED A THREE-TIERED EXPANSION PLAN TO CONSOLIDATE ITS ROLE AS A MARKET LEADER:

- The acquisition of AMI Worldwide was an important step. AMI Worldwide is a logistics service provider in 12 countries in Eastern and Southern Africa that employs more than 1,000 people. This acquisition has allowed CEVA Logistics to accelerate its expansion in Eastern and Southern Africa by increasing its expertise and expanding its offer to better meet the logistics needs of the market;
- CEVA Logistics absorbed three CMA CGM Inland Services (CCIS) facilities. CCIS offices in Ivory Coast, Mali and Burkina Faso were integrated into the global network. CCIS capabilities have expanded those of CEVA Logistics to include dry port, container depot, packing and unpacking services, and reefer cargo storage.

CEVA Logistics also pursued its expansion in Mauritania, in Ethiopia, in Egypt and in Morocco.

THANKS TO THESE TRANSACTIONS, CEVA LOGISTICS IS NOW PRESENT IN AFRICA THROUGH:

- 79 offices spread across 41 countries, including 19 countries directly (Burkina Faso, Côte d'Ivoire, Mali, Mauritania, Angola, DRC, Botswana, Malawi, Mozambique, South Africa, Zambia, Zimbabwe, Burundi, Djibouti, Ethiopia, Kenya, Rwanda, Tanzania and Uganda);
- 1,300 staff members;
- 19 multi-service warehouses, with a storage capacity of 135,000 m²;
- A fleet of 1,500 trucks.

CEVA LOGISTICS PURSUED ITS GEOGRAPHIC EXPANSION BEYOND THE AFRICAN CONTINENT:

OPENING OF A NEW OCEAN FREIGHT STATION IN THAILAND

As it further extends its ocean freight management capabilities in Asia, CEVA Logistics in Thailand has set up a new ocean freight branch in Laem Chabang, the country's main deep seaport. The new ocean station positioned in Thailand's Eastern Economic Corridor will help to address the evolving supply chain needs of the country's powerhouse of industrial

production.

OPENING OF A NEW OFFICE IN KAZAKHSTAN

Further extending its capabilities across Central Asia, CEVA Logistics is opening a new office in Kazakhstan which will serve customers from across the region. The new office will also be the regional focus for customers in Uzbekistan, Turkmenistan, Tajikistan and Kyrgyzstan.

OPENING OF ITS OWN OFFICES IN ECUADOR AND URUGUA

As part of its strategic expansion across the Latin American markets, CEVA Logistics has officially opened its own offices in Ecuador and Uruguay. The company has been well established for many years in both countries through network partnerships and decided to open its own offices in each location to offer customers a full spectrum of multi-modal services.

OPENING OF ITS OWN OFFICES IN BANGLADESH

As part of its strategic expansion in the emerging Southeast Asian markets, CEVA Logistics has officially opened offices in Dhaka and

Chittagong, Bangladesh. In line with its regional development strategy, CEVA Logistics has decided to open its own offices with a fully staffed team in order to leverage the potential from the country's continuing economic expansion and increasing demand for exports.

NEW OPERATION IN RUSSIA

CEVA Logistics has opened its own operation in Russia. CEVA Logistics Russia is based in Moscow, from where it offers a full range of air, ocean and ground services. As part of an ambitious development plan, contract logistics services will also be introduced in the coming months.

CEVA LOGISTICS' STRATEGY TO GROW SPECIFIC (SUB)SECTORS IS ALSO PAYING OFF AS EVIDENCED BY THE STRATEGIC CONTRACTS SIGNED IN 2020:

FIVE-YEAR CONTRACT WITH THE SWEDISH COMPANY MÖLNLYCKE TO OPERATE NEW WAREHOUSES FOR ITS MEDICAL DEVICES

BUSINESS

CEVA Logistics signed a five-year contract with Swedish-headquartered medical products and solutions company Mölnlycke. Since December 2020, CEVA Logistics' multi-user facility at Max Park, Corby, UK, has provided a solution enabling Mölnlycke to be even more responsive to customer requirements and offer enhanced service.

EXTENSION OF THE PARTNERSHIP WITH THE MONDADORI GROUP FOR ANOTHER FIVE YEARS

After signing a letter of intent in March 2020, CEVA Logistics and the Mondadori group signed a new contract extending the partnership for another five years.

CEVA LOGISTICS AND EMMELIBRI LAUNCHED A GROUND-BREAKING BOOK DISTRIBUTION PROJECT AND RENEWED THEIR PARTNERSHIP FOR AN ADDITIONAL 12 YEARS

CEVA Logistics Italia and Emmelibri (Messaggerie Group) have renewed

their partnership for a further 12 years. The new contract provides for the launch of a joint project aimed at developing an innovative book logistics and distribution center in Italy.

FIVE-YEAR CONTRACT WITH PERNOD RICARD IN THAILAND

CEVA Logistics has won a major five-year contract with Pernod Ricard to provide the drinks manufacturer with warehousing and distribution support in Southeast Asia. The operation will manage an annual throughput of 19 million bottles of liquor and spirits for 26 different brands.

CEVA LOGISTICS WAS CHOSEN BY IKEA TO OPERATE ITS FIRST DISTRIBUTION CENTER IN MEXICO

CEVA Logistics Mexico has been appointed to operate a new dedicated warehouse to support IKEA Mexico's operations in the country. This facility opening is an extension of the existing successful global partnership between CEVA Logistics and the world's largest furniture retailer. The Mexico City IKEA Store will become





the company's first retail location in Latin America and CEVA Logistics has been awarded a multi-year contract to operate it.

CEVA LOGISTICS WON A NEW CONTRACT WITH VOLKSWAGEN IN BRAZIL AND WAS AWARDED THE AUTOMAKER'S TOP RATING FOR AUDITED LOGISTICS PROCESSES

CEVA Logistics won an extension to its contract with Volkswagen for the operation of the company's automotive spare parts center in Vinhedo, Brazil. CEVA Logistics has successfully operated the site since 2010 and the 132,000 m² facility is the largest of its kind in Latin America. Also, CEVA Logistics has been awarded the top on-site ranking as part of Volkswagen's

LoPA program, making it the automaker's top-rated site in the world.

FIVE-YEAR CONTRACT WITH AIRBUS IN HAMBURG

CEVA Logistics announced that it has been awarded a five-year contract to manage spare parts and components for Airbus at the aircraft manufacturer's site in Hamburg, Germany. Since February 2020, CEVA Logistics has been responsible for consolidating spare parts and components at the site from other locations across Europe, including Germany, France, Spain and the UK.

CEVA NAMED "BEST TRANSPORTATION COMPANY" IN THE 2020 LOGISYM AWARDS IN SINGAPORE

In recognition of its excellence in all areas of logistics transportation, CEVA Logistics received the award for best transportation company in the LogiSYM Awards. The award is in recognition of CEVA Logistics' transformation plan, in particular its business development, cost control and modernization of its facilities.

CEVA LOGISTICS WINS «IL LOGISTICO DELL' ANNO» - TECHNOLOGICAL AND LOGISTICS 4.0 IN THE ASSOLOGISTICA AWARDS IN ITALY

CEVA Logistics won the Il Logistico dell'Anno award in Italy for the 11th time in a row. This is one of the biggest awards for the logistics sector in Italy. It recognizes CEVA Logistics' application of an automated labelling process for car batteries.

CEVA LOGISTICS HAS ALSO PURSUED ITS GROWTH STRATEGY BY OFFERING NEW SERVICES TO ITS CUSTOMERS AND PROSPECTIVE CUSTOMERS. THUS, IN 2020, CEVA LOGISTICS LAUNCHED:

THE FASTEST LESS-THAN-TRUCKLOAD (LTL) SERVICE BETWEEN CHINA AND EUROPE

CEVA Logistics has launched a unique, rapid LTL service between China and Europe to serve customers who do not have sufficient volumes to support Full Truckload Shipments (FTL). Emerging small to medium enterprises (SMEs), large local companies (LLAs) and multinational corporations will benefit from this new service offering drastically reduced lead times from China to Europe.

A NEW PARTNERSHIP WITH ROLLOUT OF CARGOWISE ACROSS ITS GLOBAL NETWORK

CEVA Logistics commenced the rollout of CargoWise, the integrated logistics execution platform. With this strategic investment, CEVA Logistics will simplify and standardize all 4PL operational processes across its network. CargoWise will be implemented over the course of the next five years, as part of a planned process, replacing multiple legacy systems and delivering greater efficiency within the business.

ACCELERATED DEPLOYMENT OF ITS DIGITAL OFFERING AND INTRODUCTION OF AN ALL-IN-ONE PORTAL, MYCEVA

CEVA Logistics is accelerating its digital transformation with the launch of

myCEVA, a new transactional platform enabling shippers to manage their complete shipping journey online. The online tool provides a seamless customer experience by giving them greater control over every function and a larger range of options whatever the circumstances.

DEPLOYMENT OF AUTOMATED MOBILE ROBOTS AT THE MELBOURNE SUPERSITE, SPEEDING UP OPERATIONS BY 400%

As a key part of its strategy to innovate and automate, CEVA Logistics deployed Automated Mobile Robots (AMR) at its Australian supersite Truganina, near Melbourne. In what is a world-first for a Goods to Person (GTP) implementation for the company, the introduction of



robots has already achieved a 400% increase in the speed of operations within the 250,000 m² facility.

NEXT STEP FORWARD IN CONTRACT LOGISTICS WITH THE 200TH CLIENT BENEFITING FROM THE CEVA MATRIX® WAREHOUSE MANAGEMENT SYSTEM (OR WMS)

CEVA MATRIX® WMS is a market-leading proprietary solution that integrates proven business processes, defined by experts from CEVA Logistics for clients in the aerospace, retail, automotive and technology sectors, as well as the healthcare and pharmaceutical products. The 200th MATRIX® WMS implementation attests to the acceleration in CEVA Logistics' digitization strategy, with more than half of these implementations carried out in the last 12 months.

FINALLY, CEVA LOGISTICS TOOK THE FOLLOWING ACTIONS TO REDUCE ITS CARBON FOOTPRINT:

- In its warehouses

CEVA Logistics is reducing its carbon footprint by reducing the electricity consumption of the 755 warehouses it operates and purchasing electricity from renewable sources, as well as by producing solar electricity through the installation of photovoltaic panels and wind turbines on the roofs of its warehouses. In 2020, renewable electricity consumption accounted for 12.5% of the total electricity consumption of the 755 warehouses.

In 2020, more than 40 sites were equipped with photovoltaic panels. CEVA Logistics Benelux has been carbon-neutral since 1st September 2020, which means it produces more renewable energy than it uses. It has also taken steps such as using LED lighting, monitoring energy consumption and investing in electric forklifts.

- By reducing its supply chain emissions with a fleet of electric trucks

In February 2020, CEVA Logistics embarked on a trial of electric vehicles from its urban distribution center in London.

This trial will be the starting point for the future implementation of electric trucks on the UK network. CEVA Logistics will be a partner in Transport for London's (TfL) FreightLab initiative, which aims at fighting congestion and optimize the flow of goods in London.

CEVA Logistics is also a member of the Tevva Electrify initiative. This powerful partnership will contribute to the future development of electric vehicles for supply chains.

CEVA LOGISTICS SUPPORTS MORE THAN 35,000 AMERICANS WITH FOOD DONATIONS FOR THANKSGIVING

CEVA Logistics took part in and coordinated the land transportation of food donations for Thanksgiving within the framework of the CMA CGM Group's support for Americans in need. 10,000 turkeys and thousands of meals were

distributed, allowing families to celebrate the national holiday. The effort also entailed providing containers refrigerated using generators for several communities in Louisiana affected by Hurricane Laura in August, as well as storage containers and equipment to support emergency operations relating to the fires in California in 2020.

AIR BUSINESS



AIR BUSINESS

On 12th February 2021, CMA CGM Group announced the creation of a new division specialized in airfreight services: CMA CGM AIR CARGO.

With the strengthening of its air cargo transport and logistics activities, the Group offers new comprehensive, fast and agile solutions to its customers.

To support the development of its air cargo business, CMA CGM has acquired four Airbus A330-200F cargo

aircraft with a carrying capacity of 60 tons. These aircraft, which entered service between 2014 and 2016, have a range of nearly 7,500 kilometers, enabling them to connect Europe to the rest of the world.

CMA CGM AIR CARGO relies on the expertise of two European companies to market its offer and operate its fleet:

- Air Belgium, a dynamic airline with a recognized air cargo transport team,

operates the fleet of four aircraft;

- The ECS Group, a world leader in commercial air services, will be in charge of marketing CMA CGM AIR CARGO services.

In March 2021, CMA CGM AIR CARGO started its regular commercial operations from Liege (Belgium) to Chicago (USA). Since 28 March 2021, the division has doubled its capacity and opened two new regular destinations from Liege to New York and Atlanta.

This development in airfreight services marks a new stage in the strategic move to offer the Group's customers solutions that combine the complementary nature of maritime transport and logistics.



RESEARCH & DEVELOPMENT STRATEGY



THE GROUP'S R&D ROADMAP

Research & Development (R&D) is an important activity for the Group, enabling it to develop innovative products and services and to strengthen its competitiveness while improving the safety and efficiency of its industrial processes. CMA CGM has decided to strengthen this activity by giving it a cross-functional role so that its projects can be addressed in a more global way. In order to accelerate the energy transition, an R&D organization has been set up to design and support the implementation of solutions for the entire logistics chain, including vessels, terminals, operations and intermodal transport.

CMA CGM, like all shipping companies, is facing a major challenge: reducing its environmental footprint. This will require the development of multiple technological solutions in the short to medium term. This is one of the most important challenges that the transport and logistics industry has ever faced, and it must produce results in the short term. The Group intends to be a pioneer in this field, as it has already

demonstrated with the development of LNG-powered container ships, and the design and optimization of its vessels, which will enable significant gains in performance, consumption and emissions.

To meet these challenges, CMA CGM's R&D department has set up a roadmap with the various departments concerned, covering both assets (vessels, terminals, warehouses) and associated operations. This roadmap includes a series of projects to be carried out by its teams with the support of industrial and academic partners, as well as start-ups hosted by the ZEBOX incubator.

The main programs initiated are :

- **Energy Transition**, whose objective is to define a decarbonization strategy based on scenarios and technical-economic models, to monitor regulatory changes and to evaluate decarbonization solutions;
- **Smart Ship**, which aims to improve

ship operations through analysis of performance data and tools such as environmental routing;

- **Green Ship**, which aims to improve the energy performance of vessels through retrofit measures on the current fleet and the development of new vessels that will eventually be totally decarbonized;
- **Smart Terminal**, aimed at optimizing terminal operations through the implementation of IoT (Internet of Things) and data analysis;
- **Green Terminal**, aimed at achieving carbon neutrality in all our terminals through a mix of different solutions in accordance with local constraints.

All of these projects will enable the Group to achieve its decarbonization objectives and maintain its leadership in the development of an increasingly environmentally friendly business.

DIGITAL INNOVATIONS

I. IT SYSTEMS

In 2020, the Group completed several of its digital innovation projects:

1. Development of the LISA Shipping program
2. Modernization of EDI platforms with our various partners
3. Significant investment in IT systems at terminals.

Due to the pandemic, the Group has deployed remote working solutions for staff members at its headquarters, in its regional offices and in its agencies from service centers in India and China. This has allowed it to cope with the health crisis and ensure business continuity.

In 2021, the Group has set new digital development objectives:

1. Implementation of Move to Cloud, an internal transformation program used to migrate on-premise infrastructures to the Cloud for greater flexibility and security. This project has also enabled

- the Group to manage growth and consolidate its activities with controlled costs;
2. Development of the Door-to-Door Routing solution prior to the convergence of the Group's short sea activities Development of the AQUA solution to meet the needs of "instant quoting" customers;
 3. Development of process automation solutions in SSCs based on artificial intelligence (AI);

II. DIGITAL PROJECTS

In 2020 the Group developed numerous digital solutions to offer more reliable and more transparent services to its customers:

1. Modernization of the Fleet Center and development of an associated application to monitor vessels during their journeys;
2. Improvement of e-commerce and launch of a mobile application allowing customers to track their journeys;
3. Development of a digital workspace (Galaxy Intranet, Office 365) aimed at

- working efficiently during lockdown;
4. Launch of an API booking tool with the ability to integrate new booking requests in conjunction with customers and partners;
 5. Signing of a partnership with Tradelens (a platform for digitizing the flow of information between the various players in the supply chain).

The Group has several objectives for 2021:

- Implementing MyPrices (smarter pricing) on e-commerce mobile applications (ANL Line, APL Shipping, CMA CGM, CNC Line);
- Using Office 365 to build an employee experience aimed at maximizing their digital integration;
- Expanding e-commerce and creating new, simpler and more intuitive customer paths.

III. DATA MANAGEMENT

The Group carried out several projects in 2020 to optimize the use of data, in order to improve its efficiency and safety:

- A NOA (Notice Of Arrival) schedule,

allows the company to find the optimal combination of port calls and sailing speed to reduce bunkering costs.

- A POC (Port of Call) fraud detection system provides companies with a clear overview of illegal traffic, allowing them to monitor container status and customer behavior.
- The fight against fraudulent declarations (cargo misdeclaration) through a dashboard aimed at accelerating the detection of bookings with undeclared potentially dangerous cargoes. This is to mitigate the risk of cargo and shipboard fires.

In 2021, CMA CGM will continue its efforts to strengthen security and data protection. To gain operational efficiency, the Group will work on a data governance framework. In particular, it will complete the AQUA project, which aims to implement a predictive analysis of booking

cancellations and upsells.

IV. CYBERSECURITY

On September 27, 2020, a cyberattack hit the information systems of the Group's shipping entity, affecting the Group's peripheral networks and paralyzing branch operations. It was decided very quickly to cut off all Internet flows. This decision allowed us to isolate the threat and protect our IT centers while the situation was being resolved.

The IT and Cybersecurity teams, assisted by experts, mobilized to secure the network, rebuild the infrastructure and conduct investigations.

Secure connections in our service centers and agencies around the world were progressively reopened, after appropriate verification and security work. CMA CGM's critical applications recove-

red their full functionality 15 days after the attack.

As a result of this crisis, the Group accelerated the improvement of its cybersecurity approach. The return to service was based on a systematic desire to improve the existing system and to avoid reverting to the same systems as before, despite the emergency.

In 2021, CMA CGM has already initiated several cybersecurity projects. The Group is extending the implementation of its Cyber Roadmap to all entities and subsidiaries. It is continuing to launch enhanced cybersecurity tools for servers, networks and IT equipment, as well as cloud-based solutions.

CMA CGM VENTURES ACTIVITIES – SUPPORTING INNOVATION

CMA CGM Ventures is the corporate venture structure dedicated to investment in innovative technologies. Through its investments, this structure makes an active contribution to the Group's strategy of supporting innovation.

Since its creation, the fund has made approximately 20 investments in the shipping and logistics sectors. CMA CGM Ventures' investment philosophy is based on three key areas: customer relations, operational efficiency and employee wellbeing.

In 2020, CMA CGM Ventures strengthened or acquired several stakes in innovative start-ups with a strong link to the Group's businesses, such as Incomlend (January), Wing (September) and PriceMoov (October).

Incomlend is a Singapore-based fintech offering innovative financing solutions to businesses.

Wing offers an innovative urban logistics services dedicated to e-commerce. CMA CGM has acquired a stake in this start-up to support its growth. An industrial and commercial partnership has been signed with CEVA Logistics.

PriceMoov is a Paris-based start-up specialized in rate optimization. This investment will enable the Group to offer the most accurate and appropriate pricing to its customers.

Since 2018, the number of companies financially supported by the Group has increased by 40%. They will number 176 in 2020.





ZEBOX ACTIVITIES – START-UP INCUBATOR AND ACCELERATOR

Despite the unusual economic context in 2020, the start-up incubator and accelerator ZEBOX, founded at Rodolphe Saadé's initiative, has continued its two missions:

- To identify and support the best start-ups in the fields of transport, logistics, mobility and industry 4.0;
- To act as a link between major corporations and start-ups to enable them to grow together.

In total, 15 start-ups joined the incubation program and seven joined the acceleration program in 2020. Three of them joined the new incubation hub ZEBOX CARAIBES. The program was launched in June despite the delay in

the construction of the future offices, which should be ready in the summer of 2021.

On the partners front, BNP Paribas renewed its commitment for three years, and two new large companies, EDF and INFOSYS, have joined the circle, thus creating new business opportunities for the start-ups.

On the start-up front, ZEBOX welcomed its first American start-up, Expedock, which deploys a combination of Artificial Intelligence and robotic process automation to accelerate the processing of administrative data in the supply chain. Cooperation with CMA CGM and CEVA Logistics teams in the United States and Singapore is already

being studied.

After two years of activity, the ZEBOX community has now supported more than 45 start-ups and recently announced the opening of a third hub in the United States, which confirms its international influence and ambition.

The main challenge for ZEBOX to compete with world-class support structures will be to strengthen its attractiveness to the best start-ups in the world. To this end, several projects are already under study and should largely contribute to the achievement of this ambition.

NEW OXATIS ACTIVITIES – DEVELOPING E-COMMERCE

KEY EVENTS AND FIGURES

On 26 March 2020, the CMA CGM Group, in association with Lundi Matin, acquired the assets of OXATIS, thus creating NEW OXATIS.

Founded in 2001, NEW OXATIS aims to develop e-commerce sites using a SaaS setup for small and medium-sized businesses, and to offer digital marketing solutions tailored to their needs. After a first 2020 quarter in decline, the company has seen a 14% growth in revenues since its takeover by the CMA CGM Group. This business performance has only strengthened throughout the year. Thus, on 31 December 2020, NEW OXATIS Group ended a fiscal year of just over nine months during which it will have generated nearly €10.5 million in revenues.

THE BUSINESS STRATEGY ADOPTED

Starting in March 2020, and with the support of the CMA CGM Group, the company launched a major commercial

transformation plan. This plan is based on 4 levers:

- Simplifying the service offering and realigning prices, in line with market prices;
- Increasing the recurrence of revenues with the deployment of service subscriptions (60% of revenues in the fourth quarter);
- The reactivation of indirect distribution networks, in particular via banking networks (Crédit du Nord, Crédit Agricole);
- The reduction of new customer acquisition costs through a reorganization of the sales team (reallocation of portfolios, realignment of variables, etc.) and the deployment of “self-onboarding” functions for prospects.

The integration into the Group has allowed us to remobilize all the sales teams, project managers and Professional Service teams around a common ambition: to support the growth of our e-merchant customers

by offering them simple solutions.

Lastly, the company migrated all its customers from the former Power-Boutique platform, acquired in 2018, to the NEWOXATIS platform and now proposes a unified offer (SaaS and services) under a single brand.

AGREEMENTS AND PARTNERSHIPS

NEW OXATIS has taken advantage of year 2020 to relaunch and strengthen numerous technological partnerships, starting with Google (by becoming a Premier Partner again), Cegid, Sage, Avis Vérifiés, Shopping Feed and PayPal.

In the second half of 2020, the company reengaged its historical distribution partners such as Crédit du Nord and Crédit Agricole Payment Service and initiated discussions with potential new partners.



*SUPPORT THE
GROUP'S STAFF
MEMBERS*



ENSURING THE SAFETY AND DEVELOPING THE TALENTS OF THE GROUP'S 110,000 STAFF MEMBERS

In 2020, the Group carried out several structuring projects to enable its staff members to develop their skills and support them in their careers.

Through the CMA CGM Academy, 148,353 hours of training were delivered (97,619 hours of in-person training and virtual classes, compared with 50,734 hours of e-learning). In total, 69% of staff members received e-learning training, while 24% attended in-person or virtual classes. 478 topics were covered in in-person training, 43% of which were transformed into virtual classes in 2020. 4,110 e-learning contents were also made available.

DIGITALIZATION & INTERNATIONALIZATION

In response to the COVID-19 pandemic and the resulting lockdown and remote working, CMA CGM Academy has developed a number of virtual classes and e-learning to continue to train Group staff members remotely. The solutions made available to all staff members, including those outside France, include :

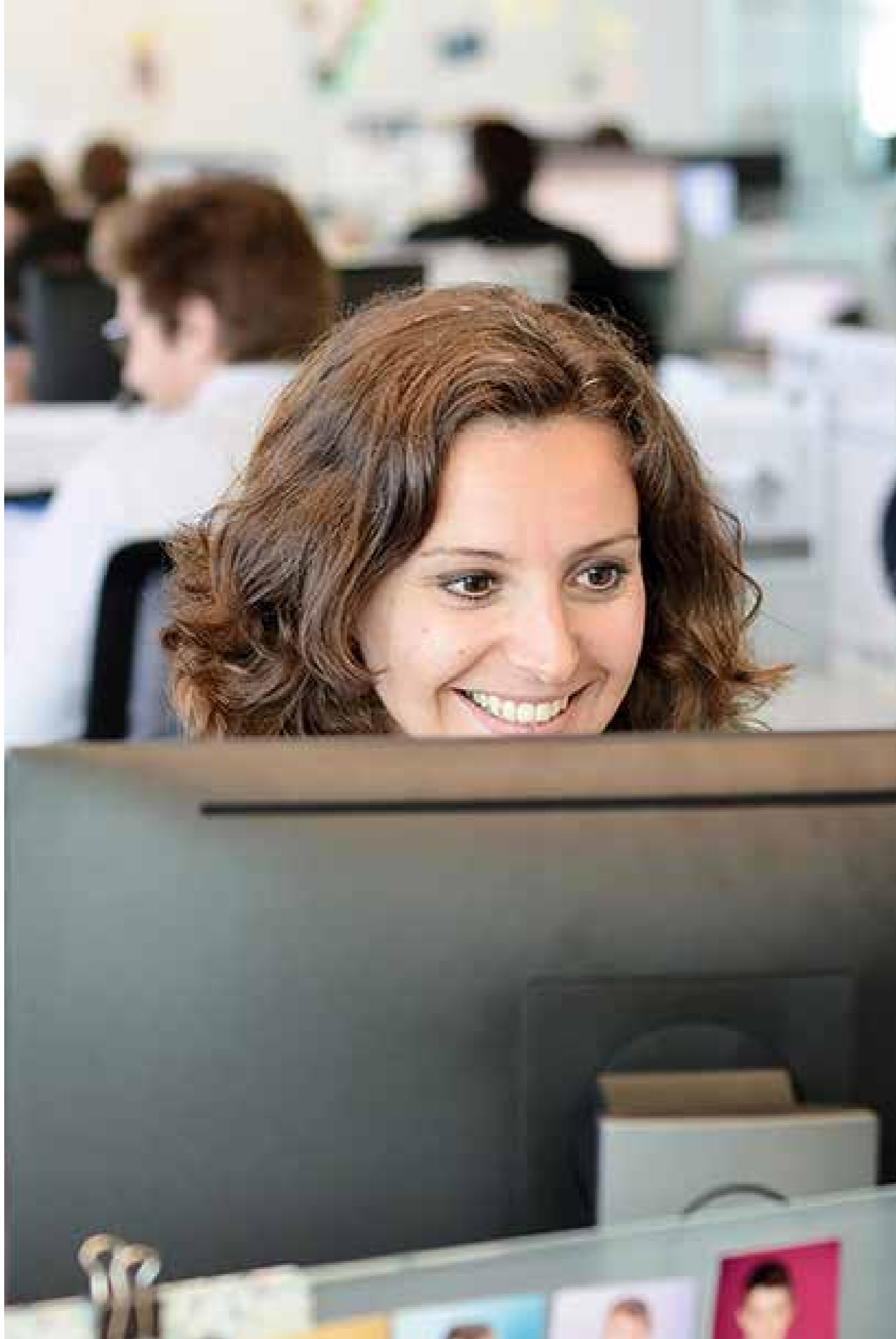
- The "Discover CMA CGM Group"

e-learning induction course;

- The "Working from Home" course (communication, interactive virtual meetings, wellbeing & emotions, time & priority management, trust management, management by objectives);
- The "Change Management" course;
- Microsoft 365 tools (Teams, OneDrive, SharePoint, etc.);
- The "Liquefied Natural Gas" course;
- Value-added services (VAS).

CMA CGM Academy also relied on the need for distance learning to accelerate its digital transformation. The teams were trained in digital content design to ensure the high quality of its distance learning courses. CMA CGM Academy plans to digitalize its entire training offer and to be able to deploy 100% of its solutions remotely by the end of 2021, thus making its offer accessible internationally and enabling the growth and fulfillment of all staff members.





To achieve this, the Academy has acquired a virtual classroom and a MOOC (Massive Open Online Courses) creation studio, enabling it to design new content independently. In addition, the digital portal for accessing the CMA CGM Academy has been completely overhauled to match the company's job description, and the training offer is now available in the form of a catalog to improve the user experience.

***VIRTUAL CLASSROOMS
INSTEAD OF IN-PERSON
TRAINING***

The new virtual classroom solutions have been completely redesigned to match the quality of in-person training. They include a new pedagogy, a different structure (shorter and more numerous sequences) and an investment in new digital facilitation tools to create more interactivity.

All solutions are evaluated through a digital form completed online by participants. This "on-the-fly" feedback allows CMA CGM Academy to be in a continuous improvement process.

LEADERSHIP PROGRAMS

CMA CGM Academy has expanded its behavioral training to include not only communication, stress management,

conflict management and feedback, but also training in new working methods such as change management, design thinking, Agile methods and project management.

CMA CGM Academy has also deployed several leadership programs for different categories of staff members (managers, seagoing officers and General Managers of international agencies).

These new solutions have been acclaimed by staff members who have consistently rated them above 9/10.

***CFA (TRAINING CENTER
FOR APPRENTICES)***

In September 2020, the CMA CGM Academy launched its first class of 16 young apprentices, 25% of whom are foreign nationals, 50% women and 25% internal candidates. At the end of their one-year work-study program within the Group, they will obtain the RNCP (French National Register of Professional Certifications) title of Air or Sea Freight Transport Organizer and a CMA CGM Academy certificate on shipping professions.

AWARDS

In August, CMA CGM Academy received two awards from the Brandon Hall Group Excellence Awards program.

Gold for the VAS Elearning Barlock course and silver for the Customer experience program.

CERTIFICATIONS

In April, CMA CGM Academy obtained Datadock quality certification, a prerequisite for starting its activity as an apprentice Training Center (Centre de Formation pour Apprentis).

In May, the French Maritime Affairs Department accredited CMA CGM Academy to deliver the IGF Advanced distance learning course for seafarers, which is mandatory to embark on our new LNG powered vessels.

CSE REPORT

03



SUSTAINABLE DEVELOPMENT – A REASSERTED AMBITION

The health, economic and social crisis that has been affecting all societies and economies worldwide since 2020 has reinforced global awareness about companies having a major role to play in addressing the main social and environmental challenges.

Through its shipping and logistics activities, CMA CGM plays a key role in the transportation of essential goods, the continuity of international trade and the preservation of ecosystems. This role comes with a responsibility: guiding our company and our sector into the future, while ensuring its positive impact on people and the planet.

CONVICTIONS ANCHORED IN OUR VALUES

As a family-owned international Group, CMA CGM draws from its values the conviction that its economic strategy is inseparable from its strong commitments to society and the environment.

In 2018, the Group aligned its sustainability approach with the UN's Sustainable Development Goals. Going further than regulatory requirements, it decided the following year to avoid the Northern route in order to preserve the fragile ecosystems in the Arctic. At COP 25 at the end of 2019, CMA CGM joined the United Nations Global Compact, endorsing the ten principles related to the respect of human rights, international labor standards, environmental regulations and the fight against corruption.

AN AMBITION CONFIRMED BY OUR STRATEGY

Today, CMA CGM reaffirms its commitment to placing social and environmental responsibility at the heart of its

actions, with a clear mission: "to develop fair and more balanced economic exchanges, while respecting the integrity of all people and of the planet."

This mission is supported by the structuring of the Group's sustainable development approach around three pillars and the acceleration of its commitments, particularly its commitment to reduce the environmental impact of shipping and logistics.

In June 2020, the Group announced its goal of achieving carbon neutrality by 2050. Beginning today, the Group embarks upon an unprecedented energy transition to power its fleet using LNG propulsion. CMA CGM is committed to ensuring its staff members protection and professional development, and to supporting them in the transformation of their jobs. And with its commitment to local communities, CMA CGM supports numerous local associations to help the most vulnerable populations, notably through its Foundation.

These initiatives demonstrate CMA CGM's determination, shared by its teams and partners, to accelerate the transformation of its activities so that they keep creating greater value for the Group's customers and staff members as well as for the planet.

ON TRACK FOR NET ZERO CARBON

In June 2020, the Group announced its target of becoming carbon neutral in 2050. The Group has made a commitment to unprecedented energy transition in its fleet of ships, making the

initial decision to opt for LNG. Other solutions have already been used, such as second-generation biofuel, and the Group is applying its R&D expertise and leading its network of partners to

develop a set of solutions that will enter the energy mix over the years ahead.



SUSTAINABILITY GOVERNANCE

Rodolphe Saadé, Chairman and CEO of the CMA CGM Group, intends to make sustainability a priority for the entire Group

« The recent economic, health and environmental crises have demonstrated how fragile our world is and how essential it is to rethink current models. While profitability is vital to sustainable growth, companies also need to create value with a positive impact on people, society and the environment. I am firmly convinced that sustainable development must

be an integral part of every company's strategy. It is a natural commitment for our group, reflecting our family dimension and strong attachment to human values. »

RODOLPHE SAADÉ
CHAIRMAN AND CEO OF THE CMA CGM GROUP

GENERAL MANAGEMENT defines the Group's sustainability strategy and objectives.

THE BOARD OF DIRECTORS monitors sustainable achievements and orientations.

THE SUSTAINABILITY ADVISORY COMMITTEE defines the Group Sustainable Development strategy based on best practices.

THE SUSTAINABILITY EXECUTIVE COMMITTEE defines the challenges, implements the strategy and monitors action plans and the accomplishment of objectives.

THE SUSTAINABILITY STEERING COMMITTEE implements action plans and reports on them.

LOCAL SUSTAINABILITY STAFF in each region and subsidiary ensure the deployment of Group strategy throughout the network and business.

THE GROUP'S SUSTAINABLE DEVELOPMENT DEPARTMENT ensures company-wide implementation of strategy and action by all Group entities. The department guides the business units and offices through sustainability roadmaps. It monitors and measures the progress made on the 13 priorities. It reports on the Group's ESG performance to the Executive Committee and ensures compliance with regulatory developments and obligations.

SUSTAINABLE PROGRESS is monitored through 20 Key Performance Indicators, defined with ambitious targets in line with our 13 priorities. The KPIs are presented quarterly to the Sustainability Executive Committee, whose members are responsible for monitoring the accomplishment of objectives.

A REWARDED STRATEGY

During 2020, the CMA CGM Group received numerous awards and certifications recognizing the quality and reliability of its services, customer relations, operational excellence in shipping and logistics, innovative vitality and sustainability actions.



**ECOVADI PLATINUM
TOP 1 %
CMA CGM**

**CDP RATING B
CMA CGM**

**DHL'S GOGREEN CARRIER LABEL
BEST SCORE OF 4/4
CMA CGM**

**LABEL HAPPYINDEX®/
CANDIDATES
CMA CGM**

**LABEL HAPPY TRAINEES
CMA CGM**

**RANK 2ND
HAPPYCANDIDATES TOP 40
COMPANIES
CMA CGM**

**SHIPPING COMPANY
OF THE YEAR
CMA CGM**

**BEST SHIPPING LINE
- ASIA-EUROPE
CMA CGM**

**THE CLIPPER LOGISTICS
CEVA LOGISTICS**

3 PILLARS TO ADDRESS THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOAL

CMA CGM's sustainable development approach is structured around 3 pillars: Acting for People, Acting for Planet, Acting for Responsible Trade. These pillars cover the Group's 13 sustainable priorities.

By making progress in these areas, CMA CGM intends to respond to the global challenges set out in the 17 UN Sustainable Development Goals - SDGs - adopted in 2015.

ACTING FOR PEOPLE

- 1 Our employees
Working conditions
Diversity
Talent management
- 2 Optimal protection
- 3 Support to local communities
Local community and emergency aid
CMA CGM Foundation



ACTING FOR PLANET

- 4 Climate change
- 5 Air quality
- 6 Biodiversity



ACTING FOR RESPONSIBLE TRADE

- 7 Ethics and compliance
- 8 Stakeholders dialogue and sustainable performance
- 9 Sustainable procurement
- 10 High value and sustainable services for our customers



OUR IMPACT ON THE ACHIEVEMENT OF THE SDGs

CMA CGM is working actively to achieve the following objectives



CMA CGM contributes to the following objectives



CMA CGM supports the achievement of the following objectives



COVID-19: THE GROUP COMMITMENT AND RESPONSIBILITY

WE TOOK CARE OF OUR STAFF MEMBERS WORLDWIDE

Throughout the unprecedented crisis in 2020, the protection and wellbeing of our staff members, both seafarers and sedentary teams, was the Group's priority.

With proactive communications throughout the crisis, the Group ensured that staff members were regularly updated on operational developments and were given support and encouragement to maintain their motivation and wellbeing when working from home. Initiatives included team-based development workshops (on resilience, time management, effective communication and social media networking), awareness activities, sports classes and tips on a balanced diet.

For many years, CMA CGM has had a psychological counseling hotline for staff members in France. The service, which is accessed through a toll-free number, enables staff members and their close family members to speak with experienced psychologists with complete confidentiality. It will be extended worldwide in 2021.

CMA CGM took several measures to protect seafarers' health and limit the spread of the pandemic on board ships, while ensuring the continuity of our services

for our customers. Shipping operations continued with strict measures to ensure the safety and protection of seafarers. Crew changes had been suspended due to border closures, lack of regular flights and the risk of contamination. With the support of the French government and other governments around the world, protocols were identified in order to make crew change possible.

Before boarding, each seafarer had to remain in quarantine for eight days after taking a PCR test.

On board, barrier measures were implemented: access to the ship was restricted, and non-essential technical work postponed. The cleaning process was enhanced during the calls at port with a disinfection plan every four hours, at the end of each shift, and in areas with the highest traffic. The monthly internet allowance at sea was doubled to enable seafarers to contact close friends and family more frequently. An exceptional bonus was also guaranteed to seafarers who had to stay at sea on unusually long rotations. And the Group created a solidarity fund to support COVID-19 victims among Group staff members.

Throughout 2020, the Group's Chairman and CEO spoke regularly with staff members through videos, expressing his support and informing them of the economic situation. These messages were highly appreciated and helped teams to stay united and to rapidly adapt to the exceptional circumstances.

WE SHOWED AGILITY TO ENSURE SERVICE CONTINUITY

The exceptional mobilization of our staff members allowed us to ensure the continuity of the logistics chain. Throughout the crisis, Group staff members have demonstrated an exemplary commitment to continuing to supply the world with essential products, especially foodstuffs, medical equipment and pharmaceuticals. Despite the lockdown, through effective online solutions, office staff ensured continuity of service while working from home.

In the first half of 2020, and in order to deal with the sharp decline in the demand for transport services, the CMA CGM Group launched the BUSINESS CONTINUITY PACK, a new global range of adapted solutions enabling our customers to adjust the pace of shipments, support business activity and protect cargo as well as manage shipments online with MyCMACGM.

One of these new services is DELAY IN TRANSIT, which allows customers to temporarily store containers in a dedicated hub until they are ready to be received at the final point of destination indicated on the B/L. With this new solution, customers can control and reduce costs related to warehousing and storage and the other costs that can arise during the shipment of goods.



In the second half of 2020, the Group demonstrated unmatched agility in the industry to meet the very high demand for transportation: it added capacity by increasing its fleet of vessels and equipment, adding calls and adapting its services to serve secondary ports so as to bypass the congestion in some of the major ports.

WE TOOK PART IN THE FIGHT AGAINST THE PANDEMIC

Supplying emergency medical equipment in France and around the world

The CMA CGM Group and its subsidiary CEVA Logistics set up a logistics bridge in record time between areas where medical equipment is manufactured and the rest of the world to ensure a continuous supply of such equipment.

Through several weekly charter flights, hundreds of millions of face masks were delivered to France in response to the health emergency and to supply hospitals, nursing homes, local authorities and companies considered essential, such as supermarkets.

This air bridge worked thanks to the mobilization of our staff members throughout the logistics chain, from loading merchan-

dise at factory outlets to delivering it to end users. As a result, the Group ensured that essential medical supplies were delivered extremely rapidly, which made a significant contribution to the governments' crisis management strategy.

The CMA CGM Foundation has also mobilized the Group's logistical expertise and international networks to actively combat the Covid-19 pandemic by shipping medical equipment and providing it to those that needed it most. Over 1 million masks and other items of personal protective equipment were donated:

- In France, to the Regional Healthcare Agencies of the Provence-Alpes-Côte d'Azur (PACA) and Ile-de-France regions, the Assistance Publique des Hôpitaux de Marseille (APHM) and the Institut Hospitalo-Universitaire (IHU) de Marseille;
- In Lebanon, to several Lebanese hospitals and the Lebanese Red Cross;
- in Africa, to the Algerian Red Crescent and healthcare organizations in Ivory Coast, Nigeria, Mauritania, Senegal and Cameroon;
- In the USA, to the city of Los Angeles to support the resilient men and women working at the port to keep supply chains running.

Helping the most vulnerable around the world.

The CMA CGM Group has created an exceptional solidarity response fund to support initiatives to combat the COVID-19 pandemic and help the most vulnerable communities impacted by the health crisis in Marseille, in Lebanon and internationally.

Alongside Emmaus Connect and Ecole de la deuxième Chance, the CMA CGM Foundation provided computer equipment and internet access to more than 500 schoolchildren and students from underprivileged backgrounds in Marseille to enable them to continue their schooling and studies during the lockdown. Teaming up with Action Against Hunger ACF and UNICEF, the Foundation distributed hygiene kits to 5,000 homeless people. Supporting the Bouches-du-Rhône food bank, the Foundation also distributed 40,000 meals to the less fortunate. In Lebanon, the Foundation provided funding for 23 local organizations to distribute emergency food assistance. More than 50,000 families throughout the country benefited from this aid.



ACTING FOR PEOPLE

PROTECTING OUR STAFF MEMBERS

Our staff members are our most precious asset. We are committed to ensuring their professional development and personal fulfillment in the best possible working conditions.

The COVID-19 pandemic accelerated the implementation of social benefits within the Group, in line with our principles and values. For example, we ensured our seafarers' safety and

protection. We have enabled them to communicate more frequently with their loved ones, by doubling their monthly internet allowance at sea. We provided our land-based staff members with financial protection with regard to unexpected life events by creating a Special Provident Fund. In addition, our goal is that all of our staff members have access to health coverage by 2022.

As part of its prevention policy, the Group signed an agreement in 2020 that includes milestones for a preven-

tive program to measure, analyze and monitor psycho-social risks.

To enhance our staff members' work-life balance, a remote work agreement was signed in 2020 and implemented throughout offices in France. In order to offer them more flexibility, remote work will be deployed in all countries in 2021, for those with eligible roles. To enhance our seafarers' quality of life, a partnership was signed with HumanFab to optimize their health and ensure increased safety.



We are aware that the strength of the CMA CGM Group lies in the diversity of its staff members. This diversity is a source of inspiration and innovation. Our priorities include gender equality, interculturalism, intergenerationalism and disability recognition. Diversity results in mutual enrichment. 35% of our staff members are women. More than 178 nationalities are represented in over 136 countries. By 2025, the objective is to count among our top 100 senior executives 20% women and 50% non-French nationals.

To reach this goal and promote gender equality, the Group launched the “We Are Shipping” program. This initiative

is designed to help women with their career advancement through training workshops. In 2020, 80 women took advantage of the program, which has now been deployed internationally. We demonstrated our commitment to gender equality by signing an agreement with Business & Professional Women (BPW) France. The agreement confirms our ambition to ensure equal opportunities for men and women in their careers and to work towards equal representation in all positions and at all levels of the Group.

CMA CGM also supports people with special needs throughout their professional career. In 2019, CMA CGM

launched the “Everyone is Different” program and took concrete action to ensure more effective communication on inclusion, such as the appointment of a Company Disability Officer, the creation of a dedicated email address and a specific page on the Group Intranet. In 2020, a disabilities workshop was organized with union organizations to identify new actions. CEVA Logistics in Malaysia is promoting access to employment for the hearing impaired with the L’Oréal Solidarity Sourcing program. Since June 2020, staff members with impaired hearing have been given appropriate tasks in the value-added service area where minimum communication is required. So far, six staff

members have been hired and CEVA Logistics is looking to increase this figure in the future, since the quality of work has met the expected standards.

CMA CGM has also implemented C-Box Diversity to identify possible forms of discrimination and to plan actions within teams to promote diversity and inclusion.

NURTURING OUR TALENTS

In 2020, the CMA CGM Group provided 318,132 hours of training, an increase of 27% over the previous year thanks to the integration of CEVA Logistics and the increase in the num-

ber of e-learnings. On average, each staff member received 1.23 days of training. Our goal is for every employee to participate in 3 days of training by 2022. Training courses have also been expanded. Courses for seafarers focus on quality of work and safety & security on board. With the arrival of our new fleet during the pandemic, LNG training courses were maintained but adapted through virtual classes. More than 250 seafarers have begun LNG training courses.

The CMA CGM Academy has launched new leadership programs and a series of soft skills solutions to help managers and team members improve their

skills in communication, stress management, conflict management and change management. The Academy has recruited five internal business experts to provide in-depth expertise and create an Apprentice Training Center (CFA) to deliver a state-recognized diploma for technical skills that cannot be found on the market.

The Group HR Department rolled out projects to provide staff members with better assistance with their mobility projects, meet their needs for information on the Group’s businesses, and provide optimal support throughout their career:

- **C-Careers** to provide staff members with better assistance in their career paths. In 2020, the first C-Careers forum was launched to discuss commercial and agency network jobs through conferences, career forums, testimonies and HR workshops. In 2021, the CMA CGM Group will organize virtual events for all our staff members in the lines department.
- The **My Future Job** program is aimed at preparing staff to meet changing job and skills requirements and to face the challenges of the future.
- The **Job&Me** application is aimed at making the diversity of jobs within the Group more visible.
- The **C-Mobility** pilot project, a completely digital solution, uses a powerful algorithm to match staff members' profiles with available internal positions.

The CMA CGM Group has also entered into a partnership with a company

that provides an innovative survey platform. The survey platform helps the Group measure, analyze and improve staff member commitment in real time. CEVA Logistics asked its staff members to answer a commitment survey in 2020. A more global commitment survey is already planned for 2021 and will cover all Group staff members worldwide.

Lastly, the Land-Sea-Land Career Management System for fleet officers, which was implemented in 2019, was enhanced to facilitate the transition from land to sea and back again by creating land-based career opportunities.

OPTIMAL PROTECTION

The Group has implemented a global safety policy (Safety First) aimed at reducing exposure to the safety, health, environmental and technological risks of the Group's business activities and personnel internationally. The objective

is to decrease by 40% the frequency of maritime and terminal accidents resulting in sick leave by 2025.

With this in mind, modern technological resources are developed in-house by the captains of Fleet Centers in order to mitigate navigation-related risks, such as those related to the weather. These resources are then provided to captains and officers on board Group vessels and include navigation aid systems or decision-making systems for navigation during bad weather.

A new QHSSE audit checklist has been implemented to provide a better overview of vessel condition by area and to assess vessel criticality (Low/Normal/Medium/High). Based on this criticality, a priority level is defined and sent to top management. This priority level is reviewed every week in cooperation with the fleet department.

Lastly, to prevent the risks related to trans-

port of dangerous goods, the Group has a dedicated enhanced computer application connected to the overall booking system. The application electronically incorporates international regulations, making it possible to control the way dangerous goods are declared, packaged and stowed in the container. In 2020, the Group was able to respond in almost real time to more than 60% of requests.

SUPPORTING LOCAL COMMUNITIES

In a world where proximity and commitment are more necessary than ever, we have engaged in solidarity initiatives around the world. In 2020, more than 200 actions were carried out spontaneously by our staff members, with a positive environmental or societal impact on local communities.

Since its creation, the CMA CGM Foundation, which is committed to "education for all", has supported almost 300 projects in France and Lebanon, which have benefited tens of thousands of children. With its focus on the humanitarian and societal challenges facing many countries, it has also run the Containers

of Hope operation since 2012. Thanks to this partnership, major French NGOs can ship equipment for humanitarian relief onboard CMA CGM Group vessels free of charge.

At the end of a year marked by an unprecedented health and economic crisis, the Foundation and Group staff members joined local players to initiate a solidarity program to make the holiday season a time of shared joy. Several initiatives were launched to help those most in need, in partnership with recognized NGOs. All in all, more than 30 solidarity programs were carried out around the world for Christmas 2020.

In addition, several local campaigns were held during 2020:

- A World Clean-Up Day was organized during the CMA CGM Sustainability Week on 19 September, with the participation of 2,700 staff members (including CEVA Logistics.). More than 100 clean-up campaigns were held at beaches, rivers, parks and cities. In total, several tons of garbage were collected and several gigabytes were deleted (digital clean-up);

- In August 2020, the CMA CGM Group contributed to international solidarity efforts by transporting medical equipment and essential goods and products to support the Lebanese population, following the devastating explosions that hit Beirut;
- Through a skills sponsorship program, more than 100 staff members of the CMA CGM Group invested five days of their working time to assisting charitable associations.

110,000 trees will be planted in 2021, one for each of the Group's staff members. Spread across 12 countries and as part of pre-established local reforestation and agroforestry initiatives, this operation is aimed not only at supporting local communities and their environments, but also at strengthening ties with the farmers and other local producers and exporters the Group serves on a daily basis. A number of Group staff members will have the opportunity to take part in planting ceremonies at one or more of the 12 locations worldwide.

ACTING FOR PLANET

ACCELERATING THE ENERGY TRANSITION TO FIGHT CLIMATE CHANGE

To curb global warming, we must drastically reduce our greenhouse gas emissions. Yet there are still no mature technical solutions for zero-carbon merchandise transport, nor is there a single miracle solution. The CMA CGM Group invests in R&D to design the clean vessels of the future. It

is already committed to using the best solutions available today to stay on track to meet its medium to long-term objectives. The initial set of measures was to improve the hydrodynamic performance of ships, the efficiency of engines and the optimization of routes and travel speed. The Group also increasingly uses alternative fuels (LNG, biofuel and biomethane). In the future, the Group will rely on zero-emission solutions when they are available.

In 2020, our fleet cut its global CO₂ emis-

sions by 4% compared to 2019, down to 23.3 million tons. The downward trend continued in 2020 for a second consecutive year (-6% in 2019). Since 2008, the Group has reduced its CO₂ emissions by 49% per TEU-km, in line with our voluntary target of reducing greenhouse gas emissions by 50% by 2030. Carbon emissions per container fell by 2.5% compared to 2019, to 1.12 tons of CO₂/TEU transported.

Several factors contributed to this positive performance:

- More recent energy-efficient vessels equipped with the latest eco-technology;
- Optimized fleet usage due to the growing number of alliances with our partners;
- A more efficient fleet operating policy that helps save energy.

Moreover, it is critical for the Group to continue evaluating its carbon footprint. With this in mind, a critical review of the parameters (scopes) of the Group's carbon footprint was conducted by Ernst &

Young. The order of magnitude of distribution of the three scopes (excluding CEVA Logistics) is as follows: Scope 1 represents approximately 75% of the shipping entity's CO₂ emissions. Scope 2 is not significant and Scope 3 is approximately 25%. For the first time in 2020, Scope 3 (excluding CEVA Logistics) was verified in detail by KPMG as this measure was included in the list of priority indicators. Last year, Scope 3 emissions amounted to 7,606 kilotons of CO₂. In 2020, Scope 1 and Scope 2 CO₂ 'equivalent emissions' related to energy

consumption of warehouses and the fuel consumption of the fleet of trucks reached 193,426 tons. In 2021, the assessment of CEVA Logistics' carbon footprint will be extended to Scope 3, and a carbon neutrality roadmap will be defined.

REGULATIONS

CMA CGM supports public authorities' intention to accelerate the climate agenda, in order to limit the temperature increase to 1.5°C. In this context, the International Maritime



Organization's (IMO) strategy to reduce ships' greenhouse gas emissions, as well as the European Union "Green Deal" are critical for the shipping industry. CMA CGM intends to provide an active contribution to the design and delivery of the resulting regulations. Overall, the Group calls for measures using market-based instruments to reduce the negative externalities of maritime transport on the climate. It is fundamental for the shipping industry to continue to be able to drive global trade flow, according to responsible criteria.

In this perspective, CMA CGM views the adoption of a global shipping ETS system, applied to maritime shippers on a global basis, as a critical long-term goal. This would require enhanced consistency between agendas and European regional standards and IMO international standards. CMA CGM already has a strong track record in proactively addressing climate change, by reducing its carbon footprint. By

improving the energy efficiency of our vessels and their hydrodynamic performance and by optimizing routes and speeds, we reduced CO₂ emissions per TEU-kilometer by 49% between 2008 and 2020. In 2020, energy transition was also initiated at CEVA Logistics warehouses, with more than 40 sites equipped with photovoltaic facilities. Since 1st September 2020, CEVA Logistics Benelux has been carbon-neutral, which means that its production of renewable energy exceeds the amount of energy it uses.

LNG, FIRST OPERATIONAL SOLUTION TOWARD THE TRANSITION

With the entry into our fleet of the first LNG-powered container ship with a capacity of 23,000 TEUs in September 2020, we have taken a major step forward in finding immediately operational solutions to accelerate the energy transition in our sector. LNG propulsion makes it possible to achieve major reductions in terms of

atmospheric pollutants, enabling a 99% reduction in sulfur dioxide. It also represents the first step in the decarbonization of maritime transport. In 2022, 32 vessels equipped with this state-of-the-art technology will have joined our fleet, which will count 44 LNG-powered vessels in 2024. In the meantime, we continue to work with our industrial partners to reduce methane slip with an action plan in order to minimize its impact in the short term. In parallel, and with the development of LNG, we began using second-generation biofuels produced from used cooking oil in 2019. By 2022, alternative fuels will account for at least 10% of our energy mix.

Several promising technical solutions are currently in the prototype phase. For example using rigid wing sails to tap into wind power should significantly reduce energy consumption. Green hydrogen and other synthetic fuels are currently being studied in order to develop a carbon-free fleet. CMA CGM is investing in R&D to adapt these solutions for use

in large-scale container ships as soon as possible.

KEEP INVESTING IN RESEARCHING THE ENERGIES OF THE FUTURE

CMA CGM is deploying an ambitious R&D program to move towards "zero emission" solutions for transport and logistics. Our R&D roadmap includes four main areas: the energy efficiency of our fleet; optimization of our network, in particular through data mining and artificial intelligence; a new concept of container ships operating progressively with zero-carbon energy; and the development of a supply chain for new zero-carbon energies.

As it strives for zero emissions, the Group has opted for hybrid scrubbers that can be used in a closed-loop system, which enables sulfur residues to be collected for treatment at land-based facilities. The Group also uses conventional fuels with a maximum sulfur content of 0.5%.

In addition, the Group is working to stop emissions in ports with cold ironing. By using cold ironing, container

ships making a call at a port can turn off their auxiliary engines while maintaining the power necessary to operate the refrigerated containers (reefers).

In February 2020, to reduce supply chain emissions, CEVA Logistics embarked on an electric vehicle trial operating from its urban distribution center in London. This trial will serve as a model for the introduction of future electric trucks across the UK network. It will also support the Transport for London (TfL) FreightLab initiative, which aims to tackle congestion and keep goods moving in London and in which CEVA Logistics is a launch partner. CEVA Logistics joined the Tevva electrify initiative, a powerful partnership that supports the future development of electric vehicles for the supply chain.

PRESERVING MARINE BIODIVERSITY

The oceans are as much a part of our lives as they are essential to our activity. We are continually working to reduce the impact of our activities on marine biodiversity. To avoid posing a greater threat to the fragile Arctic environment, our CEO decided as early as 2019 that none of our vessels would use the

Northern Sea Route. To prevent spills at sea, including oil spills from Group vessels or terminals, a set of measures is in place to mitigate this risk, such as fleet maintenance, routine drills, both onboard and offshore, and a strong crisis management policy.

57 vessels in our fleet are equipped with the FORS system (Fast Oil Recovery System), which makes it possible to quickly recover bunker oil through a system of standardized connectors in case of grounding or collision.

CMA CGM also equips its vessels with an innovative ballast water treatment system using UV light. The system helps eliminate any living exogenous organisms without impacts on local biodiversity.

The Group uses dismantling sites that go beyond the provisions of the Hong Kong International Convention for the safe and environmentally sound recycling of ships. CMA CGM audits these dismantling sites itself every day and uses third-party organizations to monitor procedures. In 2020, the Group sent four vessels to be dismantled in Turkey.

Finally, CMA CGM actively supports research and development initiatives in favor of a more sustainable use of the ocean. It evaluates its own impacts on biodiversity through the Ocean Referential supported by Fondation de la Mer, the French Ministry for the Ecological Transition and the Boston Consulting Group.

PARTNERSHIPS

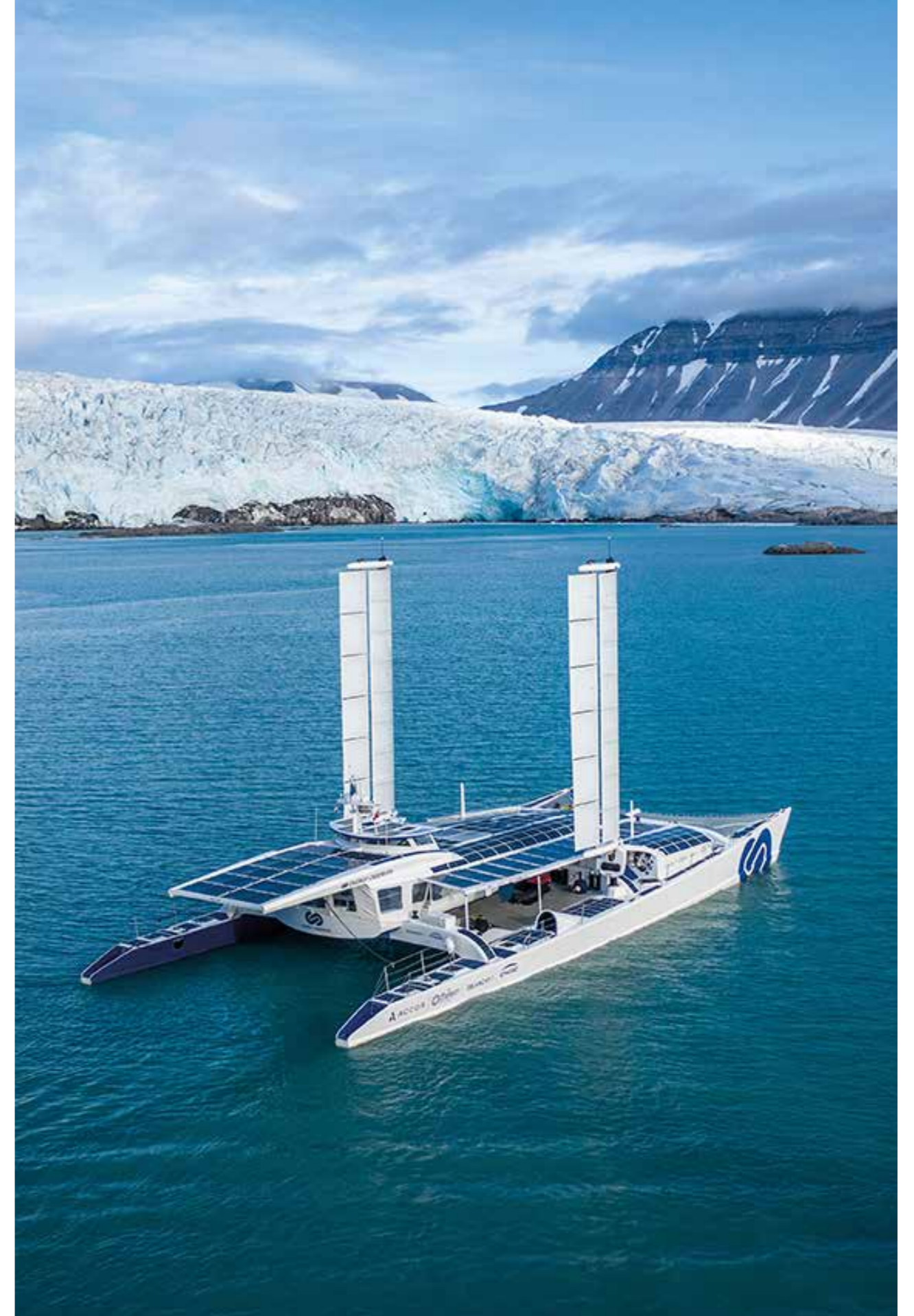
The energy transition is a common challenge for all our customers and partners, including major fossil fuel suppliers. In this context, innovation and collaboration are the key. At the end of 2019, CMA CGM established a "Coalition for the Energy of the Future", composed of 17 international corporations and professional organizations, committed together to accelerate the energy transition of transport and logistics. 2021 will be a pivotal year for the

coalition, with the deployment of seven concrete projects related to green hydrogen, biofuels, carbon-neutral LNG, green electricity, zero-emission vehicles, an eco-calculator of the transport chain and intermodal green hubs. Over the next two years, CMA CGM will continue to improve the energy efficiency of all its operations. We have already opened our new Fleet Center, equipped with the best artificial intelligence technologies, and will increase the number of LNG vessels in our fleet as well as the proportion of alternative fuels we use in our mix energy and will develop our green services offers through our partnerships.

In 2020, CMA CGM joined the UN Global Compact by also joining the Sustainable Ocean Business Action Platform, a technical network dedicated to marine issues, as well as committed

to observing the Sustainable Ocean Principles. In partnership with the Reef Restoration Foundation in Australia, the Group will launch a program in 2021 to help coral regeneration and support the Great Barrier Reef.

Last year, the CMA CGM Group joined forces with Energy Observer, the first green hydrogen-powered vessel to circumnavigate the globe, with a shared goal: to develop zero-emission maritime transport. The participants in the project aim to test and develop energy solutions based on hydrogen, solar, tidal and wind power. The Group took its commitment to the energy transition of the sector to the next level when Chairman and CEO Rodolphe Saadé announced the Group's intention to achieve carbon neutrality by 2050 at a meeting of the UN Global Compact.



OUR PARTNERSHIPS

Clean Cargo Working Group

A business-to-business initiative by major brands, freight carriers and forwarders to reduce the environmental impacts of international freight transport.

The Convention on International Trade in of International Trade in Endangered Species of Wild Fauna and Flora (CITES)

is an international agreement between governments. Its aim is to ensure that international trade in wild animal and plant specimens does not threaten their survival.

The Business Action Platform for the Ocean

which is part of the United Nations Global Compact, brings together different private actors in the maritime sector. The aim is to pursue global goals through Sustainable Ocean Development.

United for Wildlife

is an international initiative chaired by Prince William, Duke of Cambridge, for the regulation of trade in protected species. It brings together a number of air and sea carriers such as Maersk, MSC and APL members.

Foundation of the Sea

created in June 2015 by committed personalities from the French maritime sector and civil society, supports variety of players to reinforce and accelerate their positive ocean impact.

Armateurs de France

is a professional organisation which brings together all French maritime transport and service companies. Its role is to represent French maritime companies in dealings with national and European public authorities, the International Maritime Organisation and the International Labour Organisation.

LNG Platform

created in May 2017 brings together numerous shipowners, ports, LNG suppliers, classification companies, engineering companies, equipment suppliers and associations around a common objective: to promote the use of LNG in France as a replacement for conventional fuel oils in maritime and river transport.

Society for Gas as a Marine Fuel

is an NGO established to promote safety and best practice in the use of gas as a marine fuel.

The International Union for Conservation of Nature (IUCN)

is an international organisation working in the field of nature conservation and sustainable use of natural resources. IUCN publishes the Red List of Endangered Species.

Ship recycling Transparency Initiative

is an online platform for sharing information on ship recycling based on a set of pre-determined criteria with key stakeholders in the maritime sector.

ACTING FOR RESPONSIBLE TRADE

SETTING AN EXAMPLE BY HOW WE CONDUCT OUR BUSINESS

The CMA CGM Group is committed to setting an example in ethics and compliance. We are committed to promoting responsible international trade through strict compliance with applicable laws and regulations and by encouraging our suppliers and customers to adopt best practices. In order to ensure the integrity of behavior at all levels of our organization, we have adopted an Ethics Code that serves as a reference document for all our staff members. The Group will also launch a new mandatory worldwide e-learning campaign in 2021. This campaign underscores the Group's strict requirements in matters involving ethics and compliance, prevention of harassment and the fight against discrimination, fraud and IT risks.

An ethics hotline was launched in 2019, and is available 24/7 to all our staff members and to third parties, in a variety of languages. In 2020, 584 alerts

were processed and closed: 96% by CMA CGM and 86% by CEVA Logistics.

The CMA CGM Group also enhanced its procedures for shipping protected species, which is regulated by the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). Whenever any animal or plant goods are carried, shippers must expressly state whether a species is covered by the CITES Convention and where appropriate, provide the required expert permit. A new dedicated training course has been created for our sales agents around the world, in coordination with the CMA CGM Academy, CITES and ONUDC, to familiarize them with endangered species and learn about our new internal procedures. In parallel, the Group has drawn up a blacklist of prohibited exporters suspected of involvement in illicit trafficking.

In 2020, CMA CGM faced 40% fewer drug seizures than in 2019, particularly due to dedicated measures established

to prevent illicit traffic on its containers and vessels. Drug traffic remains an important issue and the Group fully cooperates with competent authorities, at both national and international levels.

SUSTAINABLE PROCUREMENT

Creating a stable, sustainable relationship with its suppliers and subcontractors is of critical importance to the Group. To manage these challenges and mitigate risks, CMA CGM has added enhanced requirements to its Third Party Code of Conduct, based on a solid set of regulations. The Code defines the nonnegotiable minimum standards that the Group expects its suppliers, their employees and subcontractors to meet. The principles set out in this document now apply to all contractual relationships between CMA CGM and its partners.

The CMA CGM Group also enhanced its efforts to promote sustainable procurement by deploying a global evaluation

system for suppliers and subcontractors. This system covers financing, corruption, sustainability, economic sanctions, competition laws and personal data protection.

A five-step assessment tool has been implemented to identify and manage procurement risks. In 2020, the average score of suppliers evaluated via Cscreen was 64/100, while the average of those evaluated using EcoVadis was 51/100.

To simplify the qualification process, CMA CGM has developed a digital SRM (Supplier Relationship Management) portal. We have also created a video called WOB to support suppliers throughout the qualification process. This video, which is available on our networks and our corporate website, shows that the process is essential to ensure sustainable collaboration with our suppliers.

In addition, to strengthen the monitoring of supplier risks and share best practices, CMA CGM published its responsible pro-

urement policy called **THE WAY TO BUY**, applicable to all staff members involved in any part of the procurement and supplier engagement process.

OFFERING RESILIENT, INNOVATIVE AND SUSTAINABLE SERVICES

During the pandemic, the CMA CGM Group has demonstrated its crucial role in the delivery of goods, from the most essential to the most common items, anywhere in the world. The Business Continuity Pack has enabled the Group to adapt the services it offers in conditions that have been severely impacted by the health crisis and, ultimately, enable its customers to maintain their activities.

To boost innovation on behalf of our customers, a new package of innovative services was launched in March 2020: CMA CGM+. The offer comprises 22 value-added products and services and is organized around three product categories: CARE, which is aimed at protecting

our customers' business; BOOST, which is aimed at expanding our customers' business; and ACT, which is aimed at reducing our customers' environmental footprint through using our services.

CMA CGM also develops products and services to reduce our customers' carbon footprint. For the fifth year in a row, the Group is offering a personalized carbon reporting service that analyzes the carbon footprint of shipments for a specific customer. Since 2020, this service is systematically included in the package for ELITE customers. Similarly, ACT with CMA CGM+ was launched in November 2020 to offer immediate solutions to reduce the carbon footprint of shipments by using LNG-powered solutions and biomethane solutions to offset carbon emissions.

By leveraging its wide range of maritime and logistics activities, CMA CGM enables its customers to manage their end-to-end supply chain, while supporting them in their efforts to reduce their



carbon footprint. The possible ways to accelerate the reduction of the carbon footprint of transport and logistics include potential conversion from road to rail, river and sea transport, which are also immediately available solutions in many countries. With this in mind, in the second half of 2020, CMA CGM launched new services in the intra-European market and in South America.

CONTRIBUTING TO A RESPONSIBLE VALUE CHAIN

To be fully effective, CMA CGM's commitments involve all stakeholders, starting with suppliers and partners. In order to ensure that the entire value chain meets the highest standards, the Group is committed to the ten principles of the United Nations Global Compact. In addition

to customer recognition, which commits the Group to pursuing this path of continuous improvement, our approach to social and environmental responsibility, human rights, ethics and sustainable purchasing was rewarded in 2020 with a platinum-level EcoVadis certification.

In 2020, we conducted several workshops with our staff members worldwide and launched an online questionnaire for staff members, customers and suppliers to express their views on the Group's sustainable development strategy. This exercise gave us insight into future developments and enabled us to share best practices and identify potential ways to bring about improvement.

With the aim of taking its customers' concerns into account in a timely fashion, CMA CGM launched "TouchPoint

Survey" in 2019, a short two-question survey sent after contact with our customer service. In 2020, 100,000 surveys were sent out in 15 countries, and 4,000 responses were received.

In 2019, CMA CGM launched a training course to provide our staff members with tips to facilitate interaction with our customers and enhance the customer journey. In 2020, this training course received the Silver Brandon Hall award in the category "Best Learning Program Supporting a Change Transformation Business Strategy". In 2020, six countries and our four SSCs joined the training program.

OUR PARTNERSHIPS & COLLABORATIONS



Maritime Anti-Corruption Network

is a global business network working towards a maritime industry free of corruption, which promotes fair trade for the benefit of society at large.



Digital Container Shipping Association

is to boost the safety, security and efficiency of container transport by representing, overseeing and serving the industry's stakeholders.



Business Actions to Stop Counterfeiting & Piracy

is an initiative that connects businesses worldwide in the fight against counterfeiting and piracy.



International Cargo Handling Coordination Association

founded in 1952, is an independent, not-for-profit organisation dedicated to improving the safety, security, sustainability, productivity and efficiency of cargo handling and goods movement by all modes and through all phases of national and international supply chains.



Transporter Asset Protection Association (TAPA)

is an exchange forum that brings together suppliers, logisticians, carriers, law enforcement agencies and other stakeholders around a common objective of loss reduction within an international logistics chain.

CONSOLIDATED FINANCIAL STATEMENTS

04



CONSOLIDATED FINANCIAL STATEMENTS

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CONSOLIDATED STATEMENT OF PROFIT & LOSS

FOR THE YEAR ENDED DECEMBER 31, 2020

(in USD million, except for earnings per share)

		For the year ended December 31,	
	NOTE	2020	2019
REVENUE	4.1	31,445.1	30,254.2
Operating expenses	4.2	(25,336.3)	(26,495.0)
EBITDA BEFORE GAINS / (LOSSES) ON DISPOSAL OF PROPERTY AND EQUIPMENT AND SUBSIDIARIES		6,108.7	3,759.2
Gains / (losses) on disposal of property and equipment and subsidiaries	4.3	159.2	15.2
Depreciation and amortization of non-current assets	5.1.2 & 5.2.1	(2,755.7)	(2,717.9)
Other income and (expenses)	4.4	(86.7)	(68.6)
Operating exchange gain/loss	2.4.2	116.2	103.9
Net present value (NPV) benefits related to assets financed by tax leases	4.5	38.4	49.9
EBIT BEFORE SHARE OF INCOME / (LOSS) FROM ASSOCIATES AND JOINT VENTURES		3,580.2	1,141.7
Share of income / (loss) from associates and joint ventures	7.2	(28.7)	143.1
EBIT	4.1	3,551.5	1,284.8
CORE EBIT	4.1	3,392.4	1,136.7
FINANCIAL RESULT	4.6	(1,672.6)	(1,341.9)
PROFIT / (LOSS) BEFORE TAX		1,878.9	(57.1)
Income taxes	4.7	(103.1)	(161.5)
PROFIT / (LOSS) FOR THE YEAR		1,775.7	(218.6)
of which:			
Non-controlling interests		20.5	10.5
OWNERS OF THE PARENT COMPANY		1,755.3	(229.1)
<i>Basic and diluted Earnings Per Share (EPS) attributable to owners of the parent company (in USD)</i>		116.2	(15.2)

The accompanying notes are part of these annual consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2020

(in USD million)

		For the year ended December 31,	
	NOTE	2020	2019
PROFIT / (LOSS) FOR THE YEAR		1,775.7	(218.6)
Other comprehensive income / (loss) reclassifiable to Profit and Loss			
Cash flow hedges:			
Effective portion of changes in fair value		25.3	(16.7)
Reclassified to profit or loss		1.2	1.2
Net investment hedge	6.2.2	(48.5)	7.1
Net investment hedge - Share of other comprehensive income of associates and joint ventures	7.2	(19.5)	5.3
Foreign operations – foreign currency translation differences		(88.2)	24.4
Foreign operations – Share of other comprehensive income of associates and joint ventures	7.2	63.4	(9.4)
Other comprehensive income / (loss) non reclassifiable to Profit and Loss			
Remeasurement of defined benefit pension plans	8.1	(33.9)	(11.7)
Remeasurement of defined benefit pension plans of associates and joint ventures	7.2	(0.5)	(0.1)
Tax on other comprehensive income non reclassifiable to Profit and Loss	4.7.2	1.0	1.2
Tax on other comprehensive income non reclassifiable to Profit and Loss - Associates and joint ventures	7.2	0.1	(0.0)
TOTAL OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR, NET OF TAX		(99.5)	1.2
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR, NET OF TAX		1,676.2	(217.4)
of which:			
Non-controlling interests		19.3	9.3
Owners of the parent company		1,656.9	(226.7)

The accompanying notes are part of these annual consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – ASSETS

AS AT DECEMBER 31, 2020

(in USD million)

ASSETS	NOTE	As at December 31, 2020	As at December 31, 2019
Goodwill	5.1.1	2,872.8	2,851.8
Other intangible assets	5.1.2	2,427.0	2,565.9
INTANGIBLE ASSETS		5,299.8	5,417.8
Vessels	5.2.1	13,557.4	12,805.6
Containers	5.2.1	2,818.2	2,751.9
Lands and buildings	5.2.1	1,852.2	1,824.1
Other properties and equipments	5.2.1	379.4	384.2
PROPERTY AND EQUIPMENT	5.2.1	18,607.2	17,765.8
Deferred tax assets	4.7	182.3	158.9
Investments in associates and joint ventures	7.2.1	545.1	805.9
Derivative financial instruments	6.2	0.1	0.7
Other non-current operating assets	-	49.2	74.7
Other financial assets	6.3.1	573.0	320.6
NON-CURRENT ASSETS		25,256.7	24,544.3
Inventories	5.4	445.9	542.9
Trade and other receivables	5.4	3,512.3	3,479.7
Contract assets	5.4	1,269.7	774.2
Income tax assets	5.4	63.9	63.3
Derivative financial instruments	6.2	-	12.4
Securities and other financial assets	6.3.2	165.3	193.4
Cash and cash equivalents	6.4	1,880.4	1,750.8
Prepaid expenses	5.4	212.4	392.3
Assets classified as held-for-sale	5.5	93.2	977.7
CURRENT ASSETS		7,643.1	8,186.5
TOTAL ASSETS		32,899.8	32,730.9

The accompanying notes are part of these annual consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – LIABILITIES & EQUITY

AS AT DECEMBER 31, 2020

(in USD million)

LIABILITIES	NOTE	As at December 31, 2020	As at December 31, 2019
Share capital		253.2	234.7
Reserves and retained earnings		4,704.3	5,045.8
Profit / (Loss) for the year attributable to owners of the parent company		1,755.3	(229.1)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY		6,712.7	5,051.5
Non-controlling interests		66.1	82.1
TOTAL EQUITY		6,778.8	5,133.6
Borrowings and lease liabilities	6.6	13,903.5	15,458.6
Derivative financial instruments	6.2	38.8	62.1
Deferred tax liabilities	4.7	392.2	420.7
Provisions	8.1	324.0	304.8
Employee benefits	8.1	347.7	289.2
Other non-current liabilities		84.6	64.2
NON-CURRENT LIABILITIES		15,090.8	16,599.7
Borrowings and lease liabilities	6.6	4,609.0	4,055.5
Derivative financial instruments	6.2	48.6	28.8
Provisions	8.1	181.7	154.9
Employee benefits	8.1	2.1	1.3
Trade and other payables	5.4	5,893.3	6,037.1
Income tax liabilities	5.4	94.3	95.2
Deferred income	5.4	138.4	98.5
Other current liabilities	8.2	62.8	107.7
Liabilities associated with assets classified as held-for-sale	5.5	0.0	418.6
CURRENT LIABILITIES		11,030.2	10,997.6
TOTAL LIABILITIES & EQUITY		32,899.8	32,730.9

The accompanying notes are part of these annual consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2020

(in USD million)

	ATTRIBUTABLE TO OWNERS OF THE PARENT				TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
	SHARE CAPITAL ⁽ⁱ⁾	RESERVES, RETAINED EARNINGS AND PROFIT FOR THE YEAR					
		Bonds redeemable in shares ⁽ⁱⁱ⁾	Premium, legal reserves, Profit / (Loss) for the year and other comprehensive income non reclassifiable to profit and loss	Other comprehensive income reclassifiable to profit and loss			
BALANCE AS AT DECEMBER 31, 2018	234.7	56.5	5,306.5	(149.8)	5,447.8	77.2	5,525.0
IFRS16 Initial equity impact ^(*)	-	-	14.6	-	14.6	-	14.6
BALANCE AS AT JANUARY 1, 2019^(*)	234.7	56.5	5,321.1	(149.8)	5,462.4	77.2	5,539.5
Profit / (Loss) for the year	-	-	(229.1)	-	(229.1)	10.5	(218.6)
Other comprehensive income / (expense), net of tax	-	-	(10.3)	12.7	2.3	(1.2)	1.2
TOTAL COMPREHENSIVE INCOME / (EXPENSE) FOR THE YEAR	-	-	(239.4)	12.7	(226.7)	9.3	(217.4)
Acquisition of subsidiaries	-	-	-	-	-	1,151.8	1,151.8
Transaction with non-controlling interests	-	-	(97.3)	1.1	(96.1)	(1,130.3)	(1,226.4)
Share based compensation reserve	-	-	(8.0)	-	(8.0)	-	(8.0)
Dividends	-	-	(80.0)	-	(80.0)	(25.9)	(105.9)
TOTAL TRANSACTIONS WITH SHAREHOLDERS	-	-	(185.3)	1.1	(184.1)	(4.4)	(188.6)
BALANCE AS AT DECEMBER 31, 2019	234.7	56.5	4,896.4	(136.0)	5,051.5	82.1	5,133.6
Balance as at January 1, 2020	234.7	56.5	4,896.4	(136.0)	5,051.5	82.1	5,133.6
Profit / (Loss) for the year	-	-	1,755.3	-	1,755.3	20.5	1,775.7
Other comprehensive income / (expense), net of tax	-	-	(33.3)	(65.0)	(98.3)	(1.2)	(99.5)
Total comprehensive income / (expense) for the year	-	-	1,722.0	(65.0)	1,656.9	19.3	1,676.2
Acquisition of subsidiaries	-	-	-	-	-	6.4	6.4
Transaction with non-controlling interests	-	-	3.1	1.1	4.2	(25.5)	(21.3)
Conversion of the bonds of BPI France	18.4	(56.5)	38.0	-	-	-	-
Dividends	-	-	-	-	-	(16.2)	(16.2)
Total transactions with Shareholders	18.4	(56.5)	41.2	1.1	4.2	(35.3)	(31.1)
Balance as at December 31, 2020	253.2	-	6,659.5	(200.0)	6,712.7	66.1	6,778.8

(i) The share capital is constituted of (i) 10,578,355 ordinary shares held by MERIT CC SAL, its shareholders and related persons, (ii) 3,626,865 ordinary shares held by Yildirim and (iii) 906,717 ordinary shares held by the Banque Publique d'Investissement (Bpifrance formerly FSJ) for a total of 15,111,937 shares.

(ii) Bonds redeemable in shares correspond to the equity portion of the bonds mandatorily redeemable in ordinary shares, subscribed in June 2013 by Bpifrance. Such bonds have been redeemed in ordinary shares as at December 31, 2020.

(*) On January 1, 2019, the Group has adopted IFRS 16 using the modified retrospective transition method, as permitted by the standard. The cumulative effect of IFRS 16 initial application was recognized as an adjustment in retained earnings as at January 1, 2019.

The accompanying notes are part of these annual consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE YEAR ENDED DECEMBER 31, 2020

(in USD million)

For the year ended December 31,

	NOTE	2020	2019
PROFIT / (LOSS) FOR THE YEAR		1,775.7	(218.6)
Reconciliation of profit / (loss) for the year to cash generated from operations:			
- Depreciation and amortization	5.2.1	2,755.7	2,717.9
- Net present value (NPV) benefits related to assets financed by tax leases		(38.4)	(49.9)
- Other income and expense	4.4	86.7	68.6
- Increase / (Decrease) in provisions		43.2	(96.5)
- Loss / (Gains) on disposals of property and equipment and subsidiaries	4.3	(159.2)	(15.2)
- Share of (Income) / Loss from associates and joint ventures	7.2	28.7	(143.1)
- Interest expenses on net borrowings and lease liabilities		1,291.3	1,348.9
- Income tax	4.7	103.1	161.5
- Other non cash items		326.1	0.5
Changes in working capital	5.4	(434.4)	(15.3)
Cash flow from operating activities before tax		5,778.5	3,758.8
- Income tax paid		(154.3)	(198.9)
Cash flow from operating activities net of tax	5.6	5,624.1	3,559.9
Purchases of intangible assets	5.1.2	(69.6)	(83.8)
Disposals of subsidiaries, net of cash divested	3.2	770.9	4.9
Acquisition of subsidiaries, net of cash acquired		(81.8)	(827.9)
Purchases of property and equipment	5.2.1	(664.7)	(522.9)
Proceeds from disposal of property and equipment		120.9	138.6
Dividends received from associates and joint ventures	7.2	17.8	28.9
Cash flow resulting from other financial assets		(22.9)	24.3
Variation in securities		(16.6)	18.0
Net cash (used in) / provided by investing activities	5.6	53.9	(1,220.0)
Free Cash Flow		5,678.0	2,340.0
Dividends paid to the owners of the parent company and non-controlling interest		(92.4)	(20.0)
Proceeds from borrowings, net of issuance costs	6.6	3,236.0	3,012.0
Repayments of borrowings	6.6	(5,355.6)	(2,625.7)
Cash payments related to principal portion of leases	6.6	(1,750.9)	(1,834.8)
Interest paid on net borrowings		(458.4)	(546.1)
Cash payments related to interest portion of leases		(746.7)	(692.2)
Refinancing of assets, net of issuance costs	6.6	109.5	769.7
Other cash flow from financing activities		(304.5)	(97.5)
Net cash (used in) / provided by financing activities	6.7	(5,363.0)	(2,034.6)
Effect of exchange rate changes on cash and cash equivalents and bank overdrafts		(64.0)	(22.2)
Net increase / (decrease) in cash and cash equivalents and bank overdrafts		251.0	283.1
Cash and cash equivalents and bank overdrafts at the beginning of the year		1,598.0	1,314.8
Cash and cash equivalents as per balance sheet		1,880.4	1,750.8
Cash reported in assets held-for-sale		-	4.1
Bank overdrafts		(31.4)	(156.9)
Cash and cash equivalents and bank overdrafts at the end of the period	6.4	1,849.0	1,598.0
Net increase / (decrease) in cash and cash equivalents and bank overdrafts		251.0	283.1
Supplementary information: non cash investing or financing activities:			
- Assets acquired through financial debt or equivalents	5.2.1	(2,819.1)	1,756.9
Supplementary information: Interest paid on net borrowings			
- Interests received		19.7	29.8
- Interests paid excluding interest on leases		(478.0)	(575.9)

The accompanying notes are part of these annual consolidated financial statements.

NOTES TO THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

Note 1 Corporate information

CMA CGM S.A. is a limited liability company (“Société Anonyme”) incorporated and located in France. The address of its registered office is Boulevard Jacques Saadé, 4 Quai d’Arenç, 13235 Marseille Cedex 2, France.

The Consolidated Financial Statements (“CFS”) of CMA CGM S.A. (“CMA CGM”) and its subsidiaries (hereafter referred to together as “the Group” or “the Company”) for the year ended December 31, 2020 were approved by the Board of Directors on March 12, 2021, subject to the approval by the shareholders during the next Annual General Meeting.

The Group operates primarily in the international containerized transportation of goods as well as in logistics business, through the Freight Management and Contract Logistics solutions provided by CEVA Logistics. Other activities mainly include container terminal operations.

Note 2 General accounting principles

Starting from Note 4, the accounting principles have been written in blue.

2.1 Basis of preparation

The consolidated financial statements of CMA CGM have been prepared under the historical cost basis, with the exception of financial assets measured at fair value, securities, derivative financial instruments and net assets acquired through business combinations which have all been measured at fair value. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all periods.

2.1.1 Statement of compliance

The CFS of CMA CGM have been prepared in accordance with IFRS as adopted by the European Union (“EU”).

IFRSs can be found at: <https://eur-lex.europa.eu/legal-content/FR/TXT/?uri=LEGISSUM%3A126040>

IFRSs include the standards approved by the IASB, that is, IAS and accounting interpretations issued by the IFRS IC or the former IFRIC (until 2010) and SIC (until 2002).

2.1.2 Basis of consolidation

The CFS comprise:

- The financial statements of CMA CGM;
- The financial statements of its subsidiaries; and
- The share in the net result and the net assets of associates and joint ventures.

The CFS are presented in U.S. Dollar (“USD”), which is also the currency of the primary economic environment in which CMA CGM operates (the “functional currency”). The functional currency of the shipping activities is U.S. Dollar, except for certain regional carriers. This means that, among other things, the carrying amounts of property, plant and equipment and intangible assets and, hence, depreciation and amortization are maintained in USD from the date of acquisition. For other activities, the functional currency is generally the local currency of the country in which such activities are operated.

All values are rounded to the nearest million (USD 000,000) with a decimal unless otherwise indicated.

NOTES TO THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

2.2 Change in accounting policies and new accounting policies

The accounting policies adopted in the preparation of these CFS have been applied consistently with those described in the annual financial statements for the year ended December 31, 2019, except as outlined in the paragraphs below.

2.2.1 Adoption of new and amended IFRS and IFRS IC interpretations from January 1, 2020

The following amended Standards did not have any significant impact on the Group’s CFS and performance:

Amendments to IAS 1 and IAS 8: Definition of Material

These amendments to IAS 1 and IAS 8 clarify the definition of “material” and align the definition used in the Conceptual Framework and the standards themselves.

Amendments to References to the Conceptual Framework in IFRS Standards

Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform – Phase 1

These amendments relate to the issues affecting financial reporting in the periods before replacement of an existing interest rate benchmark with an alternative interest rate. The Amendments provide relief from the highly probable and prospective assessments required by IFRS 9 and IAS 39 for hedging relationships that are affected by the uncertainties of the IBOR reform. With the same objective, the amendments provide relief from the retrospective assessment under IAS 39. The exceptions described in the amendments apply only to those hedging relationships directly affected by uncertainties of the IBOR reform including cross-currency interest rate swaps (for the interest component affected).

Amendments to IFRS 3: Business Combinations

These amendments clarify the definition of a business and help entities to determine whether an acquisition is a business or a group of assets. This distinction is key to determine the correct accounting treatment.

Amendment to IFRS 16: Leases – COVID-19-Related Rent Concessions

This amendment exempts lessees to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications, with impacts directly recognized in Profit and Loss. It applies to COVID-19-related rent concessions that reduce lease payments due on or before 30 June 2021, and under conditions. The amendment is applicable for annual reporting periods beginning on or after June 1, 2020, with a possible early application.

This amendment has been partially applied by the Group resulting in a non-material impact. This mainly concerned waiver of rents which have been considered as variable rents in accordance with this amendment.

2.2.2 New IFRS and IFRS IC interpretations effective for the financial year beginning after January 1, 2020, endorsed by the European Union and not early adopted

Amendments to IFRS 4: Insurance Contracts – deferral of IFRS 9

The effective date of IFRS 17, which will be replacing IFRS 4, is now 1 January 2023; the fixed expiry date for the temporary exemption in IFRS 4 from applying IFRS 9 has been deferred to 1 January 2023.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – Phase 2

The Phase 2 amendments, Interest Rate Benchmark Reform—Phase 2, address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate (replacement issues). The modifications involved the following: modifications of the basis of contractual cash-flow due to the interest rate benchmark reform, hedge accounting and disclosures.

NOTES TO THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

2.2.3 New IFRS and IFRS IC interpretations effective for the financial year beginning on or after January 1, 2020 and not yet endorsed by the European Union

New IFRS and IFRS IC interpretations effective for the financial year beginning on January 1, 2020 and not yet endorsed by the European Union

IFRS 14: Regulatory Deferral Accounts

The endorsement process of this interim standard has been suspended until the publication of the final IFRS standard.

New IFRS and IFRS IC interpretations effective for the financial year beginning after January 1, 2020 and not yet endorsed by the European Union

The impacts of the following new or amended Standards are currently being assessed by the Company:

IFRS 17 & related amendments: Insurance Contracts

Amendments to IAS 1: Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current

Amendments to IAS 16: Property, Plant and Equipment

Amendments to IAS 37: Provisions, Contingent Liabilities and Contingent Assets

Amendments to IFRS 3: Business Combinations

Amendments to Annual Improvements 2018-2020

2.2.4 Change in accounting estimates

From January 1, 2020 onwards, Management changed, for the shipping activity, the trigger event to recognize variable expenses (Bill of Lading “BL” driven operating expenses) in Profit and Loss, from a prorata temporis approach to an event-driven approach (at call date). This change has been qualified as a change in accounting estimate and has been implemented prospectively in accordance with IAS 8, with the impact at the date of the change being recognized in the year ended December 31, 2020. The impact is not material.

As part of periodic accounting estimate review, Management revised downwards the scrap value applicable to its owned vessel fleet and recorded the effect on depreciation expense prospectively as from April 1, 2020 onwards. The impact is not material.

2.3 Significant accounting judgments, estimates and assumptions

The preparation of the CFS requires the use of judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets, liabilities and the disclosure of contingent liabilities at the reporting date.

Although these CFS reflect management's best estimates based on information available at the time of the preparation of these financial statements, the outcome of transactions and actual situations could differ from those estimates due to changes in assumptions or economic conditions.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the 2019 annual CFS, have been described in the below mentioned notes of the annual CFS and are mainly as follows:

- Measurement of the deferred tax assets related to tax losses carried forward (see Note 4.7.2);
- Impairment of non-financial assets (see Note 5.3);
- Determination of the vessels useful lives and residual values (see Note 5.2);
- Assessment of whether the lease contract options (purchase, extension, renewal and early termination...) are reasonably certain to be exercised or not and assessment of other items which may affect the lease term (see Note 5.2);
- Demurrage receivables, accruals for port call expenses, transportation costs and handling services (see Note 5.4);
- Judgments and estimates made in determining the risk related to cargo and corporate claims and related accounting provisions (see Note 8.1).

NOTES TO THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

2.4 Translation of financial statements of foreign operations

2.4.1 Translation of financial statements of foreign entities

The financial statements of foreign entities are translated into the presentation currency on the following basis:

- Assets and liabilities are translated at the closing exchange rate;
- The Statement of Profit & Loss is translated at the average exchange rate for the reporting year;
- The results of translation differences are recorded as “Currency translation differences” within other comprehensive income; and
- Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate.

Exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are recorded within other comprehensive income. On disposal of a foreign operation, these exchange differences are recognized in the statement of Profit & Loss as part of the gain or loss on sale.

2.4.2 Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in other comprehensive income when qualified as cash flow hedges or net investment hedge.

Foreign exchange gains and losses relating to operating items (mainly trade receivables and payables) are recorded in the line item “Operating exchange gains / (losses), net”. Foreign exchange gains and losses relating to financial items are recorded in the line item “Foreign currency income and expense” within the financial result.

Exchange rates used for the translation of significant foreign currency transactions against one USD are as follows:

	Closing rate		Average rate	
	2020	2019	2020	2019
Euro	0.81493	0.89015	0.87744	0.89309
British pound sterling	0.73262	0.75734	0.77974	0.78350
Australian Dollar	1.29541	1.42380	1.45335	1.43800
Chinese Yuan	6.53777	6.96146	6.90330	6.90930
Singapore Dollar	1.32165	1.34511	1.37984	1.36427

NOTES TO THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

Note 3 Significant events

3.1 Debt repayment initiatives

The Group has completed its liquidity program initiated in 2019 and aiming at strengthening its financial structure and reinforcing its liquidity following the acquisition of CEVA Logistics (vessel sale and leaseback transactions for USD 879.2 million mainly closed in 2019 and early 2020, sale of investments stakes held by CMA CGM in eight port terminals to Terminal Link - see Note 3.2, sale of a 50% stake in a logistics hub in India - see Note 8.4).

The Group has initiated a number of debt prepayment actions in the second half of 2020 and repaid borrowings for an amount of USD 1.1 billion, including mainly the early repayment of CEVA Logistics' Term Loan B, NOL's Senior Unsecured Note due 2021 CEVA Logistics' RCF as well as EUR 100 million on PGE facility (see Note 6.6 and Note 8.4 for an update after balance sheet date).

3.2 Sale of stakes in port terminals

On December 20, 2019, the Group signed an agreement with China Merchant Ports (CMP) to sell a portfolio of stakes in 10 port terminals to Terminal Link (TL), a joint venture held 51% by the Group and 49% by China Merchant. In its original terms, this agreement represented an investment to the benefit of the Group of USD 968 million payable in cash at closing of the transaction. As at December 31, 2019, current and non-current assets and liabilities related to the terminals have been reclassified into assets held-for-sale and associated liabilities.

The transaction contemplated the sale of the Group's stakes in the following 10 sites: Odessa Terminal (Ukraine), CMA CGM PSA Lion Terminal (CPLT) in Singapore, Mundra Terminal (India), Kingston Freeport Terminal (Jamaica), Rotterdam World Gateway (Netherlands), Gemalink in Cai Mep (Vietnam), Qingdao Qianwan United Advance Container Terminal (China), Vietnam International Container Terminal in Hô-Chi-Minh-Ville (Vietnam), Laem Chabang International Terminal (Thailand) and Umm Qasr Terminal (Iraq).

TL financed these acquisitions through the issuance of an USD 468 million mandatory convertible bonds ("MCB") subscribed by CMP (bearing a 6%-interest) and the subscription of an 8-year USD 500 million loan (at 6%) borrowed from CMP. These 2 instruments are not recognized on the Group's statement of financial position as TL is a joint-venture and therefore accounted for as an equity-accounted entity. CMA CGM (i) is committed to increase the equity of TL in cash so that TL is able to pay the interests of the CMP loan and (ii) has various options until maturity of the CMP loan to either (a) increase the equity of TL in cash to allow TL to repay such loan or (b) proceed with the sale of some terminals held by TL or (c) set-off the amount due under the loan into new shares of TL subscribed by CMP, in which case the Group share in TL would be diluted. Until maturity, the CMP loan and the MCB lifespan will allow to maintain the respective shareholdings of both CMA Terminals Holding ("CMA TH") and CMP.

Overall, TL intended to acquire the ten terminal stakes from CMA Terminals Holding for a purchase price equal to USD 955 million and CMA CGM will also receive USD 13 million from TL through an upstream loan.

On March 26, 2020, the parties closed the disposal of the stakes in eight port terminals to TL, as part of a first closing. This closing was completed for a consideration of USD 815 million in cash, made of:

- USD 803.9 million representing 95% of the value of these 8 stakes, 5% being deferred under the condition that a second closing occurs; thus, 95% of the sale price of the 8 terminals has been taken into consideration in the determination of the disposal gain as Management believes that the occurrence of the second closing (covering the last two terminals of Cai Mep in Vietnam and Mundra in India) is likely but is not virtually certain as at December 31, 2020, primarily due to current circumstances related to the COVID-19 situation, which delay approvals or require the granting of additional governmental consents;
- USD 11 million as a portion of the upstream loan.

Management remains fully engaged towards the sale of the last two terminals covered by the agreement for an all cash consideration of over USD 150 million, including the 5% deferred payment related to the first closing. Hence, these 2 terminals remain classified as held-for-sale as at December 31, 2020.

CMA CGM applied IFRS 10 to the 2 terminals in which it lost control as a result of this transaction and hence recognized 100% of the gain on disposal for these 2 terminals (namely Umm Qasr Terminal and Kingston Freeport Terminal). Regarding the associates and JVs (i.e. the remaining 6 terminals), the gain on disposal has been recognized up to 49% in accordance with IAS 28.

The signed documents related to this transaction provide for the granting of guaranteed dividends to CMP over 8 years. The fair value of such guarantee has been estimated at USD 89.2 million at first closing, of which USD 6.3 million representing the best estimate of the potential cash outflow (see Note 8.1.1), and is recorded as a price adjustment, hence impacting negatively the gain on disposal.

NOTES TO THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

The determination of the effect of such transaction at the first closing date can be presented as follows (in USD million):

Cash consideration received from Terminal Link	(a)	803.9
Estimated fair value of guarantees granted to CMP	(b)	89.1
Fair value of the consideration received	(c) = (a) - (b)	714.9
Carrying amount of assets and liabilities at disposal date		
Assets classified as held-for-sale related to investments in associates and joint ventures and other financial assets		404.9
Assets classified as held-for-sale related to fully owned terminals		493.7
Liabilities associated with assets classified as held-for-sale		(430.4)
Reclassification of OCI and others		(6.8)
Total	(d)	461.4
Gain on disposal on a 100% basis	(e) = (c) - (d)	253.4
Elimination of 51% internal gain on disposal to a joint-venture regarding assets previously classified as investments in associates and joint ventures	(f)	(68.8)
Transaction costs	(g)	(16.1)
Gain resulting from the reorganization of the terminal activities	(e) + (f) + (g)	168.5

3.3 Global Shipping Environment

Low sulphur regulation

The new International Maritime Organization (IMO) Low Sulphur Regulation has been effective from January 1, 2020 and require all shipping companies to reduce their Sulphur emissions by 85%. This new regulation aims at reducing the environmental impact of the industry and significantly improve air quality, an initiative in which the CMA CGM Group has been involved for more than 15 years.

In this context, CMA CGM has decided to favor the use of 0.5% fuel oil for its fleet and to invest significantly in LNG propelled vessels for its larger container ships (notably a serie of 9 23k megamax ships, 4 of which being delivered as at December 31, 2020). This technology most notably enables a 99% reduction in Sulphur emissions as well as a 20% reduction of CO2 emissions. In addition, the Group has decided to rely exclusively on hybrid scrubbers for its owned fleet.

Additional cost resulting from this new regulation will be taken into account through the application or adjustment of fuel surcharges on a trade-by-trade basis. Indeed, from January onwards, CMA CGM has implemented a full pass-through pricing policy in order to achieve full compensation of the corresponding costs from its client.

3.4 COVID-19

On January 30, 2020, the World Health Organization (WHO) declared that the outbreak of the novel coronavirus observed in China and called COVID-19 met the criteria for a Public Health Emergency of International Concern. Later, on March 11, 2020, the WHO declared the COVID-19 outbreak a global pandemic. In response to this global pandemic, many countries have decided to implement lock-down measures. In this context, the Group has monitored the situation daily to ensure the safety of its staff and business continuity.

The closing of factories in China occurred at a period of somewhat seasonally reduced activity due to the traditional Chinese New Year holidays. However, the lockdown extended beyond these holidays with shipments out of China covering gradually from early March. In the meantime, lock-down measures were announced in various geographies, including the US and Europe, as the virus spread. This has materially impacted consumption, as well as short term global trade and macro-economic prospects. Subsequently, lock down measures have been eased in certain geographies, leading to a rebound of economic prospects to a certain degree, especially on those countries benefiting from fiscal and governmental support measures. More recently a second wave of contaminations was observed a number of geographies. The sanitary situation has resulted in a shift of reweighting of retail consumption in favor of goods rather than services, notably thanks to the accelerated development of e-commerce. Consequently, the demand for goods transportation recovered quickly from the trough levels observed in April to reach higher level in the second

NOTES TO THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

half of 2020 compared to the second half of 2019, hence leading the Group to operate at full capacity. Future business prospects remain highly uncertain in the current environment and may vary significantly from region to region, depending among other on the virus spread, sanitary containment measures and subsequent wave of the virus in some regions including degree of coercion of lock down measures, availability and progress of the vaccination as well as government incentives to support their respective economies.

In this context, management has focused on and will continue to protect profitability (adapting deployed vessel capacity for shipping to match shipped volumes and adapting resources to the level of activity for logistics), cash flows and liquidity.

As far as CMA CGM is concerned, although transported volumes by the ocean division were slightly lower than last year, the financial impact on COVID-19 during the year 2020 has been counterbalanced by the combination of supportive unit revenue dynamics in the ocean division as well as lower bunker expense and voluntary cost reductions across the Group. Such trends currently continue to prevail. However, the full length and impact of the COVID-19 crisis remains difficult to predict. Ultimate business impact will depend on the pace at which economies resume globally and on the various government measures to support that recovery as well as strategies adopted by other liners regarding deployment of capacity. The longer term effects will also depend on the delivery and efficiency of virus vaccines and / or reach of new outbreaks (See section 5.3 regarding the assessment of the recoverable amounts of assets as at December 31, 2020 resulting in no impairment issue due to current pace of the Group's activities).

3.5 EUR 1.05 billion bank loan

On May 7, 2020, CMA CGM entered into a EUR 1.05 billion facility agreement partially (70%) guaranteed by the French state with a consortium of our relationship banks, for general corporate needs of the Group in light of the COVID-19 pandemic's impact on the Group's operations (the "PGE"). Part of the proceeds were used to recapitalize CEVA Logistics for an amount of EUR 300 million.

(See Notes 6.6.3 and 8.4.)

3.6 Rating agencies

In October 2020, Moody's revised CMA CGM B2 rating outlook from negative to positive. Standard and Poors' also revised CMA CGM B+ rating outlook from negative to positive.

In October 2020, Moody's upgraded the rating of CEVA Logistics to B3 from Caa1 with a stable outlook. Standard and Poors' revised the outlook on CEVA Logistics to positive following similar revision on parent CMA CGM and affirmed B+ ratings.

(See Note 8.4 for further positive evolution of the Group's ratings.)

3.7 Trade network reorganization

Early July 2020, the Group announced that CMA CGM aimed at becoming in the coming months the Group's exclusive commercial carrier on the Transpacific trade and the sole global carrier of the Group from later 2020 onwards. By capitalizing on the expertise, knowledge and footprint of its resources under CMA CGM, the Group intended to serve its customers more effectively and focus on delivering complete, tailored solutions in the Transpacific market.

As a consequence, APL no longer offers commercial services on the transpacific trade and is mostly dedicated to provide U.S. Flag services as a long-time service partner for the U.S. Government and to solidify and enhance the Group's specialization in this key business offer. APL continues to operate intra-asia short sea services for the Group under the CNC brand.

At time of NOL acquisition in 2016, the APL trademark had been identified for USD 203 million as an intangible assets with indefinite useful life at the time of NOL acquisition. Due to the above strategic changes, it has become an amortizable intangible asset since July 1, 2020 with a non material amortization expense recorded in the period.

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3.8 Cyber-attack

On September 28, 2020, CMA CGM announced that it had suffered a ransomware-based cyber-attack. The intrusion impacted certain of our shipping subsidiaries' IT systems. As soon as the intrusion was discovered, Management immediately decided to suspend temporarily access to core IT system, including the operational tool LARA and the e-commerce platform, in order to prevent further contamination of the malware. Management also promptly notified the French data protection authority (ANSSI) and engaged independent cybersecurity experts, who, together with ANSSI and the Group's cybersecurity team, started investigating the cyber-attack and working to analyze the cyberattack and rebuild as needed our IT infrastructure.

The loss of bookings was attenuated to some extent by the timing—the national holiday of Golden Week in China hence resulting in fewer bookings due to factory closures—as well as by the rapid response put in place.

All operations and all material software have been put back to a normal service progressively during October with no significant prejudice for the Group.

The impact resulting from this incident can be estimated to be below USD 50 million. The Group's cyber liability insurance may cover part of the financial loss but it is currently too early to predict the extent and timing of any cyber liability insurance indemnification.

3.9 Bonds redeemable in shares Bpifrance

As stipulated in their terms and conditions the bonds subscribed in June 2013 by Bpifrance have been redeemed in shares as at December 31, 2020. Bpifrance now owns 6% of CMA CGM ordinary shares.

Note 4 Results for the year

Revenue and expense recognition principles

As required by IFRS 15 "Revenue from contracts with customers", the Group recognize revenue respecting the following five steps approach: (i) identify the contract with a customer, (ii) identify all the individual performance obligations within the contract, (iii) determine the transaction price, (iv) allocate the price to the performance obligations, (v) recognize revenue as the performance obligations are fulfilled.

Revenue comprises the payment the Company expects to be entitled in exchange for the sale of shipping and logistics services, net of value-added tax, rebates and discounts after eliminating sales within the Group.

In accordance with IFRS 15, expenses are recognized in the income statement when they are incurred.

In some specific circumstances, a business practice of the Company might be to concede price reduction to certain customers afterwards. Such variable consideration is initially estimated and recognized as a reduction of the transaction price.

Application of IFRS 15 to specific transactions related to OCEAN Alliance

In accordance with IFRS 15.BC58/59, sales and purchases of slots related to Ocean Alliance do not generate revenue and cost recognition.

Container shipping

For container shipping activity, one single performance obligation has been identified by the Group for container transportation itself, inland transportation and ancillary services (such as THC, BAF...) as they are all part of one global shipping transportation performance obligation and as the transaction is contracted with the customers as a whole transaction.

Freight revenues are recognized on a percentage of completion basis, which is based on the proportion of transit time completed at report date for each individual container.

Freight receivables for which the Company transferred a portion of the services to the customers as per revenue recognition principles, are reported as contract assets.

From January 1, 2020 onwards, Management changed, for the shipping activity, the trigger event to recognize variable expenses (Bill of Lading "BL" driven operating expenses) in Profit and Loss, from a prorata temporis approach to an event-driven approach (at call date) (see Note 2.2.4).

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Logistics activities

CEVA Logistics derives revenue from the transfer of services mainly over time in two major service lines, contract logistics and freight management (including Air, Ocean and other Freight Management services - "Other FM"). The CEVA Logistics subgroup recognizes revenue when (or as) performance obligations are satisfied by transferring promised goods or services to the customer, which generally is dictated by the type of service CEVA Logistics is providing in agreement with the customer.

Contract logistics services

CEVA Logistics provides a range of logistics services such as distribution, pick and pack, materials management services, international insurance services, global project management services and trade facilitation services. The revenue performance obligation is satisfied over time based on the service delivered measured by either actual costs or output provided depending on the terms and conditions in the contracts. Costs are recorded or accrued to match revenue recognition.

Air and Ocean Freight Management – indirect carrier

As an indirect carrier, CEVA Logistics obtains shipments from its customers, consolidates shipments bound for a particular destination, determines the routing, selects the direct carrier and tenders each consolidated lot as a single shipment to the direct carrier for transportation to a distribution point. CEVA Logistics issues a Bill of Lading to customers as the contract of carriage. CEVA Logistics has complete discretion in selecting the means, route and procedures to be followed in handling, transportation and delivery of freight. CEVA Logistics is the direct point of contact for service fulfilment. The progress towards complete satisfaction of each performance obligation is measured based on the progress of each shipment during its time of travel, and thus met on an over time basis. The share of travel time not falling into a given reporting period is deferred to next period.

Other FM – Value added services

CEVA Logistics provides services at either origin or destination to clear shipments through customs, helping customers clear shipments through customs by preparing required documentation, calculating and providing for payment of duties and other taxes on behalf of the customers as well as arranging for any required inspections by governmental agencies and arranging for delivery or providing additional services such as warehousing, transportation, storage and document handling. The performance obligation is satisfied at the point in time once the service has been completed, as the performance obligation is either met or not met.

Cargo agent (direct freight services) revenue as included in the Air and Ocean Freight Management business lines

As an authorized cargo sales agent of most airlines and ocean shipping lines, CEVA Logistics also arranges for transportation of individual shipments and receives a commission from the airline or ocean shipping line for arranging the shipments or earns net revenue for the excess of amounts billed to the customer over amounts paid to the direct carrier. The contract of carriage is between the customer and the direct carrier and the direct carrier is the primary obligor from the perspective of the customer. When acting in this capacity, CEVA Logistics does not consolidate shipments or have responsibility for shipments once they have been tendered to the carrier, therefore the CEVA Logistics performance obligation is satisfied at the point in time once an agreement on the shipment between the customer and the carrier is reached. The revenue respective to agent revenue is recognized as either Ocean or Air.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Other activities

For other activities, no individual performance obligations have been identified in the contracts: revenue is recognized when the services have been rendered or when the goods have been delivered.

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4.1 Operating segments

As required by IFRS 8 "Operating Segments", the segment information reported below is based on the internal reporting used by the Company's management to allocate resources between segments and to assess their performance.

Since CEVA Logistics acquisition, the Group reports three operating segments: container shipping activity, logistics and other activities.

For container shipping activity, CMA CGM is organized as a worldwide container carrier, managing its customer base and fleet of vessels and containers on a global basis. Logistics includes freight management activities and contract logistics activities performed by CEVA Logistics and its subsidiaries.

Segment performance is evaluated by management based on the following measures:

- Revenue;
- EBITDA before gains / (losses) on disposal of property and equipment and subsidiaries;
- EBIT ("Earnings Before Interests and Taxes") / Core EBIT.

EBITDA corresponds to the line item "EBITDA BEFORE GAINS / (LOSSES) ON DISPOSAL OF PROPERTY AND EQUIPMENT AND SUBSIDIARIES" reported on the Consolidated Statement of Profit & Loss.

EBIT and EBITDA before gains / (losses) on disposal of property and equipment and subsidiaries are a non-IFRS quantitative measure used to assist in the assessment of the Company's ability to drive its operating performance. The Company believes that the presentation of these non-IFRS measures is a relevant aggregate to management for decision making purposes. However, these measures are not defined in IFRS and should not be considered as an alternative to Profit / (Loss) for the year or any other financial metric required by such accounting principles. However, in terms of segment reporting, management believes that EBIT and EBITDA before gains / (losses) on disposal of property and equipment and subsidiaries are more relevant aggregates to assess the segment performance as financial result and income tax are not allocated to segments.

The segment information for the reportable segments for years ended December 31, 2020 and 2019 is as follows:

	Revenue		EBITDA		EBIT	
	For the year ended December 31,					
	2020	2019	2020	2019	2020	2019
Container shipping segment	24,006.2	22,762.6	5,231.6	2,886.9	3,103.9	877.9
Logistics segment	7,506.0	7,457.9	661.5	639.6	149.5	161.4
Other activities	588.8	712.9	216.5	236.8	142.3	160.9
Total core measures before elimination	32,101.0	30,933.4	6,109.6	3,763.3	3,395.6	1,200.2
Eliminations	(655.9)	(679.1)	(0.9)	(4.1)	(3.2)	(63.5)
Total core measures	31,445.1	30,254.2	6,108.7	3,759.2	3,392.4	1,136.7
Reconciling items	-	-	-	-	159.1	148.1
Total consolidated measures	31,445.1	30,254.2	6,108.7	3,759.2	3,551.5	1,284.8

Certain items included in EBIT are unallocated as management considers that they do not affect the recurring operating performance of the Group. As a consequence, these items are not reported in the line item "Total Core measures".

NOTES TO THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

The bridge from EBIT to core EBIT can be presented as follows:

For the year ended December 31,

	2020	2019
Core EBIT	3,392.4	1,136.7
Gains / (losses) on disposal of property and equipment and subsidiaries	159.2	15.2
Other income and (expenses)	(86.7)	(68.6)
Operating exchange gain/loss	116.2	103.9
Impairment / non recurring items recorded in associates and joint ventures	(29.6)	97.5
EBIT	3,551.5	1,284.8

Contribution of CEVA Logistics and IFRS 16 impact to the Profit and loss for the year ended December 31, 2020

	2020					
	Consolidated Statement of Profit & Loss	CEVA Contribution excluding IFRS 16	CEVA - IFRS 16 application	CMA CGM stand-alone IFRS 16 application	Eliminations	CMA CGM stand alone Profit & Loss excluding CEVA and IFRS 16 impacts
	A	B	C	D	E	F = A (-) B (-) C (-) D (-) E
REVENUE	31,445.1	7,345.1	-	-	(131.3)	24,231.2
Operating expenses	(25,336.3)	(7,157.0)	421.3	1,901.6	131.3	(20,633.6)
EBITDA BEFORE GAINS / (LOSSES) ON DISPOSAL OF PROPERTY AND EQUIPMENT AND SUBSIDIARIES	6,108.7	188.1	421.3	1,901.6	-	3,597.6
Gains / (losses) on disposal of property and equipment and subsidiaries	159.2	(0.7)	-	-	-	159.8
Depreciation and amortization of non-current assets	(2,755.7)	(129.2)	(390.0)	(1,523.4)	-	(713.1)
Other income and (expenses)	(86.7)	4.5	-	-	-	(91.1)
Operating exchange gain/loss	116.2	-	-	-	-	116.2
Net present value (NPV) benefits related to assets financed by tax leases	38.4	-	-	-	-	38.4
EBIT BEFORE SHARE OF INCOME / (LOSS) FROM ASSOCIATES AND JOINT VENTURES	3,580.2	62.8	31.3	378.2	-	3,107.9
Share of income / (loss) from associates and joint ventures	(28.7)	8.7	-	-	-	(37.4)
EBIT	3,551.5	71.5	31.3	378.2	-	3,070.5
CORE EBIT	3,392.4	69.2	31.3	378.2	-	2,913.7
Interests expense on borrowings and lease liabilities	(1,339.5)	(103.9)	(50.9)	(662.8)	-	(522.0)
Interests income on cash and cash equivalent	15.6	1.3	-	-	-	14.3
Other net financial items	(348.7)	(69.4)	-	9.7	-	(289.0)
FINANCIAL RESULT	(1,672.6)	(171.9)	(50.9)	(653.0)	-	(796.8)
PROFIT / (LOSS) BEFORE TAX	1,878.9	(100.4)	(19.6)	(274.8)	-	2,273.7
Income taxes	(103.1)	13.9	-	-	-	(117.0)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	1,775.7	(86.6)	(19.6)	(274.8)	-	2,156.7
PROFIT / (LOSS) FOR THE YEAR	1,775.7	(86.6)	(19.6)	(274.8)	-	2,156.7
of which:						
Non-controlling interests	20.5	(1.3)	-	-	-	21.8
OWNERS OF THE PARENT COMPANY	1,755.3	(85.3)	(19.6)	(274.8)	-	2,135.0

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The information presented above includes the effect of the purchase price allocation adjustments made following CEVA Logistics acquisition and differs from the information presented in Note 4.1 as the Group's logistics segment due to certain logistics activities handled by Group's subsidiaries not held by CEVA Logistics.

4.2 Operating expenses

4.2.1 Variations of operating expenses

Operating expenses are analyzed as follows:

For the year ended December 31,

	2020	2019
Bunkers and consumables	(3,072.5)	(3,450.7)
Chartering and slot purchases	(1,263.2)	(1,390.3)
Handling and stevedoring	(6,330.9)	(6,385.5)
Inland and feeder transportation	(6,190.7)	(6,577.4)
Port and canal	(1,463.5)	(1,457.9)
Container equipment and repositioning	(1,162.2)	(1,427.2)
Employee benefits	(4,133.1)	(4,063.1)
General and administrative other than employee benefits	(1,299.0)	(1,361.0)
Additions to provisions, net of reversals and impairment of inventories and trade receivables	(59.4)	(51.9)
Others	(361.8)	(330.1)
Operating expenses	(25,336.3)	(26,495.0)

The decrease of operating expenses is mainly due to (i) operational efficiency, allowing to adapt our deployed capacity to our volumes on the first half-year, and more generally our continued focus on reducing our operating expenses, (ii) the slightly lower carried volumes in the current sanitary context and (iii) lower bunker costs despite the application of IMO 2020 and the resulting switch to low sulphur fuel (see Note 3.3).

4.2.2 Employee benefits

Employee benefit expenses are analyzed as follows:

For the year ended December 31,

	2020	2019
Wages and salaries	(3,492.2)	(3,390.8)
Social security costs	(498.0)	(487.0)
Pension costs (see Note 8.1)	(100.2)	(86.0)
Other expenses	(42.7)	(99.2)
Employee benefits	(4,133.1)	(4,063.1)

The number of employees of the controlled subsidiaries of the Group is 90,792 as at December 31, 2020 (87,932 as at December 31, 2019). The total number of employees, including those employed in certain joint-ventures or through international seafarer providers, is 117,179 as at December 31, 2020 (114,354 as at December 31, 2019).

The number of full-time equivalent employees of the controlled subsidiaries of the Group is 86,170 for the year ended December 31, 2020 (86,700 as at December 31, 2019).

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4.3 Gains / (Losses) on disposal of property and equipment and subsidiaries

Gains and losses on disposals correspond to the difference between the proceeds and the carrying amount of the asset disposed of. Accounting principles related to sale and lease-back transactions are presented in Note 5.2.

Gains / (losses) on disposal of property and equipment and subsidiaries consist of the following:

	For the year ended December 31,	
	2020	2019
Disposal of vessels	1.0	5.6
Disposal of containers	(2.2)	1.9
Other fixed assets disposal	(9.3)	6.9
Disposal of subsidiaries	169.8	0.8
Gains / (losses) on disposal of property and equipment and subsidiaries	159.2	15.2

Disposal of subsidiaries mainly corresponds to the sale of a portfolio of stakes in terminals to Terminal Link (see Note 3.2 and Note 5.5) for USD 168.5 million.

4.4 Other income and (expenses)

Other income and (expenses) can be analyzed as follows:

	For the year ended December 31,	
	2020	2019
Impairment (losses) / reversals of assets	(60.2)	(14.0)
Others	(26.4)	(54.5)
Other income and (expenses)	(86.7)	(68.6)

In 2020:

- "Impairment losses of assets" mainly relates to certain individual vessels intended to be sold for scrapping, an intangible terminal concession right and some individually not material right-of use assets;
- "Others" includes various items such as specific transaction fees or other non-recurring items individually not material.

In 2019:

- "Impairment losses of assets" mostly relates to the depreciation of a specific investment in our terminal business;
- "Others" line item includes USD (41.0) million from CEVA Logistics, mainly related to consulting costs, as well as some integration costs incurred in relation to the CEVA Logistics acquisition.

4.5 NPV benefits related to assets financed by tax leases

Refer to Note 5.2 for the accounting principles related to tax leases.

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4.6 Financial result

Accounting principles related to borrowings and cash and cash equivalents have been presented in Notes 6.4 and 6.6.

In its consolidated statement of cash flows, the Company presents interest expenses as a cash flow used for financing activities.

The financial result is analyzed as follows:

	For the year ended December 31,	
	2020	2019
Interest expense on borrowings and lease liabilities	(1,339.5)	(1,396.3)
Net interests on cash and cash equivalents	15.6	33.9
Cost of borrowings and lease liabilities, and net interest on cash and cash equivalents	(1,323.9)	(1,362.3)
Settlements and change in fair value of derivative instruments	(56.8)	(4.4)
Foreign currency income and expense, net	(297.1)	21.5
Other financial income and expense, net	5.1	3.4
Other net financial items	(348.7)	20.5
Financial result	(1,672.6)	(1,341.9)

For the year ended December 31, 2020, "Interest expense on borrowings and lease liabilities" includes USD (62.3) million corresponding to the amortization of past issuance costs recognized using the effective interest method (USD (57.8) million for the year ended December 31, 2019).

"Settlements and change in fair value of derivative instruments" reflect the impact, on the portfolio of derivative financial instruments, of specific settlement operations primarily on CEVA Logistics debt related instruments as well as the volatility of currencies and interest rates during the periods presented.

"Foreign currency income and expense, net" is mainly composed of foreign currency exchange gains / (losses) on financial operations due to the translation of borrowings and financial instruments denominated in currencies different from USD (mainly but not limited to transactions in EUR). Among other minor effects, the exchange loss for the year ended December 31, 2020 are due to the appreciation of EUR currency versus USD versus December 31, 2019, primarily resulting from third and fourth quarters 2020.

"Other financial income and expense, net" mainly includes unwinding of discount effects, some effect related to IFRS16 provisions for dismantling costs as well as potential effect on lease modifications, some interests' income related to financial assets and some dividends received from related parties.

4.7 Current and deferred taxes

4.7.1 Current tax

In Accordance with IAS 12 "Income Taxes", current income tax is the amount of income tax payable (recoverable) in respect of the taxable profit (tax loss) for the year. Taxable profit (tax loss) is the profit (loss) for the year, determined in accordance with the rules established by the taxation authorities, upon which income tax is payable (recoverable).

Significant judgment

The Group is subject to income tax in numerous jurisdictions. When permitted by local tax authorities, the Company elected for the tonnage tax regime. The French tonnage tax regime consists in determining the taxable result that will be subject to income tax on the basis of vessel's tonnage. For this reason, among others, the Company classifies the consequences of tonnage tax regime as current income tax.

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	For the year ended December 31,	
	2020	2019
Current income tax income / (expense)	(159.5)	(162.3)
Deferred tax income / (expense)	56.4	0.9
Income Taxes	(103.1)	(161.5)

The “deferred tax income” for the year ended December 31, 2020 increased compared to the previous year due to exceptional deferred tax reversal impacts related to (i) internal restructuring of our intra-Europe subsidiaries Containerships and (ii) CEVA Logistics effects such as a tax rate increase in the UK and the recognition of net operating losses due to foreseeable profitable results in some countries.

Most of the shipping activities handled by the Group are subject to exemption regimes (tonnage tax regimes or equivalent) in France, in Singapore and in the United States. For instance, no provision is made for taxation on qualifying shipping income derived from the operation of the vessels which is exempt from taxation under Section 13A of the Singapore Income Tax Act and Singapore's Maritime Sector Incentive Approved International Shipping Enterprise Scheme. In France, income arising from liner activities are subject to a tonnage-based tax system under which the computation of tax is based on the tonnage of the qualifying vessel fleet. Other Group's subsidiaries and/or branches are subject to income tax in accordance with the local tax laws of their respective countries.

Tax consolidation agreements are in place in certain countries in which the Group operates, mostly in France. It allows the Companies of the same Group to combine their taxable profits or losses to calculate the overall tax expense for which only the parent company is liable. In France, the tax consolidation scheme generated a decrease in the current income tax expense of USD 2.3 million in 2020 (decrease of USD 36.4 million in 2019).

4.7.2 Deferred tax

In accordance with IAS 12, deferred tax is provided for on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the CFS. The deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither the accounting nor the taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted at the Statement of Financial Position date and are expected to apply when the related deferred tax asset is realized, or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not be reversed in the foreseeable future.

The deferred taxes are recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the deferred taxes are recognized in other comprehensive income or directly in equity, respectively.

Regarding lease contracts under IFRS 16, there are two approaches permitted by the Standard:

Approach n°1:

- Initial recognition: the value of the asset and the value of the liability are roughly the same. So, there is no temporary difference and no deferred tax.
- Subsequently: values are different. A deferred tax must therefore be recognized.

Approach n°2:

- Initial recognition: exemption provided by IAS 12.15 & 24 regarding deferred tax based on the fact that assets and liabilities are quite equivalent at inception and that both assets and liabilities will be amortized at the end of the lease.

The Group has decided to follow the second approach.

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Significant judgment and estimates

Deferred tax assets are recognized for all temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits.

Due to the tonnage tax regime applicable on the main part of the Company's activity, resulting in a lower income tax payable in the future, the amount of deferred tax assets to be recognized is limited.

The mechanism of tonnage tax requires to estimate the portion of the future results that will be treated as part of tonnage tax regime and the residual portion that will not be subject to tonnage tax regime. For the purpose of the recognition of the deferred tax assets in France, Management has also based its estimates on:

- The fact that the French tonnage tax regime has been renewed in 2013 for a 10-year period;
- The best estimates of the future taxable results of activities that are not subject to tonnage tax regime.

Considering the tonnage tax regime applicable to Group shipping activities, differences between taxable and book values of assets and liabilities are generally of a permanent nature. This is due to the fact that the taxable result for tonnage tax eligible activities has no correlation with either the carrying value or the generally applicable tax value of assets and liabilities. Consequently, temporary differences are limited to those arising from other activities which are subject to usual tax laws.

Deferred tax balances break down as follows:

	For the year ended December 31,	
Deferred tax assets	2020	2019
Investment tax credit	0.2	0.2
Tax losses carried forward	88.6	80.8
Retirement benefit obligations	31.3	22.9
Other temporary differences	78.2	69.5
Total gross deferred tax assets	198.3	173.3
Total net deferred tax assets	182.3	158.9

	For the year ended December 31,	
Deferred tax liabilities	2020	2019
Revaluation and depreciation of property and equipment	3.2	19.5
Intangible assets adjustment due to purchase price allocation	314.1	327.7
Undistributed profits from subsidiaries	54.6	51.2
Other temporary differences	36.2	36.7
Total deferred tax liabilities	408.2	435.2
Total net deferred tax liabilities	392.2	420.8
Total net deferred tax assets / (liabilities)	(209.9)	(261.8)

The breakdown of deferred tax assets and deferred tax liabilities presented in the table above is based on gross amounts. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The amount recognized in the statement of financial position corresponds to the net deferred tax assets and liabilities.

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“Tax losses carried forward” mainly relate to losses generated by the logistics activities of CEVA Logistics. These tax losses are recognized only to the extent of the level of the corresponding deferred tax liability and the foreseeable taxable profit generated by these activities. None of the related entities have incurred losses in either the current or preceding years.

In France, unused tax losses and other taxable temporary differences to a lesser extent, whose recovery within a reasonable timeframe is considered less than likely are not recognized in the Statement of Financial Position and represented USD 1,381.0 million as at December 31, 2020 (USD 1,111.7 million in 2019). The corresponding unrecognized deferred tax asset amounts to USD 413.1 million in 2020 (USD 329.6 million in 2019). Most of these unused tax losses can be carried forward indefinitely.

Regarding CEVA Logistics, unused tax losses of USD 1,137 million are available for offset against future taxable profits for which no deferred tax asset has been recognized because the entities concerned reported losses in either the current or prior year, of which tax losses amounting to USD 553 million can be carried forward indefinitely, USD 28 million will expire within one to three years, and USD 556 million will expire in 4 to 20 years.

The level of deferred tax liabilities recognized in relation to undistributed profits from subsidiaries increased by USD 9.0 million in 2020 (USD 14.8 million in 2019). Unlike the rest of the Group, CEVA Logistics did not recognize deferred tax liabilities on temporary differences associated with undistributed earnings of its subsidiaries for an aggregate amount of USD 142.0 million, because CEVA Logistics is in a position to control the timing of the reversal of the temporary difference, and it is probable that such differences will not reverse in the foreseeable future. However, CEVA Logistics recognized a deferred tax liability related to its associate and joint ventures for an amount of USD 15.0 million.

Income tax impacts related to other comprehensive income are presented in the statement of comprehensive income.

	As at December 31, 2020
Net deferred tax at the beginning of the year	(261.8)
Changes through Profit & Loss	56.4
Changes through Other Comprehensive Income	1.1
Currency translation adjustment	(2.9)
Other variations	(2.6)
Net deferred tax at the end of the period	(209.9)

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4.7.3 Tax proof

In France, from January 1, 2020, a rate of 31% (32.02% incl. 3.3% surtax) applies to entities with a revenue equal or above EUR 250m. As a consequence, the theoretical income tax rate has been updated at 32.02% in the Group 2020 tax proof as presented below:

	For the year ended December 31,	
	2020	2019
Profit / (Loss) before tax and excluding share of profit (or loss) of the associates and joint ventures	1,907.5	(200.2)
Theoretical income tax (tax rate of 32.02% in 2020 / 34.43% in 2019)	(610.8)	68.9
Income tax expense	(103.1)	(161.5)
Difference between theoretical and effective income tax	507.7	(230.4)
Not taxable income (mainly due to impact of the tonnage tax regime)	785.9	37.7
Use or recognition of deferred tax assets previously unrecognized	37.4	14.3
Effect of different tax rates in foreign tax jurisdictions	52.7	(13.9)
Unrecognized tax losses generated by certain activities not liable to tonnage tax	(94.7)	(95.7)
Variation of deferred taxes with no impact on current tax	(8.6)	4.8
Other Permanent differences	(265.0)	(177.6)
Difference	507.7	(230.4)

The other permanent differences mainly relate to currency impacts, with material change of EUR versus USD rate between 2019 and 2020, with the parent Company being the main contributor with a USD functional currency while its statutory currency is the EUR as a French Company.

Note 5 Invested capital and working capital

5.1 Goodwill and other intangible assets

5.1.1 Goodwill

Goodwill and Business Combinations

Business combinations are accounted for using the acquisition method defined in IFRS 3 “Business combinations”. Accordingly, all acquisition-related costs are recognized as operating expenses.

The consideration transferred for the acquisition of a subsidiary is the fair value of the assets acquired, the liabilities assumed and the equity interests issued by the Group at transaction date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Contingent payments classified as debt are subsequently remeasured through the consolidated income statement.

Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Determination of goodwill

Goodwill is measured as the difference between:

- The aggregate of (i) the value of the consideration transferred, (ii) the amount of any non-controlling interest, and (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer’s previously-held equity interest in the acquiree, and
- The net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

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If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, then the difference is recognized directly in the income statement.

Non-controlling interests represent the portion of the profit or loss and net assets (of the Group or of one of its subsidiaries) attributable to equity interests held by third parties.

Adjustments are recognized as changes to goodwill, provided they result from new information obtained about facts and circumstances that existed at acquisition date and are made within twelve months of the date of acquisition.

Presentation and subsequent measurement of goodwill

Goodwill on acquisition of subsidiaries is disclosed separately in the Statement of Financial Position. Goodwill on acquisition of associates and joint ventures is included in the Company's share in investments in associates and joint ventures.

At the time of the sale of a subsidiary or a jointly controlled entity, the amount of the goodwill attributable to the subsidiary or associates and joint ventures is included in the calculation of the gain and loss on disposal.

Impairment of goodwill

See Note 5.3.

The carrying amount of goodwill has been allocated to the following operating segments and cash generating units based on the management structure:

	For the year ended December 31,	
	2020	2019
Beginning of the year	2,851.8	1,166.1
Goodwill from business combinations	20.9	1,688.5
Other variations	2.4	2.0
Foreign currency translation adjustment	(2.4)	(4.8)
At the end of the period	2,872.8	2,851.8
<i>of which:</i>		
Allocated to container shipping segment	1,143.0	1,143.1
Allocated to logistics segment	1,717.3	1,696.4
Allocated to other activities	12.5	12.4

In 2020, the line item "Goodwill from business combinations" mainly corresponds to the goodwill recognized as part of the provisional purchase price allocation performed on AMI acquisition, a subsidiary of CEVA Logistics since July 2020. AMI Worldwide Ltd offers end-to-end logistics solutions in freight forwarding, with a presence in twelve countries mainly in East and Southern Africa and has more than seventy-five offices worldwide.

In 2019:

- The line item "Goodwill from business combinations" corresponds to the goodwill recognized as a result of the purchase price allocation performed on CEVA Logistics acquisition;
- The line item "Other variations" corresponds mainly to the update of the purchase price allocation related to the acquisition of Containerships.

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5.1.2 Other intangible assets

Other intangible assets mainly consist of:

- Trademark and customer relationships, which are generally valued using the income approach, consisting in both (i) the relief from royalty method applied to the valuation of brands and (ii) the excess earnings method applied to the valuation of customer contracts and terminal concession rights. The useful life of customer relationships is generally depending on the churn rate applied to the customer portfolio;
- Software developed and acquired for internal corporate use, which is recorded at the initial acquisition cost plus the cost of development minus the total of the amortization and any impairment loss. In-house software development costs are capitalized in accordance with criteria set out in IAS 38 "Intangible assets";
- Terminal concession rights for which the useful life is generally based on the concession contractual maturity with reasonable renewal assumptions.

Costs associated with maintaining computer software programs are recognized as an expense when incurred.

Software developed or acquired is amortized on a straight-line basis over five to ten years based on the estimated useful life.

Other intangible assets are analyzed as follows:

Cost of Other intangible assets	Software		Trademarks & Customer relationships	Terminal concession rights	Others	Total
	In use	In-progress				
As at December 31, 2018	566.0	283.4	823.6	115.0	25.1	1,813.0
Acquisitions	18.7	65.2	-	-	0.4	84.2
Acquisitions of subsidiaries (see Note 3.1)	53.9	12.8	1,318.2	-	1.1	1,386.1
Disposals	(10.0)	(1.5)	-	-	(0.4)	(11.8)
Reclassification to assets held-for-sale (see Note 5.5)	-	-	-	-	(14.1)	(14.1)
Reclassification	39.8	(29.4)	-	-	(2.6)	7.8
Foreign currency translation adjustment	(1.5)	(0.3)	(4.2)	-	0.2	(5.7)
As at December 31, 2019	666.9	330.2	2,137.7	115.0	9.9	3,259.6
Acquisitions	13.2	49.4	0.5	-	0.0	63.1
Disposals	(88.3)	(4.2)	(0.7)	-	(0.0)	(93.3)
Reclassification	269.0	(269.6)	-	-	0.8	0.2
Foreign currency translation adjustment	17.1	2.5	(3.9)	-	(1.5)	14.1
As at December 31, 2020	877.9	108.2	2,133.6	115.0	9.1	3,243.8

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Amortization and impairment	Software		Trademarks & Customer relationships	Terminal concession rights	Others	Total
	In use	In-progress				
As at December 31, 2018	(426.7)	-	(81.2)	(35.6)	(5.4)	(549.0)
Amortization	(60.8)	-	(82.7)	(4.2)	(3.3)	(151.1)
Acquisitions of subsidiaries	(0.0)	-	(0.6)	-	-	(0.6)
Disposals	8.9	-	-	-	-	8.9
Reclassification to assets held-for-sale (see Note 5.5)	-	-	-	-	4.8	4.8
Reclassification	(5.7)	-	-	-	(0.5)	(6.2)
Foreign currency translation adjustment	(0.5)	-	0.1	-	(0.1)	(0.5)
Amortization and impairment	(484.8)	-	(164.4)	(39.8)	(4.6)	(693.7)
Amortization	(70.0)	-	(88.6)	(4.2)	(1.5)	(164.4)
Disposals	77.2	-	0.7	-	-	77.9
Impairment	-	-	-	(30.9)	-	(30.9)
Reclassification to assets held-for-sale (see Note 5.5)	-	-	-	-	-	-
Reclassification	4.3	-	-	-	-	4.3
Foreign currency translation adjustment	(9.3)	-	(1.5)	-	0.8	(10.1)
As at December 31, 2020	(482.6)	-	(253.9)	(74.9)	(5.4)	(816.8)

Net book value of Other intangible Assets	Software		Trademarks & Customer relationships	Terminal concession rights	Others	Total
	In use	In-progress				
As at December 31, 2020	395.3	108.2	1,879.6	40.1	3.8	2,427.0
As at December 31, 2019	182.1	330.2	1,973.2	75.2	5.3	2,566.0
As at December 31, 2018	139.3	283.4	742.3	79.4	19.7	1,264.1

The net carrying value of other intangible assets mainly relates to (i) the trademark and customer relationships recognized as part of the purchase price allocations for USD 1,879.6 million (USD 1,973.2 million as at December 31, 2019), (ii) USD 40.1 million to terminal concession rights (USD 75.2 million as at December 31, 2019) and (iii) software in use or in progress for an amount of USD 503.5 million (USD 512.3 million as at December 31, 2019).

High-performance information systems are critical within our industry, which requires significant internal and external software development. Software capitalized costs mainly correspond to costs incurred for the in-house development of (i) shipping agency systems, implemented throughout the global Group agency network and Shared Services Centers, which address bookings, billings and transportation documentation, (ii) the operating system including logistical support and container tracking and (iii) the comprehensive accounting and financial reporting ERP systems implemented in all Group shipping entities.

Through a strategic partnership with SAP, the Company decided some years ago to invest in a new innovative information system in order to enable the Group to develop an information system specifically designed for container shipping, it aims at enhancing efficiency and flexibility in an industry that is constantly evolving. Most parts of this new information system have been implemented within the Group in 2019 and 2020, resulting in the related assets being put into service in 2020 for approximately USD 229.8 million.

The software in progress recorded as at December 31, 2020 and 2019 mainly corresponds to the remaining parts of this project still not being deployed yet. During the year ended December 31, 2020, the capitalized costs of the future information system amounted to USD 17.6 million (USD 43.2 million during the year ended December 31, 2019).

The amortization schedule of the currently used ERP has been adjusted to its reassessed remaining useful life.

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5.2 Property and equipment

Recognition of property and equipment

In accordance with IAS 16 "Property, Plant and Equipment", items of property and equipment are recognized as assets when it is probable that the future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably.

Right-of-use under IFRS 16

IFRS 16 requires to recognize a right of use (and a lease liability) representing its obligation to make lease payments for leases. At the commencement date, the right-of-use asset should be measured at cost, which includes: (i) the amount of the initial measurement of the lease liability, (ii) prepayments, (iii) initial direct costs and (iv) dismantling and removing costs.

Depreciation of the right-of-use is calculated using the straight-line method. The right-of-use asset should be depreciated from the commencement date to the earlier between the end of the useful life of the right-of-use asset and the end of the lease term. Otherwise, if the lease transfers ownership of the underlying asset to the lessee by the end of the lease term, or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the right-of-use asset should be depreciated from the commencement date to the end of the useful life of the underlying asset, taking into account the relevant residual value.

When lease agreements include both lease and non-lease components, the Company separates both components based on their relative stand-alone price. This split is primarily applicable for vessel chartering contracts in order to exclude the running costs from the rental expense and thus determine a bareboat equivalent lease component.

IFRIC position related to lease term and useful life of leasehold improvements

In assessing whether a lessee is reasonably certain to extend (or not to terminate) a lease, IFRS 16 requires an entity to consider all relevant facts and circumstances that create an economic incentive for the lessee. This includes significant leasehold improvements undertaken (or expected to be undertaken) over the term of the contract that are expected to have significant economic benefit for the lessee when an option to extend or terminate the lease becomes exercisable.

In addition, as noted above, an entity considers the broader economics of the contract when determining the enforceable period of a lease. This includes, for example, the costs of abandoning or dismantling non-removable leasehold improvements. If an entity expects to use non-removable leasehold improvements beyond the date on which the contract can be terminated, the existence of those leasehold improvements indicates that the entity might incur a more than insignificant penalty if it terminates the lease. Consequently, applying IFRS 16, an entity considers whether the contract is enforceable for at least the period of expected utility of the leasehold improvements.

Sale and lease-back transactions

In order to determine the accounting treatment applicable to a sale and leaseback transaction, the Group assesses whether the transfer of the asset is a sale under IFRS 15 requirements or not.

- If the transfer of an asset by the Group satisfies the requirements of IFRS 15 to be accounted for as a sale of the asset, the Group shall measure the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the seller-lessee. Accordingly, the Group recognise only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. The lease is accounted applying IFRS 16.
- If the transfer of an asset by the seller-lessee does not satisfy the requirements of IFRS 15 to be accounted for as a sale of the asset, the Group continue to recognise the transferred asset and recognise a financial liability equal to the transfer proceeds. It shall account for the financial liability applying IFRS 9.

Measurement of property and equipment

As required by IAS 16, property and equipment are recorded at the historical acquisition or manufacturing cost, less accumulated depreciation and any impairment loss. Acquisition or manufacturing costs comprise any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The pre-operating costs are expensed when incurred.

Borrowing costs incurred for the construction of any qualifying assets are capitalized during the period that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

On initial recognition, the cost of property and equipment acquired is allocated to each component of the asset and depreciated separately.

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Maintenance costs are recognized as expenses for the year, except for mandatory dry-docks required to maintain vessel navigation certificates, which constitute an identifiable component upon the acquisition of a vessel, and which are thereafter capitalized when the following dry-docks occur. Dry-docks are depreciated over the remaining useful life of the related vessel or to the date of the next dry-dock, whichever is sooner.

Depreciation on assets is calculated using the straight-line method to allocate the cost of each part of the asset to its residual value (scrap value for vessels and estimated sale price for containers) over its estimated useful life, as follows:

Asset	Useful life in years
Buildings (depending on components)	15 to 40
New vessels	25
Dry-docks (component of vessels)	1 to 7
Second-hand container vessels and Roll-on Roll-off vessels (depending on residual useful life)	6 to 22
New barges/ Second-hand barges	40 / 20
New dry containers	13
New reefer containers	12
Second-hand containers (depending on residual useful life)	3 to 5
Fixtures and fittings	10
Other fixed assets such as handling and stevedoring equipment	3 to 20

Concerning the scrubbers, a 7-year useful life has been retained.

The assets' residual values and useful lives are reviewed, and adjusted if necessary, at each Statement of Financial Position date. The residual value for vessels is based on the lightweight and the average market price of steel. The residual value for containers is based on the Company's historical experience of the sale of used containers.

An asset's carrying amount is immediately written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 5.3).

Significant estimates: Determination of the vessel's useful lives and residual values

The depreciation of vessels is a significant expense for the Company. Vessels are depreciated over their expected useful lives to a residual value.

Useful lives and residual values are reassessed regularly based on available information such as the age of vessels in service on the market and the average age of scrapped vessels. This assessment also reflects current technology, service potential and vessel structure. This approach excludes short-term market fluctuations to the extent possible. Changes to estimates of useful lives and residual values may affect the depreciation expenses significantly.

Significant judgments and estimates: Assessment of whether the lease contract options (purchase, extension, early termination...) are reasonably certain to be exercised or not and assessment of other items which may affect the lease term

In assessing the lease terms, Management assessed existing purchase options, redelivery conditions, renewal, extension and termination options, taking into account economic and any other relevant factors in order to determine whether those existing options are reasonably certain to be exercised or not.

This assessment is made on a regular basis in order to assess any changes in Management's intention. These changes can modify the lease term or the option status and lead to a change in the value of lease liabilities and right-of-use assets.

The lease term also takes into account the redelivery period for vessels and the build-down period for containers that are part of the enforceable period of the leases, based on historical statistics and contractual provisions.

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5.2.1 Variation of property and equipment

Property and equipment are analyzed as follows:

	As at December 31, 2020	As at December 31, 2019
Vessels net		
Owned	8,152.5	7,071.6
In-progress	563.2	439.8
Right-of-use	4,841.8	5,294.3
	13,557.4	12,805.6
Containers net		
Owned	398.2	350.9
In-progress	3.8	-
Right-of-use	2,416.1	2,400.9
	2,818.2	2,751.9
Lands and buildings net		
Owned	536.2	391.0
In-progress	7.8	103.1
Right-of-use	1,308.3	1,330.0
	1,852.2	1,824.1
Other properties and equipments net		
Owned	263.0	264.4
In-progress	26.3	21.0
Right-of-use	90.1	98.8
	379.4	384.2
Total net		
Owned	9,349.8	8,077.8
In-progress	601.1	564.0
Right-of-use	8,656.2	9,124.0
Property and equipment	18,607.2	17,765.8

As at December 31, 2020, assets under IFRS 16 included in the above table represented a net book value of USD 8,656.2 million (USD 9,124 million as at December 31, 2019).

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Changes in the cost of property and equipment for the year ended December 31, 2020 and the year ended December 31, 2019 are analyzed as follows:

	Vessels			Containers	Lands and buildings	Other properties and equipments	TOTAL
	Owned	Right-of-use	In-progress				
As at January 1, 2019	10,095.3	1,305.8	256.1	870.3	644.1	747.3	13,918.9
First time application IFRS 16	(1,010.1)	5,180.0	-	2,437.7	152.1	221.2	6,980.9
Acquisitions	268.4	567.9	329.7	543.6	435.1	135.1	2,279.8
Acquisitions of subsidiaries	-	-	-	-	1,268.3	103.1	1,371.3
Disposals	(64.0)	(8.3)	-	(179.2)	(52.0)	(29.7)	(333.4)
Reclassification to held-for-sale	-	-	-	-	-	(464.1)	(464.1)
Reclassification	-	-	-	(0.8)	1.9	(10.3)	(9.2)
Vessels put into service	188.6	(42.9)	(145.6)	-	-	-	0.0
Foreign currency translation adjustment	(3.6)	(0.7)	(0.5)	(0.6)	(16.7)	(6.0)	(28.1)
As at December 31, 2019	9,474.6	7,001.7	439.8	3,670.9	2,432.8	696.5	23,716.2
Acquisitions	171.2	1,025.1	995.9	770.3	396.2	126.5	3,485.2
Acquisitions of subsidiaries	-	-	-	-	21.5	2.4	23.9
Disposals	(88.9)	(82.5)	-	(247.5)	(137.2)	(70.3)	(626.4)
Reclassification	-	-	13.6	2.8	5.7	(12.6)	9.5
Vessels put into service	886.1	-	(886.1)	-	-	-	(0.0)
Vessels refinancing & exercise of purchase option	963.5	(963.5)	-	-	-	-	-
Foreign currency translation adjustment	11.5	3.6	(0.0)	0.4	106.2	29.9	151.4
As at December 31, 2020	11,417.9	6,984.4	563.2	4,196.8	2,825.2	772.4	26,759.9

As at December 31, 2020, the Group holds 128 owned vessels and 174 leased vessels or equivalent agreements in the scope of IFRS 16 (112 owned vessels and 188 leased vessels or equivalent agreements in the scope of IFRS 16 as at December 31, 2019).

During the year ended December 31, 2020:

- “Acquisitions” of owned vessels relate mainly to the delivery of scrubbers for 11 existing vessels and dry docks;
- “Acquisitions” of right-of-use vessels relate to:
 - 19 new leases entered into for a ROU amount of USD 566 million,
 - 72 vessel lease extensions for a ROU adjustment of USD 434 million,
 - Dry-docks for leased vessels for a ROU amount of USD 25 million.
- “Acquisitions” of in-progress vessels relate to the instalments paid in relation to four TEU 23,000 vessels, two TEU 2,200 vessels and also relates to investment prepayments in scrubbers to be fitted on existing vessels;
- “Acquisitions” of containers relate to new leases entered into as well as some modifications of existing leases;
- “Acquisitions” of land and buildings mainly include leases entered into by CEVA Logistics for an amount of USD 307.6 million;
- “Vessels put into service” relate to the delivery of the 4 TEU 23,000 vessels, two TEU 2,200 vessels, 12 scrubbers and the exercise of purchase options in relation to 14 leased vessels.

Variations occurred during the year ended December 31, 2019 were disclosed in the 2019 CFS.

Borrowing costs capitalized during the year ended December 31, 2020 amounted to USD 10.1 million (USD 13.0 million for the year ended December 31, 2019).

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Acquisition of property and equipment, intangible assets and reconciliation with the Consolidated Statement of Cash Flows

Purchases of property and equipment and intangibles amounted to USD 3,548.2 million for the year ended December 31, 2020 (USD 2,363.5 million for the year ended December 31, 2019).

The reconciliation of these acquisitions with the capital expenditures (CAPEX) presented in the statement of cash-flows, under the heading “Purchase of property and equipment” can be presented as follows:

		For the year ended December 31,	
		2020	2019
Acquisition of assets presented in the above tables	a	3,548.2	2,363.5
(+) Acquisition of assets held-for-sale	b	2.6	-
(-) Assets not resulting in a cash outflow ⁽ⁱ⁾	c	(758.7)	(391.2)
(-) IFRS16 leases increase	d	(2,057.9)	(1,365.6)
CAPEX cash from purchases of intangible assets	e	(69.6)	(83.8)
CAPEX cash from purchases of property and equipment	f = a (+) b (-) c (-) d (-) e	(664.7)	(522.9)
CAPEX cash from business combination	g	(81.8)	(827.9)
Total CAPEX as per Consolidated Statement of Cash Flows	e (+) f (+) g	(816.1)	(1,434.6)

(i) The Group assets include assets financed via financial leases or assets which purchase price is settled directly by the financing bank to the yard hence not resulting in a cash stream upon acquisition.

Changes in the accumulated depreciation for the year ended December 31, 2020 and the year ended December 31, 2019 are analyzed as follows:

	Vessels			Containers	Lands and buildings	Other properties and equipments	TOTAL
	Owned	Right-of-use	In-progress				
As at January 1, 2019	(2,467.1)	(367.9)	-	(384.6)	(196.1)	(261.8)	(3,677.5)
First time application IFRS 16	405.5	(404.4)	-	-	0.1	(0.8)	0.5
Depreciation	(374.9)	(951.1)	-	(643.4)	(461.2)	(141.0)	(2,571.6)
Disposals	34.9	8.2	-	108.8	48.2	22.2	222.2
Impairment	5.3	-	-	-	(0.0)	-	5.3
Vessels refinancing & exercise of purchase option	-	7.9	-	-	-	-	7.9
Reclassification to held-for-sale	-	-	-	-	-	57.3	57.3
Reclassification	(7.9)	-	-	0.2	(2.0)	8.7	(0.9)
Foreign currency translation adjustment	1.1	(0.0)	-	0.0	2.2	3.1	6.4
As at December 31, 2019	(2,403.0)	(1,707.4)	-	(919.0)	(608.7)	(312.3)	(5,950.5)
Depreciation	(439.6)	(971.5)	-	(605.8)	(465.1)	(109.4)	(2,591.3)
Disposals	65.3	82.6	-	145.6	140.1	63.5	497.0
Impairment	(10.2)	(1.4)	-	-	(3.3)	(8.6)	(23.5)
Reclassification	(470.9)	457.4	-	-	1.3	(6.5)	(18.7)
Foreign currency translation adjustment	(7.0)	(2.3)	-	0.5	(37.4)	(19.7)	(65.8)
As at December 31, 2020	(3,265.4)	(2,142.6)	-	(1,378.6)	(972.9)	(393.0)	(8,152.6)

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Including intangible assets, the total depreciation for the year ended December 31, 2020 amounts to USD 2,755.7 million (USD 2,717.9 million for the year ended December 31, 2019).

The net book value of property and equipment at the opening and closing for the year ended December 31, 2020 and the year ended December 31, 2019 are analyzed as follows:

	Vessels			Containers	Lands and buildings	Other properties and equipments	TOTAL
	Owned	Right-of-use	In-progress				
As at December 31, 2020	8,152.5	4,841.8	563.2	2,818.2	1,852.2	379.4	18,607.3
As at December 31, 2019	7,071.6	5,294.3	439.8	2,751.9	1,824.1	384.2	17,765.8
As at December 31, 2018	7,628.2	937.9	256.1	485.6	448.0	485.5	10,241.3

As at December 31, 2020, the carrying amount of property and equipment held as collateral (mainly of financial debts) amounts to USD 15,480 million (USD 15,992.8 million as at December 31, 2019) and USD 6,821.4 million excluding leased assets under IFRS 16.

5.2.2 Group fleet development

Prepayments made to shipyards relating to owned vessels under construction are presented within "Vessels" in the consolidated statement of Financial Position and amount to USD 563.2 million as at December 31, 2020 (USD 439.8 million as at December 31, 2019).

Regarding the commitments related to ordered vessels, see Note 8.3.1.

5.3 Impairment of non-financial assets

As required by IAS 16 "Property, Plant and Equipment" and IAS 36 "Impairment of Assets", the Group reviews the carrying amounts of property and equipment (see Note 5.2) and intangible assets (see Note 5.1) annually in order to assess whether there is any indication that the value of these assets might not be recoverable. If such an indication exists, the recoverable value of the asset is estimated in order to determine the amount, if any, of the impairment loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment of goodwill and other assets that do not generate independent cash inflows, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash generating units or "CGU").

The impairment tests on goodwill and intangible assets with an indefinite useful life or unavailable for use are performed annually at the CGU level, irrespective of whether there is an indication of impairment.

Right-of-use assets under IFRS 16 are considered as non-financial assets. Thus, they are in the scope of IAS 36.

Right-of-use assets are tested annually or when impairment indicators exist. They are assessed for impairment at Group's CGUs level.

The impairment test is performed according to the following assumptions:

- Right-of-use assets are included in the carrying amount of the related CGU (or in the related asset);
- The carrying amount of the lease liabilities is deducted from the carrying amount of the CGU (or in the related asset).

Any impairment recorded on goodwill may not subsequently be reversed.

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Significant judgment, estimates and assumptions

When value in use calculations are undertaken, management must estimate the expected future cash flows of the asset or cash-generating unit and choose a suitable discount rate and a perpetual long-term growth rate in order to calculate the present value of those cash flows. These estimates take into account certain assumptions about the global economic situation and the future growth of the container shipping and logistics industries.

The main assumptions used by the Company in order to perform impairment testing of non-financial assets are the following:

- The level at which the assets were tested:
 - (i) CMA CGM, is organized as a global container carrier, managing its customer base and fleet of vessels and containers on a global basis. Large customers are dealt with centrally and assets are regularly reallocated within trades according to demand. Even though certain trades may have their own specificities, none generates cash flows independently of the others. As such, vessels, containers, goodwill and other long-term assets related to the container shipping activity are not tested individually but rather based on the cash flows generated by the overall container shipping activity.
 - (ii) As far as logistics activities are concerned, Management monitors goodwill based on two cash generating units: Freight Management (FM) and Contract Logistics (CL). The recoverable amount of each CGU is determined based on calculating its value in use.
 - (iii) For terminal operations, when the Company controls the entity, the CGU correspond to each individual terminal or entity, or to a group of terminals or entities when they operate in the same geographic area and their activities are interrelated.
- For the container shipping activity, the cash flows used to determine the value in use are based on the most recent business plan prepared by management, which covers a 4 or 5-year period. The container shipping industry remains potentially volatile in sync with the pressure on freight rates derived mainly from overcapacity in the global containership fleet which is still a potential concern for the industry. To prepare its business plan, management considered historical data and opinions from independent shipping experts which tend to indicate that in the medium term, fleet capacity and demand will be more balanced.
- For logistics, the value in use is calculated by applying discounted cash flow modelling to management's own projections covering a five-year period. Management's projections have been prepared on the basis of strategic and performance improvement plans, knowledge of the market, performance of competitors and management's views on achievable growth in market share and margins over the longer term.
- The post-tax discount rates, or Weighted Average Cost of Capital ("WACC"), used for testing purposes are included within the range 8%-15% (7%-18% in 2019) depending upon the inherent risk of each activity tested.
- The perpetual growth rate applied to periods subsequent to those covered by management's business plan was generally set between 1% and 2% (between 1% and 2% in 2019 – see sensitivity analysis below).

Sensitivity of the impairment test to changes in the assumptions used in the determination of the value in use

Regarding the container shipping activity:

- If the discount rate had been increased by 1%, the net present value of future cash flows would have been lowered by USD 2.0 billion (USD 2.4 billion as at December 31, 2019), which would not have resulted in any impairment charge;
- The estimated value in use of the container shipping assets to be tested would have been approximately equal to its carrying amount if the discount rate had been increased by 4.2% (4.1% as at December 31, 2019);
- If the perpetual growth rate had been set at 0%, the net present value of future cash flows would have been lowered by USD 1.6 billion (USD 2.0 billion as at December 31, 2019), which would not have resulted in any impairment charge.

Regarding the Logistics' CGUs: If the discount rate had been increased by 1% or if the perpetual growth rate had been decreased by 1%, the net present value of future cash flows would have been lowered by USD 0.2 billion for both freight management (FM) and contract logistic (CL).

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5.4 Working Capital

Inventories - Initial recognition

Inventories are initially recorded at cost. Cost represents the purchase price and any directly attributable costs. Inventories mainly relate to bunker fuel at the end of the year. Cost is determined on a first-in, first-out basis.

Inventories - Write-down rules

When the net realizable value of an item of inventory is less than its cost, the excess is immediately written down in profit or loss.

The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, is recognized through profit or loss so that the new carrying value is the lower of the cost and the revised net realizable value.

Trade receivables

Freight receivables for which the Company transferred a portion of the services to the customers as per revenue recognition principles, are reported as contract assets, net of the portion of the services not performed at cut-off date (deferred revenue).

Impairment of trade receivables

According to the simplified approach allowed by IFRS 9 for trade receivables, the Group determined that the provision that would be recognized using a provision matrix based on historical and projected statistics for determining expected credit loss (ECL) on trade receivables would not be materially different from the provision accounted through the methodology described below:

Write down is measured considering:

- Customer segments that have similar loss patterns: The Group differentiates freight receivables from demurrage receivables;
- The receivables' maturities in correlation with their estimated collection rate: at date, the Group fully depreciates aged receivables above one year.

Individual receivable identified as risky are also depreciated when:

- It is probable that the receivable will not be recovered; and
- The amount of the loss can be reliably measured.

Impairment of contract assets

Contract assets are impaired following the same rules as trade receivables.

Securitization of receivables

The Company transfers certain receivables of certain shipping and logistics entities by way of a securitization program. As a portion of the risks and rewards of ownership related to these trade receivables have been retained by the Group, they are not derecognized, and a borrowing is recorded against the cash consideration received from the lenders (collateralized borrowing). Similarly, when the Company receives shares from the securitization vehicle either (i) as a consideration for receivables transferred during the period or (ii) as an advance consideration for receivables to be transferred in a subsequent period, the related receivables are not derecognized and maintained in the Statement of Financial Position (see Note 6.6 and Note 8.3.2).

Significant estimates: Demurrage and detention receivables, accruals for port call expenses, transportation costs and handling services

The amount of demurrage receivables as well as port call expenses, transportation costs and handling services are estimated on the basis of standard costs, as there can be delays between the provision of services and the receipt of the final invoices from shipping agents and customers or suppliers throughout the world (see Note 4 for revenue recognition accounting principles).

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5.4.1 Inventories

	As at December 31, 2020	As at December 31, 2019
Bunkers	389.3	474.2
Other inventories	57.1	69.5
Provision for obsolescence	(0.5)	(0.8)
Inventories	445.9	542.9

5.4.2 Trade receivables and payables

Trade and other receivables are analyzed as follows:

	As at December 31, 2020	As at December 31, 2019
Trade receivables	2,456.1	2,418.1
Less impairment of trade receivables	(133.1)	(110.1)
Trade receivables net	2,323.1	2,308.1
Prepayments	199.0	179.9
Other receivables, net	768.7	781.9
Employee, social and tax receivables	285.3	273.0
Trade and other receivables (*)	3,576.1	3,542.9

(*) including current income tax asset

"Other receivables, net" mainly include accrued income estimated due to the time between the provision of services and the issue of the final invoices from shipping agents to customers throughout the world.

A large portion of trade receivables included in the table above have been pledged as collateral under its securitization programs (see Note 8.3.2).

Trade and other payables are analyzed as follows:

	As at December 31, 2020	As at December 31, 2019
Trade payables	2,076.5	2,901.5
Employee, social and tax payables	663.3	493.6
Other payables (mainly accruals for port call expenses, transportation costs, handling services)	3,247.8	2,737.3
Trade and other payables	5,987.6	6,132.4

(*) including current income tax liability

Part of the increase in employee, social and tax payables is due to some measures put in place by governments to support their respective economies.

NOTES TO THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

The working capital can be analyzed as follows:

	As at December 31, 2019	Variations linked to operations	Currency translation adjustment	Others	As at December 31, 2020
Inventories	542.9	(95.0)	(0.3)	(1.7)	445.9
Trade and other receivables ^(*)	3,542.9	853.5	74.5	(894.7)	3,576.1
Contract assets	774.2	(14.1)	3.5	506.2	1,269.7
Prepaid expenses	392.3	(96.9)	2.4	(85.4)	212.4
Trade and other payables ^(**)	(6,132.4)	277.1	(20.6)	(111.7)	(5,987.6)
Deferred income	(98.5)	(490.1)	(0.8)	451.0	(138.4)
Net working capital	(978.6)	434.4	58.6	(136.3)	(621.8)

(*) including current income tax asset
(**) including current income tax liability

Prepaid expenses mainly correspond to operating expenses related to voyages in progress at the Statement of Financial Position date resulting from the revenue recognition principals disclosed in Note 4.

Trade receivables and payables, including current income tax assets and liabilities, mature as follows:

	Au 31 décembre 2020	Non échus	moins de 30 jours	30 à 60 jours	60 à 90 jours	90 à 120 jours	Au-delà de 120 jours
Trade and other receivables	3,576.1	2,211.3	713.5	182.2	96.7	43.3	329.0
Trade and other payables	5,987.6	5,086.6	563.0	147.1	44.5	41.8	104.6

5.5 Non-current assets (or disposal group) held for sale

Non-current assets (or disposal group) to be disposed of are classified as non-current assets (or disposal group) held-for-sale and measured at the lower of the carrying amount and fair value less costs to sell. Non-current assets are classified as held-for-sale only when the sale is highly probable and the asset is available for immediate sale in its present condition, subject to terms that are usual and customary for the sale of such items. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. If the fair value is lower than the carrying amount, an impairment charge is recognized in the income statement.

A disposal group may include both current and non-current assets as well as liabilities (current and non-current) directly related to those assets to be disposed of in the same transaction.

Liabilities directly associated with these assets are presented in a separate line in the balance sheet.

When a non-current asset or a group of assets is classified as held-for-sale, the depreciation of its non-current assets is discontinued.

As at December 31, 2019, the stakes in the 10 terminals involved in the disposal transaction to Terminal Link were classified as held-for sale as well as the logistic platform constituting a separate transaction.

Non-current assets (or disposal group) held for sale as at December 31, 2020 relate to (i) stakes in 2 terminals that are left to be sold to Terminal Link as part of the transaction with CMP (See Note 3.2) and (ii) a stake in a logistic platform in India (see Note 3.1 and Note 8.4).

The disposal project is not constitutive of a business that would have to be treated as discontinued operations, and hence the profit and loss related to these activities has been considered as continuing operations for the year ended December 31, 2020.

The depreciation of non-current assets has been stopped at the date of the classification as held-for-sale and similarly, the share of income / (loss) related to associates and joint ventures reclassified as held for sale has not been recognized over the period.

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The assets and liabilities related to these terminal activities are as follows:

	As at December 31, 2020	As at December 31, 2019
Intangible assets	-	9.3
Harbor equipment	-	403.5
Other tangible assets	-	3.3
Shares in associates and joint ventures	93.2	419.4
Other financial assets	-	102.1
Other assets	-	40.1
TOTAL Assets held for sale	93.2	977.7
Financial debt	-	376.0
Other liabilities	-	42.6
TOTAL Liabilities associated to assets held for sale	-	418.6

5.6 Operating and investing cash-flows

Cash flow from operations stands at USD 5,624.1 million of which EBITDA contributed for USD 6,108.7 million, income tax paid for USD (154.3) million and variation of working capital for USD (434.4) million. Cash flow generated from investing activities amounted to USD 53.9 million.

Cash flow from investing activities has been mainly impacted by the sale of stakes in port terminals to Terminal Link for USD 771.9 million, net cash used for some acquisitions of subsidiaries for USD (81.8) million, capital expenditures from intangible assets and purchasing of property and equipment representing a cash outflow of USD (734.3) million, the proceeds from disposal of properties and equipment for USD 120.9 million, the net cash flow resulting from the variation of other financial assets for USD (22.9) million and the dividends received from investments in associates and joint ventures for USD 17.8 million.

Note 6 Capital structure and financial debt

The Group's activities entail a variety of financial risks: market risk (including foreign exchange risk, bunker costs risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial and oil/commodity markets and seeks to minimize potential adverse consequences on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central treasury department and a bunkering department in accordance with policies approved by management. These departments identify, evaluate and hedge financial risks in close relation with operational needs. Management provides written principles for overall risk management, as well as written policies covering specific areas, such as bunker risk, foreign exchange risk, interest rate risk and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of liquidity.

6.1 Financial risk management objectives & policies

6.1.1 Market risk

Bunker costs risk

The Group seeks to apply bunker surcharges (Bunker Adjustment Factor "BAF") in addition to freight rates to compensate for fluctuations in the price of fuel. The Group's risk management policy is also to hedge through fixed price forward contracts. The analyzes of the exposure to price fluctuations is performed on a continual basis.

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The fuel prices over the last three years are as follows:

Market data as at:	Closing rate			Average rate		
	2020	2019	2018	2020	2019	2018
Nymex WTI (1 st nearby, in \$ per barrel) ^(*)	48.52	61.06	45.41	39.34	57.04	64.90
Brent (1 st nearby, in \$ per barrel) ^(*)	51.80	66.00	53.80	43.21	64.16	71.79

(*) Based on the future contract maturing at the closest maturity on each considered date

As at December 31, 2020, the Company hedged approximately 0.5% of expected purchase of bunkers for the next year through a forward fixed price with delivery (0.8% of expected purchase for the year 2020 as at December 31, 2019). These bunker purchases are treated as executory contracts.

As at December 31, 2020, the Group has no outstanding derivative financial instruments relating to bunker cost hedging (same as at December 31, 2019), other than the contracts accounted as executory contracts ("own use").

Based on the fuel consumption for the year ended December 31, 2020, an increase of the fuel prices by USD 10 (in USD per ton) would have had a negative impact on the Statement of Profit & Loss of approximately USD 75.0 million, excluding any effect on the BAF mechanism mentioned above as well as any other correlation with freight prices.

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. The functional currency of the Group being the U.S. Dollar, the Company is primarily exposed to the Euro currency fluctuations regarding its operational and financing transactions. Transactional currency exposure risks arise from sales or purchases by an operating unit in a currency other than the Group's functional currency.

The Company may conclude certain derivative transactions to hedge specific risks.

The Group's exposure to the transaction currencies, taking into account the effect of hedges, can be presented as follows:

As at December 31, 2020	Carrying amount	USD	EUR	CNY	GBP	Others
Trade receivables and prepaid expenses	3,724.6	1,371.5	935.1	348.6	77.9	991.6
Cash and cash equivalents and securities	1,880.4	613.3	548.8	76.7	10.7	630.8
Trade payables and current deferred income	6,031.7	2,857.7	1,531.1	276.1	150.7	1,216.0
Borrowings	18,512.5	12,676.4	5,075.1	14.0	203.9	543.2

This exposure is mitigated to a certain extent by the currency mix of operating revenues and expenses.

Cash Flow Interest rate risk

The evolution of short-term USD rates is as follows:

Market data:	Closing rate as at December 31,			Annual average rate		
	2020	2019	2018	2020	2019	2018
LIBOR USD 3 M	0.24%	1.91%	2.81%	0.65%	2.33%	2.31%

The Group's interest rate risk mainly arises from borrowings (including obligations under capital leases) issued at variable rates (mainly USD Libor) that expose the Group to a cash flow interest rate risk.

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As at December 31, 2020, taking into account the interest rate hedges, the borrowings bearing interest at variable rates represent 34% of total debts 66% at fixed rates.

The table below presents the fair value of the Group's interest rate derivatives in relevant maturity groupings based on the remaining period, from the Statement of Financial Position date to the contractual maturity date:

As at December 31, 2020	Nominal amount	Maturity		Fair value of derivatives
		Less than 5 years	More than 5 years	
Interest swaps- cash flow hedge	317.4	312.8	4.6	(9.7)
Interest swaps - not qualifying for cash flow hedge	481.6	481.6	-	(44.2)
Cross currency interest rates swaps - fair value hedge	343.7	343.7	-	(31.2)
Cross currency interest rates swaps - cash flow hedge	104.3	104.3	-	(2.2)
FX Forward Contracts - Cashflow Hedges	-	-	-	-
Total	1,247.1	1,242.4	4.6	(87.3)

The following table presents the sensitivity of the Group's profit before tax and of the Cash Flow reserve as at December 31, 2020 to a possible change in interest rates, assuming no change in other parameters:

		Income Statement impact		Balance Sheet impact
		Change in fair value of derivatives	Interest expenses	Cash Flow Reserve
U.S Dollar	+ 100 bps	(2.3)	(0.3)	4.5
U.S Dollar	- 100 bps	(1.0)	1.6	(2.2)

6.1.2 Credit risk

The Group trades with large, recognized, creditworthy third parties and also with a very large number of smaller customers for which prepayments are often required. Trade receivables and third party agents outstanding balances are monitored on an ongoing basis with the result that the Group's exposure to bad debt is not significant (bad debts represent 0.5% of revenue in 2020 and 0.5% of revenue in 2019). Because of the large customer base, the Group has no significant concentration of credit risk. No customer represents more than 5% of Group revenue.

Counterparties for transactions on derivatives are limited to high-credit-quality financial institutions. The Group has policies that limit its exposure to credit risk towards financial institutions when dealing derivative financial instruments.

6.1.3 Liquidity risk

The table below presents the undiscounted cash flows of interest swap derivatives based on spot rate as at December 31, 2020 and on the interest rate curve as at December 31, 2020:

	2021	2022	2023	2024	2025	Onwards
Interest swaps - Assets	(0.3)	-	-	-	-	-
Interest swaps - Liabilities	(5.9)	(4.2)	(1.1)	(0.7)	(0.5)	(0.3)
Cross currency interest rates swaps - Liabilities	(48.5)	(3.9)	(4.2)	(5.1)	(7.0)	-
Total	(54.7)	(8.1)	(5.3)	(5.8)	(7.4)	(0.3)

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Since end of 2018, the Group's financing arrangements are subject to compliance with the following financial covenants:

- A ratio of leverage ratio, calculated as adjusted net debt to a 3-year average adjusted EBITDA;
- Minimum liquidity balance.

These covenants are based on specific calculations as defined in the financing arrangements (see below).

CEVA Logistics is subject, under the terms of certain facilities, with a relevant period on a twelve month rolling basis ending on the last day of each calendar quarter end, to respect:

- A ratio of consolidated EBITDA, as defined in the agreement, to net finance charges; and
- A ratio of total net debt to consolidated EBITDA.

As at 31 December 2020, the Group is in compliance with its financial covenants.

The definition of EBITDA in the agreements allows adjustments and certain items to be added back to the reported EBITDA for the purpose of calculating the covenants.

On the basis of the agreements, adjusted net debt and unrestricted cash and cash equivalents are calculated as follows:

	NOTE	As at December 31, 2020	As at December 31, 2019
Total Borrowings and lease liabilities	6.6	18,512.5	19,514.1
(-) Bonds redeemable in shares in Borrowings and lease liabilities	6.6	-	(16.7)
Adjusted gross debt: A		18,512.5	19,497.3
Cash and cash equivalents as per statement of financial position	6.4	1,880.4	1,750.8
(+) Securities	6.3.2	35.7	16.7
(-) Restricted cash	6.4	(295.5)	(65.6)
Unrestricted cash and cash equivalents: B		1,620.6	1,701.9
Adjusted net debt: A (-) B		16,891.9	17,795.4

Regarding the liquidity risk linked to vessel financing, please refer to the financial commitments presented in the Note 8.3.1 Commitments on vessels and containers.

6.1.4 Capital risk management

The Group monitors capital on the basis of the ratios described above.

6.1.5 Fair value hierarchy

Fair Value of financial assets

The fair values of quoted investments are based on current mid-market prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes the fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are largely similar and discounted cash flow analyses refined to reflect the issuer's specific circumstances.

The table in the Note 6.3.3 Classification of financial assets and liabilities that presents a breakdown of financial assets and liabilities categorized by value meets the amended requirements of IFRS 7. The fair values are classified using a scale which reflects the nature of the market data used to make the valuations. This scale has three levels of fair value:

- Level I: fair value based on the exchange rate/price quoted on the active market for identical instruments;
- Level II: fair value calculated from valuation techniques based on observable data such as active prices or similar liabilities or scopes quoted on the active market;
- Level III: fair value from valuation techniques which rely completely or in part on non-observable data such as prices on an inactive market or the valuation on a multiple basis for non-quoted securities.

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The following table presents the Group's assets and liabilities that are measured at fair value at December 31, 2020:

As at December 31, 2020	Level 1	Level 2	Level 3	Total Balance
Assets				
Securities	35.7	-	-	35.7
Derivatives not qualified to hedge accounting	-	-	-	-
Derivatives used for hedging	-	0.1	-	0.1
Net investment hedge	-	-	-	-
Investments in non consolidated companies	-	-	223.5	223.5
Total Assets	35.7	0.1	223.5	259.2
Liabilities				
Interest swaps - cash flow hedge	-	9.8	-	9.8
Interest swaps - not qualifying to hedge accounting	-	44.2	-	44.2
Cross currency interest rates swaps - fair value hedge	-	31.2	-	31.2
Cross currency interest rates swaps - cash flow hedge	-	2.2	-	2.2
Total Liabilities	-	87.4	-	87.4

The following table presents the Group's assets and liabilities that are measured at fair value at December 31, 2019:

As at December 31, 2019	Level 1	Level 2	Level 3	Total Balance
Assets				
Securities	16.7	-	-	16.7
Derivatives not qualified to hedge accounting	-	-	-	-
Derivatives used for hedging	-	0.7	-	0.7
Net investment hedge	-	8.9	-	8.9
Investments in non consolidated companies	-	-	70.7	70.7
Total Assets	16.7	9.6	70.7	97.0
Liabilities				
Interest swaps - cash flow hedge	-	2.1	-	2.1
Interest swaps - not qualifying to hedge accounting	-	0.1	-	0.1
Cross currency interest rates swaps - fair value hedge	-	37.9	-	37.9
Cross currency interest rates swaps - cash flow hedge	-	50.8	-	50.8
Total Liabilities	-	90.9	-	90.9

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The variations of assets included in level 3 are as follows:

	ASSETS	
	Fair value through other comprehensive income	Fair value through P&L
Opening balance	31.0	39.8
Total gains or losses for the period		
Included in profit or loss	-	18.1
Foreign Currency impact	-	2.2
Purchases, issues, sales and settlements		
Purchases	-	65.2
Reclassification	(31.0)	31.0
Additions	-	-
Reclassification from associates	-	69.5
Depreciation	-	(3.3)
Others	-	1.1
Closing balance	0.0	223.5

6.2 Derivative financial instruments

Derivative instruments and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-evaluated at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if this is the case, on the nature of the item being hedged. The Group designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedge).

The Group documents the relationship between hedging instruments and hedged items at the inception of the transaction, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Movements on the hedging reserve are shown in other comprehensive income.

Classification of the Company's derivative instruments

• Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the income statement. The impact in the Statement of Profit & Loss (effective and ineffective portion) of bunker hedging activities that qualify as cash flow hedges is presented in the line item "Bunkers and Consumables".

The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowing is recognized in the Statement of Profit & Loss within "Interest expense on borrowings". The gain or loss relating to the ineffective portion is recognized in the income statement under the heading "Other financial items".

However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory), the gains and losses previously deferred in other comprehensive income are transferred from other comprehensive income and included in the initial measurement of the cost of the non-financial asset.

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When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at this time remains in other comprehensive income and is recognized when the forecast transaction is ultimately recognized in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to the income statement.

• Fair value hedge

Fair value hedges apply when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment or an identified portion of such an asset, liability or unrecognized firm commitment that is attributable to a particular risk.

The fair value changes on the effective portion of derivatives that are designated and qualify as fair value hedges are recognized in the income statement within the same line item as the fair value changes from the hedged item. The fair value changes relating to the ineffective portion of the derivatives are recognized separately in the income statement.

• Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Such derivatives are classified as assets or liabilities at fair value through profit and loss, and changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognized immediately in the income statement. The impact in the Statement of Profit & Loss of such derivatives is presented in the line item "Other financial items".

• Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income; the gain or loss relating to the ineffective portion is recognized immediately in the income statement.

Gains and losses accumulated in other comprehensive income are included in the income statement when the foreign operation is disposed of.

6.2.1 Derivative financial instruments

Derivative financial instruments can be analyzed as follows:

	As at December 31, 2020		As at December 31, 2019	
	Assets	Liabilities	Assets	Liabilities
Interest swaps - cash flow hedge	0.1	9.8	0.7	2.1
Interest swaps - not qualifying to hedge accounting	-	44.2	-	0.1
Cross currency interest rates swaps - fair value hedge	-	31.2	-	37.9
Cross currency interest rates swaps - cash flow hedge	-	2.2	-	50.8
Net Investment hedge	-	-	8.9	-
FX Forward Contracts - Cashflow Hedges	-	-	3.5	-
Total derivative financial instruments	0.1	87.4	13.1	90.9
<i>of which non-current portion (greater than 1 year)</i>	<i>0.1</i>	<i>38.8</i>	<i>0.7</i>	<i>62.1</i>
<i>of which current portion (less than 1 year)</i>	<i>-</i>	<i>48.6</i>	<i>12.4</i>	<i>28.8</i>

As at December 31, 2020, the derivative financial instruments related to CEVA Logistics' Term Loan B have been requalified from "Cross currency interest rate swaps - cash flow hedge" to "Interest swaps - not qualifying to hedge accounting", considering the anticipated repayment of the principal occurred in December 2020. The Company did not record in the year ended December 31, 2020 any other transfer between derivative financial instruments' categories (none in 2019).

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6.2.2 Net investment hedge

A foreign currency exposure arises from the Group's net investment in certain subsidiaries, associates or joint ventures with a euro functional currency.

The risk arises from the fluctuation in spot exchange rates between the Euro and the US Dollar, which causes the amount of the net investment to vary.

The hedged risk in the net investment hedge is the risk of a weakening euro against the US dollar that will result in a reduction in the carrying amount of the Group's net investment in the euro investees.

To assess hedge effectiveness, the Group determines the economic relationship between the hedging instrument and the hedged item by comparing changes in the carrying amount of the debt that is attributable to a change in the spot rate with changes in the investment in the foreign operation due to movements in the spot rate.

Part of the Group's net investment in its euro investees is hedged by certain Euro denominated senior notes, which mitigates the foreign currency exposure arising from the investee's net assets. A portion of the euro loan has been designated as a hedging instrument for the changes in the value of the net investment that is attributable to changes in the EUR/USD exchange rates.

The amount of the change in the value of the Senior Notes that has been recognized in OCI to offset the currency translation adjustment of the foreign operation amounts to USD 68.0 million for the year ended December 31, 2020 (USD (12.3) million for the year ended December 31, 2019).

6.3 Other non-current financial assets - Securities and other current financial assets

The Group classifies its financial assets in the following categories, depending on their nature (i.e. their contractual cash flow characteristics) and how they are managed (i.e. the Group business model used for managing these financial assets):

Financial assets subsequently measured at amortized cost

These financial assets are initially recognized at fair value plus directly attributable costs.

They are classified as subsequently measured at amortized cost if they meet both of the following criteria:

- The asset is held within a business model whose objective is to hold the financial asset in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding on a specified date.

Amortized cost is determined using the effective interest method, less impairment.

Financial assets subsequently measured at fair value through other comprehensive income

These financial assets are initially recognized at fair value plus directly attributable costs.

They are classified as subsequently measured at fair value through other comprehensive income (FVOCI) if they meet both of the following criteria:

- The asset is held within a business model whose objective is achieved by both holding the financial asset in order to collect contractual cash flows and selling the financial asset; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The business model mentioned as first criteria involves greater frequency and volume of sales than the business model used for financial assets measured at amortized cost. Integral to this business model is an intention to sell the instrument before the investment matures.

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Financial assets subsequently measured at fair value through profit or loss

These financial assets are initially recognized at fair value excluding directly attributable costs that are immediately recognized in profit and loss.

These financial assets are classified and measured at Fair value through profit or loss (FVTPL) if:

- The asset is held within a business model that does not correspond to the business model used to classify financial assets at amortized cost or at fair value through other comprehensive income; and
- The contractual terms of the financial asset give rise to cash flows that are not solely payments of principal and interest (SPPI).

A financial asset is thus classified and measured at FVTPL if the financial asset is:

- A held-for-trading financial assets;
- A debt instruments that do not qualify to be measured at amortized cost or FVOCI;
- An equity investments which the Group has not elected to classify as at FVOCI.

Changes in fair value are recognized in profit and loss as they arise.

Impairment of financial assets

At each Statement of Financial Position date, the Group performs impairments tests using a forward-looking expected credit loss (ECL) model.

The amount of impairment to be recognized as expected credit losses (ECL) at each reporting date as well as the amount of interest revenue to be recorded in future periods are determined through a three-stage impairment model based on whether there has been a significant increase in the credit risk of a financial asset since its initial recognition:

- Stage 1: When the credit risk has not increased significantly since initial recognition, the Group accounts expected losses over next 12 months and recognizes interest on a gross basis;
- Stage 2: When the credit risk has increased significantly since initial recognition and is not considered as low, the Group accounts expected losses over the lifetime of the asset and recognizes interest on a gross basis;
- Stage 3: In case of a credit deterioration that threatens its recoverability, the Group accounts expected losses over the lifetime of the asset and present interest on a net basis (i.e. on the gross carrying amount less credit allowance).

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6.3.1 Other non-current financial assets

Other non-current financial assets are analyzed as follows:

	As at December 31, 2020	As at December 31, 2019
Gross	231.4	75.1
Impairment	(7.9)	(4.4)
Investments in non consolidated companies	223.5	70.7
Gross	56.0	50.4
Impairment	(19.5)	(18.2)
Loans	36.5	32.2
Gross	102.4	83.6
Impairment	(26.0)	-
Deposits	76.4	83.6
Gross	58.0	35.0
Impairment	(29.7)	(16.6)
Receivable from associates & joint ventures	28.3	18.4
Gross	215.5	126.9
Impairment	(7.1)	(11.2)
Other financial assets	208.4	115.7
Gross	663.2	370.9
Impairment	(90.1)	(50.4)
Total other non-current financial assets, net	573.0	320.6

Change in other non-current financial assets is presented within “Cash flow resulting from other financial assets” in the consolidated statement of cash flows.

Investments in non-consolidated companies

“Investments in non-consolidated companies” mainly relate to stakes in (i) Global Ship Lease for USD 36.3 million, (ii) Fransabank El Djazair for USD 60.4 million, (iii) Fenix Marine Services for USD 58.2 million and to (iv) various other stakes individually not significant, mainly classified as assets at fair value through profit and loss (see Note 6.1.5).

The investment in Global Ship Lease was reclassified from an associate to a financial asset at fair value through profit and loss from March 31, 2020 onwards for an amount of USD 11.3 million (see Note 7.2) and now amounts to USD 36.3 million.

In December 2020, CMA CGM SA subscribed to a capital increase in Fransabank El Djazair for USD 37.9 million.

The investment in Fenix Marine Services was reclassified from an investment in associate to a financial asset at fair value through profit and loss during the year ended December 31, 2020.

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Loans and receivables from associates and joint ventures

“Loans” and “receivables from associates and joint ventures” mainly relate to funds borrowed by certain terminal joint ventures.

Deposits

“Deposits” correspond to USD 102.4 million of cash deposits which do not qualify as cash and cash equivalents as at December 31, 2020 (USD 83.6 million as at December 31, 2019).

Other financial assets

As at December 31, 2020, “Other financial assets” mainly include USD 182.4 million (USD 115.7 million as at December 31, 2019) financial tax benefit to be received at the maturity of the tax financing period.

6.3.2 Securities and other current financial assets

“Securities and other current financial assets” as at December 31, 2020 include securities at fair value for an amount of USD 35.7 million (USD 16.7 million as at December 31, 2019).

Apart from the above, other current financial assets mainly include (i) the current portion of the financial assets, (ii) some short term loans to joint-ventures or associates, (iii) as well as certain cash deposits which do not qualify as cash and cash equivalents since their inception.

6.3.3 Classification of financial assets and liabilities

Set out below is a breakdown by category of carrying amounts and fair values of the Company’s financial instruments that are carried in the financial statements as at December 31, 2020:

Assets	As at December 31, 2020	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit and loss	Derivative instruments
Derivative financial instruments	0.1	-	-	-	0.1
Other financial assets	573.0	349.6	0.0	223.5	-
Trade and other receivables	3,512.3	3,512.3	-	-	-
Contract assets	1,269.7	1,269.7	-	-	-
Securities and other financial assets (current)	165.3	165.3	-	(0.0)	-
Cash and cash equivalents	1,880.4	1,880.4	-	-	-
Total financial instruments - Assets	7,400.8	7,177.3	0.0	223.4	0.1

Liabilities	As at December 31, 2020	Financial liabilities at amortized cost	Derivative instruments
Borrowings and lease liabilities	18,512.5	18,512.5	-
Derivative financial instruments	87.4	-	87.4
Trade and other payables	5,893.3	5,893.3	-
Total financial instruments - Liabilities	24,493.2	24,405.8	87.4

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6.4 Cash and cash equivalents, and liquidity

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and margin calls related to the Company's derivative financial instruments. Those financial assets are classified as amortized cost and valued as described above. Bank overdrafts are presented within borrowings on the Statement of Financial Position.

6.4.1 Cash and cash equivalents

Cash and cash equivalents can be analyzed as follows:

	As at December 31, 2020	As at December 31, 2019
Cash on hand	1,349.0	1,470.0
Short term deposits	235.9	215.2
Restricted cash	295.5	65.6
Cash and cash equivalents as per statement of financial position	1,880.4	1,750.8
Bank overdrafts	(31.4)	(156.9)
Cash and cash equivalents and bank overdraft	1,849.0	1,593.9
Cash reported in assets held-for-sale	-	4.1
Cash and cash equivalents and bank overdrafts, as per cash flow statement	1,849.0	1,598.0
Restricted Cash	(295.5)	(65.6)
Marketable securities	35.7	16.7
Group available cash	1,589.2	1,545.0
Undrawn committed facilities	1,111.3	79.3
Total Group Liquidity	2,700.5	1,624.3

The Group holds USD 205.1 million deposited in several Lebanese banks as short-term dollar denominated deposit accounts and reported in restricted cash and hence excluded from the Group liquidity. The classification of the Lebanese deposits in cash restricted is related to some restrictions of the use of these funds out of the country, as a consequence of the economic situation in Lebanon. The remaining portion of the restricted cash balance mainly corresponds to some funds held by the Group in Algeria which cannot be used out of the country due to the transfer restrictions in Algeria.

Restricted cash also relates to some funds held as collateral in the context of the Group's commitments and cash held in specific countries with transfer restrictions.

6.4.2 Undrawn committed credit facilities and liquidity position

As at December 31, 2020, the Group has access to undrawn committed credit facilities amounting to USD 1,111.3 million (USD 79.3 million as at December 31, 2019) granted by various financial institutions.

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6.5 Share capital, other reserves and earnings per share

Share capital and other reserves

Incremental costs directly attributable to the issue of new shares are presented in equity as a deduction from the proceeds, net of tax.

The share capital is constituted of (i) 10,578,355 ordinary shares held by MERIT CC SAL, its shareholders and related persons, (ii) 3,626,865 ordinary shares held by Yildirim and (iii) 906,717 ordinary shares held by the Banque Publique d'Investissement (Bpifrance formerly FSI) for a total of 15,111,937 shares.

Yildirim holds 24% of the Company's ordinary shares since the conversion of bonds subscribed in 2011 and 2013 into ordinary shares on December 31, 2017.

In June 2013, Bpifrance subscribed for USD 150 million to bonds which have been redeemed in Company's new ordinary shares as at December 31, 2020, representing 6% of the Company's ordinary shares.

No share option plans or dilutive equity instruments have been issued.

Other comprehensive income / (Loss) reclassifiable to profit and loss break down as follows:

	As at December 31, 2020	As at December 31, 2019
Cash flow hedge	32.7	(0.2)
Share of other comprehensive income / (Loss) of associates and joint ventures	(0.5)	4.2
Deferred tax on reserve	2.1	1.4
Net investment hedge	(84.9)	(17.0)
Currency translation adjustments	(149.4)	(124.4)
Total Other Comprehensive Income / (Loss)	(200.0)	(136.0)

6.6 Borrowings and lease liabilities

Financial liabilities

Financial liabilities within the scope of IFRS 9 "Financial instruments and related amendments" are classified as financial liabilities at amortized cost or at fair value through profit and loss (when they are held for trading). The Group determines the classification of its financial liabilities at initial recognition. The Group does not hold over the period presented financial liabilities at fair value through profit and loss except derivative instruments.

Financial liabilities are recognized initially at fair value, less directly attributable costs in case of liabilities that are not measured at fair value through profit and loss. The Group's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings and derivatives.

Except for obligations recognized under IFRS16, borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the Statement of Profit & Loss over the period of the borrowings using the effective interest method.

Borrowings also comprise obligations recognized under IFRS16.

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Lease liabilities under IFRS 16

IFRS 16 requires recognizing a lease liability (and a right-of-use) representing its obligation to make lease payments for leases. At the commencement date, the lease liability should be measured at the present value of the lease payments that are not paid at date, discounted using incremental borrowing rates.

Under IFRS 16, the amount recognized as lease liabilities relating to leases contracts largely depends on assumptions used in terms of discount rates and lease terms. Renewal, extension and early termination options are also taken into consideration when calculating the lease liability if the lessee is reasonably certain to exercise those options.

In-substance purchase

The IASB decided not to provide requirements in IFRS 16 to distinguish a lease from a sale or purchase of an asset. Whereas, in accordance with the Basis for conclusions BC139, the IASB observed that:

- The accounting for leases that are similar to the sale or purchase of the underlying asset would be similar to that for sales and purchases applying the respective requirements of IFRS 15 and IAS 16; and
- The accounting for a transaction depends on the substance of that transaction and not its legal form.

Consequently, if a contract grants rights that represent the in-substance purchase of an item of property, plant and equipment, those rights meet the definition of property, plant and equipment in IAS 16 and would be accounted for applying that Standard, regardless of whether legal title transfers. If the contract grants rights that do not represent the in-substance purchase of an item of property, plant and equipment but that meet the definition of a lease, the contract would be accounted for applying IFRS 16.

As a consequence, due to the substance of certain transactions having the legal form of a lease and due to the fact that the tax incentive was the primarily objective of the lease arrangement or due to the “in-substance purchase” nature of certain leases, such contracts have not been considered as lease arrangements. Hence, the corresponding assets are presented as owned assets and the related liabilities as bank borrowings.

Discount rate

The Group uses the incremental borrowing rates method to determine the discount rates for all the leases. These rates are determined according to several criteria including mainly the asset category, the duration (for the avoidance of doubt, different from lease term), the age of the assets, the lease currency etc.... The discount rates are updated quarterly.

6.6.1 Maturity schedule, variations and detail of borrowings

Borrowings and lease liabilities are presented below and include bank overdrafts, long-term bank borrowings, lease liabilities (including ex finance leases and similar arrangements) and have the following maturities:

	As at December 31, 2020	Current portion	Non current portion	Maturity schedule: December 31,				
				2022	2023	2024	2025	Onwards
Senior notes	2,429.2	(9.5)	2,438.7	786.7	(9.0)	104.5	915.0	641.5
Bank borrowings - Asset financing	3,240.9	446.9	2,794.0	520.4	432.2	349.3	409.0	1,083.1
Bank borrowings - Corporate	1,468.4	201.6	1,266.8	198.8	539.7	526.3	2.1	(0.0)
Bank overdrafts	31.4	31.4	-	-	-	-	-	-
Securitization programs	2,243.0	1,782.5	460.5	460.5	-	-	-	-
Other borrowings	315.6	283.7	31.9	9.0	6.4	5.4	0.3	10.9
Total excluding lease liabilities	9,728.6	2,736.6	6,992.0	1,975.4	969.2	985.5	1,326.5	1,735.5
Lease liabilities under IFRS16	8,783.9	1,872.4	6,911.5	1,554.0	1,371.5	1,063.8	825.7	2,096.7
Total including lease liabilities	18,512.5	4,609.0	13,903.5	3,529.3	2,340.7	2,049.3	2,152.1	3,832.1

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Leases previously treated under finance leases are now included within “Lease liabilities under IFRS16”.

Current portion of borrowings, excluding lease liabilities, amounts to USD 2,736.6 million but includes a number of items that should be considered as specific with no automatic cash out in the next 12 months for a total amount of USD 2,088.2 million:

- Overdrafts amounting to USD 31.4 million, with an opposite impact in cash;
- Securitization programs for USD 1,782.5 million (CMA CGM and NOL program) for which the Group obtained a roll-over (see Note 8.4);
- Accrued interests amounting to USD 100.8 million;
- Other uncommitted facilities included in other borrowings for which the Group generally obtains a rollover for USD 173.5 million.

Variations in borrowings and lease liabilities can be analyzed as follows:

	Senior notes	Bonds and preferred shares redeemable in shares	Bank borrowings	Lease liabilities under IFRS16 ⁽¹⁾	Bank overdrafts	Securitization programs	Other borrowings	TOTAL
Balance as at January 1, 2020	2,864.2	16.7	5,655.0	8,610.0	156.9	1,926.5	284.7	19,514.1
Proceeds from new borrowings, net of issuance costs	(22.9)	-	1,745.1	-	-	1,024.9	472.2	3,219.3
Repayment of financial borrowings	(656.0)	(16.7)	(3,501.7)	(1,750.9)	-	(752.9)	(428.4)	(7,106.5)
Other increase/decrease in borrowings and lease liabilities	33.4	-	457.0	1,845.1	(126.9)	0.2	(0.2)	2,208.6
Accrued interests and fees amortization	8.2	-	52.1	13.6	-	0.2	(13.1)	61.0
Reclassification to liabilities associated with assets held for sale	-	-	18.1	-	-	-	-	18.1
Refinancing of assets, net of issuance costs	-	-	109.0	-	-	-	-	109.0
Acquisition of subsidiaries	-	-	10.3	4.6	3.6	-	2.4	20.9
Foreign currency translation adjustments	202.3	-	164.4	61.6	(2.2)	44.0	(2.0)	468.2
Balance as at December 31, 2020	2,429.2	-	4,709.3	8,783.9	31.4	2,243.0	315.6	18,512.5

The line item “Other increase / decrease in borrowings” corresponds to:

- The exercise of purchase options of leases for USD 131.4 million for vessels and USD 57.1 million for containers;
- Variation in borrowings and lease liabilities which did not have any cash impact for the Group either because (i) the asset is financed through a lease contract under IFRS16, (ii) the drawdown was directly made by the bank to the benefit of the shipyard or (iii) variation in overdraft has an opposite impact in cash and cash equivalents.

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Borrowings and lease liabilities relate to the following assets and their respective average interest rates are as follows:

	Senior notes	Bonds and preferred shares redeemable in shares	Bank borrowings	Lease liabilities under IFRS16	Other borrowings, securitization and overdrafts	Average Interest rate after hedging, amortized cost and "PPA"	
						Excluding leases	Including leases
Vessels	-	-	3,141.1	4,624.9	-	3.39 %	6.23 %
Containers	-	-	0.0	2,632.0	-	-	11.20 %
Land and buildings	-	-	92.4	1,402.3	-	0.35 %	4.93 %
Terminal concession	-	-	19.4	93.9	-	3.00 %	9.29 %
Other tangible assets	-	-	7.5	30.7	-	3.14 %	7.99 %
Other secured borrowings	-	-	223.7	-	2,245.5	2.15 %	n.a.
General corporate purposes (unsecured)	2,429.2	-	1,225.2	-	344.5	4.94 %	n.a.
Total	2,429.2	-	4,709.3	8,783.9	2,590.0		

Secured borrowings (either affected to a tangible asset or included in "other secured borrowing" in the table above) corresponds to financial borrowings secured by tangible assets or other kind of assets (for instance but not limited to pledges over shares, bank account or receivables). Borrowings included in "General corporate purposes (unsecured)" are fully unsecured.

Financial cash-flows on borrowings including repayment of principal and financial interest have the following maturities. As required by IFRS 7, these cash-flows are not discounted:

	As at December 31, 2020	Current portion	Non current portion	Maturity schedule: December 31,				
				2022	2023	2024	2025	Onwards
Senior notes	3,073.2	144.9	2,928.2	955.4	106.0	217.8	980.7	668.4
Bank borrowings - Asset financing	3,797.1	570.3	3,226.7	626.9	515.6	431.8	480.8	1,171.5
Bank borrowings - Corporate	1,605.5	253.1	1,352.4	240.5	570.4	539.3	2.2	(0.0)
Lease liabilities under IFRS16	11,146.4	2,541.0	8,605.4	2,049.8	1,757.4	1,331.9	1,026.2	2,440.1
Bank overdrafts	35.2	35.2	-	-	-	-	-	-
Securitization programs	2,284.3	1,813.0	471.2	471.2	-	-	-	-
Other borrowings excl. accrued interests	222.8	185.4	37.4	10.2	7.4	6.2	1.0	12.5
Total	22,164.4	5,543.0	16,621.4	4,354.1	2,956.8	2,527.0	2,490.9	4,292.6

6.6.2 Details of Senior Notes

As at December 31, 2020, the Group has 4 unsecured Senior Notes outstanding which can be detailed as follows:

- EUR 650 million of nominal amount, issued by CMA CGM and maturing in July 2022;
- USD 116.5 million of nominal amount, originally issued by APL Limited and transferred to APL Investments America as part of GGS disposal, and maturing in January 2024;
- EUR 750 million of nominal amount, issued by CMA CGM and maturing in January 2025;
- EUR 525 million of nominal amount, issued by CMA CGM and maturing in January 2026.

The senior Notes issued by NOL Limited, with a SGD 280 million nominal amount, have been repaid at maturity in September 2020.

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On October 21, 2020, CMA CGM issued an unsecured bond amounting to EUR 525 million at an issuance price of 97.848%, maturing in January 2026 and bearing a 7.5% coupon. The proceeds of the bond issue were netted off with the early repayment of the outstanding nominal amount of EUR 525 million related to the EUR 725 million unsecured Notes (nominal amount), voluntarily redeemed in part in June 2020 for EUR 200 million and initially maturing in January 2021.

The senior Note issued by NOL Limited, with a SGD 300 million nominal amount initially maturing in June 2021, was also early repaid in December 2020.

6.6.3 Bank borrowings

As indicated in Note 3.4, CMA CGM drew a EUR 1.05 billion loan ("PGE") in May 2020 from some of its core banks with a 70% guarantee by the French State. This loan is presented with a ratchet amortization until 2024 based on management intentions and contract options. Part of the proceeds were used to recapitalize CEVA Logistics by EUR 300 million which was completed prior June 30, 2020, allowing CEVA Logistics to repay a EUR 297 million bridge facility. In December 2020, CMA CGM decided to early repay EUR 100 million initially maturing in December 2024.

The full amount on the CEVA Logistics acquisition facility (USD 139.6 million outstanding as at December 31, 2019) has been repaid in June 2020.

In December 2020, CEVA Logistics early repaid the outstanding principal balance of its Term Loan B in the amount of USD 468 million, resulting in the anticipated amortization as finance costs of debt issuance costs for USD 18 million. Besides, the related hedges have been settled early 2021, resulting in the recycling of the negative hedging reserves into P&L (financial result) for USD (45) million as at December 31, 2020.

Additionally, the Group voluntarily repaid most of available credit facilities with no change to the Group liquidity as these credit lines are still available. The Group also obtained from its core banks to rollover certain credit facilities initially maturing in 2020 amounting to approx. USD 530 million.

6.6.4 Securitization program

During the year ended December 31, 2020, the amount drawn under the securitization programs globally increased by USD 316.5 million with several drawdowns and repayments.

On November 22, 2019, the Group closed a USD 460 million CEVA Logistics trade receivables securitization facility ('the CEVA Global Securitization Program') with a three-year renewable commitment from six banks. This program has fully refinanced the existing European Securitization as well as the US ABL facility and the Australian Receivables Facility. As of December 31, 2020, the outstanding drawn amount under the new non-current facility was USD 457.7 million.

NOL and CMA CGM receivables securitization facilities are respectively maturing in the first and third quarter of 2021 and hence presented as current. The Group intends to merge these programs into a single extended program (see Note 8.4).

6.6.5 Other borrowings

As at December 31, 2020, other borrowings include USD 100.8 million of accrued interests (USD 111.0 million as at December 31, 2019).

6.7 Cash flow from financing activities

Cash flow from financing activities amounts to USD (5.363,0) million for the year ended December 31, 2020. The financing cash flows mainly consisted in drawdown of borrowings for USD 3.236,0 million, balanced by the repayment of borrowings for USD (5.355,6) million, the payment of financial interests for USD (458.4) million, cash payments related to IFRS 16 leases for USD (2,497.6) million. The financing cash flow has also been impacted by the refinancing of certain vessels under sale and leaseback operations for an amount of USD 109.5 million, dividends for USD (92.4) million, issuance costs for USD (31.4) million, exercise price of purchase options for USD (188.5) million and acquisition of minority interest for USD(51.5) million.

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Note 7 Scope of consolidation

7.1 Accounting principles and judgments used in determining the scope of consolidation

The control analysis, as defined by IFRS 10 “Consolidated Financial Statements”, involves judgment as certain situations are not obviously conclusive. Management has based its conclusion based on the following principles and on all the facts and circumstances, as well as existing contractual agreements.

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Company has control.

The control over an entity is effective only if the following elements are reached:

- Power, i.e. the investor has existing rights that give it the ability to direct the relevant activities (the activities that significantly affect the investee's returns);
- Exposure, or rights, to variable returns from its involvement with the entity;
- The ability to use its power over the entity to affect the amount of the investor's returns.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

All intra-group balances, income and expenses and unrealized gains or losses resulting from intra-group transactions are fully eliminated.

The financial statements of subsidiaries have been prepared for the same reporting period as the parent company, using consistent accounting policies.

Non-controlling interests represent the portion of profit and loss and net assets that is not held by the Group. They are presented within equity and in the income statement, respectively separately from Group shareholders' equity and Group profit for the year.

Transactions with non-controlling interests

When purchasing non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in consolidated income statement. The fair value subsequently represents the initial carrying amount of the retained interest as an associate, joint venture or financial asset.

Interests in joint-venture & significant influence

Companies on which the Group has no control alone can be part of a joint arrangement. A joint arrangement is defined as an arrangement of which two or more parties have joint control.

Joint control exists when decisions about the relevant activities require the unanimous consent of the parties that collectively control the arrangement. The requirement for unanimous consent means that any party with joint control of the arrangement can prevent any of the other parties, or a group of the parties, from making unilateral decisions (about the relevant activities) without its consent.

A joint venture is an arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. A joint venture recognises its interest in a joint venture as an investment and shall account for that investment using the equity method (in accordance with IAS 28 Investments in Associates and Joint Ventures).

The significant influence is the power to participate in the financial and operating policy decisions of the investee without granting control or joint control on the investee:

- A party that participates in, but does not have joint control of a joint venture, accounts for its interest in the arrangement in accordance with IFRS 9,
- Unless it has significant influence over the joint venture, in which case it accounts for it in accordance with IAS 28.

Under the equity method, equity interests are accounted for at cost, adjusted for by the post-acquisition changes in the investor's share of net assets of the associate, and reduced by any distributions (dividends).

The carrying amount of these equity interests is presented in the line item "Investments in associates and joint ventures" on the Statement of Financial Position (see Note 7.2).

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“Share of profit of associates and joint ventures” is presented within EBIT as it was concluded that the business of these entities forms part of the Company's ongoing operating activities and that such entities cannot be considered as financial investments. This line item includes impairment of goodwill, financial income and expense and income tax related to associates and joint ventures.

An associate's losses exceeding the value of the Group's interest in this entity are not accounted for, unless the Group has a legal or constructive obligation to cover the losses or if the Group has made payments on the associate's behalf.

Any surplus of the investment cost over the Group's share in the fair value of the identifiable assets and liabilities of the associate company on the date of acquisition is accounted for as goodwill and included in the carrying amount of the investment.

Any remaining investment in which the Group has ceased to exercise significant influence or joint control is no longer accounted for under the equity method and is valued at fair value.

7.2 Investments in associates and joint ventures

7.2.1 Investments in associates and joint ventures – Variation in the Consolidated Statement of Financial Position

Investments in associates and joint ventures can be analyzed as follows:

	As at December 31, 2020	As at December 31, 2019
Beginning of the year	805.9	1,478.9
Impact of IFRS16 application	-	(13.9)
Fair value adjustment of newly controlled entities	-	96.5
Transfer of carrying value of newly controlled entities	-	(547.4)
Reclassification following loss of significant influence	(69.4)	-
Acquisition of subsidiaries	-	201.0
Effect of disposal to a joint-venture	(68.3)	-
Waiver of equity share rights treated as a price adjustment	(82.8)	-
Capital increase / decrease	12.3	-
Share of (loss) / profit	(28.7)	46.5
Dividend paid or payable to the Company	(17.8)	(28.9)
Other comprehensive income / (expense)	43.6	(4.2)
Reclassification to assets held-for-sale (see Note 5.5)	3.8	(419.4)
Reclassification from / to other items	(53.1)	0.3
Other	(0.4)	(3.6)
Closing balance	545.1	805.9

The line item “Reclassification following loss of significant influence” corresponds to some investments on which the Group has no more significant influence and hence reclassified in “Other financial assets” related to Fenix Marine Services and Global Ship Lease (See Note 6.3.1).

The line item “effect of disposal to a joint venture” mainly includes the elimination of the internal gain occurred as part of the disposal to Terminal Link, a 51% joint-venture.

The line item “Waiver of equity share rights treated as a price adjustment” corresponds to the fact that a guaranteed dividend has been granted to China Merchant as part of the terminal disposal described in Note 3.2. The portion of such guarantee corresponding to the dividends that the Group is expected to waive to the benefit of China Merchant has been recorded as a reduction of the value of Terminal Link (see Note 3.2 & 8.1.1).

The line item “Share of (loss) / profit” corresponds to the Company's share in the profit or loss of its associates and joint ventures, which includes impairment losses recognized by associates and joint ventures where applicable.

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The line item “capital increase / decrease” corresponds to the capital operation by which the Group pays the financial interests of the loan put in place as part of the structuring of the transaction with CMP. There is no change to the ownership in Terminal Link.

The line item “Reclassification from other items” mainly corresponds to the historical waiver of equity share rights reclassified from “Other Current Liabilities” (see Note 8.2).

The investment in Global Ship Lease was impaired by USD 28.6 million to its market share value following the sharp decrease of the listed share price over the first quarter 2020 and after Management concluded that it does not exercise a significant influence any longer over this Company based on (i) the recent transactions (until end of 2019) occurred on GSL capital which diluted CMA CGM to less than 10% and the fact that CMA CGM did not participate to these transactions also indicates a change to the nature of this investment and (ii) the fact that CMA CGM has no more access to information allowing to perform the equity accounting. Hence the investment in GSL has been recognized as a financial asset at fair value through profit and loss from March 31, 2020 onwards and has been reclassified as such as at March 31, 2020 for an amount of USD 11.3 million (see Note 6.3.1).

The line item “reclassification to assets held-for-sale” relates to the reclassification, before closing of the transaction, of the stakes in 8 terminals and 1 logistic platform as part of the disposal projects disclosed in Notes 3.2 and Note 5.5.

As at December 31, 2020, the main contributors to investments in associates and joint ventures are as follows:

- 51% of Terminal Link Group for USD 269.1 million (USD 422.2 million as at December 31, 2019);
- 50% of Anji-CEVA for USD 203.0 million (USD 202.1 million as at December 31, 2019).

During the financial year 2019:

- The change of control in CEVA Logistics as of January 4, 2019 resulted in the revaluation through profit and loss of the pre-existing ownership in CEVA Logistics at fair value for an amount of USD 96.5 million presented in “Fair value adjustment of newly controlled entities”, and the derecognition of this investment for USD 547.4 million presented in line item “Transfer of carrying value of newly controlled entities”;
- The line item “Acquisition of subsidiaries” corresponds to the contribution of Anji-CEVA for USD 201.0 million, valued at fair value at acquisition date; Anji-CEVA principally engages in contract logistics activities, including warehousing, distribution, transportation, domestic freight, technical consulting and training. Summarized financial statements of Anji-CEVA are presented in Note 7.2.3 of these annual CFS.
- The Group’s share in Global Ship Lease decreased from 13.3% to 10.0% following a diluting capital increase, hence generated a dilution loss amounting to USD 5.7 million.

7.2.2 Additional disclosures related to associates

The contribution of our investments in associates can be presented as follows, no of which being individually significant:

	As at December 31, 2020	As at December 31, 2019
% of shareholding	n.a.	n.a.
% of voting rights	n.a.	n.a.
Equity method Balance sheet contribution	43.4	147.0
Equity method P&L contribution	(34.8)	(6.6)
Equity method OCI contribution	3.2	(1.9)
Equity method total comprehensive income contribution	(31.6)	(8.4)
Fair value (for listed entities)	n.a.	n.a.
Distributed dividends for CMA CGM	2.6	8.5

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7.2.3 Additional disclosures related to joint ventures

	TERMINAL LINK GROUP		ANJI CEVA		OTHER ENTITIES	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
% of shareholding	51.0%	51.0%	50.0%	50.0%	n.a.	n.a.
% of voting rights (if different from above)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Equity method Balance sheet contribution	269.1	422.2	203.0	202.1	29.7	34.6
Equity method P&L contribution	(3.6)	11.3	8.7	16.6	1.0	25.2
Equity method OCI contribution	42.3	(4.6)	4.0	(2.6)	(5.9)	4.9
Equity method total comprehensive income contribution	38.7	6.7	12.7	14.1	(4.9)	30.1
Fair value (for listed entities)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Distributed dividends to CMA CGM	(0.0)	-	11.4	13.0	0.0	7.4

Data based on a 100% basis

Non-current assets	2,105.8	891.8	235.6	224.0
Other current assets	226.3	97.2	680.6	619.5
Cash & cash equivalents	178.5	122.2	266.4	217.5
Total Assets	2,510.6	1,111.2	1,182.6	1,061.0
Shareholders equity	1,309.9	827.9	239.7	196.0
Minority interest	10.5	10.6	(2.7)	25.9
Non-current borrowings	983.2	151.7	52.1	43.6
Other non-current liabilities	10.4	9.4	15.4	4.0
Current borrowings	80.9	61.1	22.9	66.3
Other current liabilities	115.8	50.5	855.1	725.1
Total Liabilities	2,510.6	1,111.2	1,182.6	1,061.0

Reconciliation of 100% figures to investments in joint ventures

Equity of the joint venture excluding mandatory convertible bond	916.0	827.9	239.7	196.0
Equity attributable to the joint venturer	(448.8)	(405.7)	(119.9)	(98.0)
Purchase Price Allocation	-	-	101.7	101.7
Waiver of equity share rights	(121.3)	-	-	-
Elimination of internal disposal gain	(68.8)	-	-	-
Other	(8.0)	-	(18.6)	2.4
Equity method balance sheet contribution	269.1	422.2	203.0	202.1
Revenue	299.1	164.0	1,320.0	1,410.0
Depreciation & amortization	(33.4)	(10.3)	(60.7)	(48.6)
Financial result	(50.8)	(4.2)	(0.6)	2.2
Income tax	(18.0)	(9.9)	15.0	23.4
Profit / Loss for the year	(9.5)	22.1	36.9	57.5
Other comprehensive income / Loss	6.8	(4.3)	7.9	(5.1)
Total comprehensive income / Loss	(2.7)	17.8	44.8	52.4
Reconciliation of 100% figures to share of profit / (loss) from joint venture				
Share of profit / (loss) for the year	(9.5)	22.1	36.9	57.5
Non-controlling interests	-	-	(17.0)	(17.8)
Share of profit for the year for the joint venturer	4.6	(10.8)	(9.9)	(19.9)
Other	1.3	-	(1.2)	(3.2)
Equity method P&L contribution	(3.6)	11.3	8.7	16.6

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7.3 List of companies or subgroups included in the consolidation scope

With the objective to improve the relevance of the information, the Group only discloses the material entities or subgroups by applying the following thresholds:

- Fully integrated entities contributing to the Group revenue by more than USD 10 million;
- Associates and joint ventures contributing to equity by more than USD 5 million;
- As well as certain intermediate holding companies.

As at December 31, 2020, 629 entities are fully consolidated or accounted under equity method either directly or through subgroups (575 as at December 31, 2019).

The main entities are detailed below:

Legal Entity	Country	Direct and indirect percentage of interest
CMA CGM SA (parent company)	France	
Consolidation method - Full		
SHIPPING		
ANL CONTAINER LINE LTD	Australia	100%
MERCOSUL Line Navegacao LTD	Brazil	100%
CONTAINERSHIPS Group	Finland	100%
CMA SHIPS SAS	France	100%
CONTAINERSHIPS - CMA CGM	Germany	100%
ANL SINGAPORE	Singapore	100%
CMA CGM Asia Shipping Pte. Ltd.	Singapore	100%
CMA CGM Asia Pacific Liner Pte. Ltd.	Singapore	100%
AMERICAN PRESIDENT LINES LTD	USA	100%
AGENCIES		
CMA CGM & ANL PHILIPPINES INC	The Philippines	100%
CMA CGM AGENCES France	France	100%
CMA CGM AGENCIES INDIA Pvt Ltd	India	100%
CMA CGM ALGERIE	Algeria	79,80%
CMA CGM AMERICA LLC	USA	100%
CMA CGM AND ANL SINGAPORE	Singapore	100%
CMA CGM AND ANL TAIWAN LTD	Taiwan	100%
CMA CGM ANL DUBAI	United Arab Emirates	88%
CMA CGM BELGIUM	Belgium	100%
CMA CGM BRAZIL	Brazil	100%
CMA CGM CANADA	Canada	100%
CMA CGM CHINA	China	100%
CMA CGM DENIZ ACENTELIGI A.S	Turkey	95%
CMA CGM DEUTSCHLAND	Germany	100%

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Legal Entity	Country	Direct and indirect percentage of interest
CMA CGM GROUP (AUSTRALIA) PTY LTD	Australia	100%
CMA CGM HOLLAND BV	The Netherlands	100%
CMA CGM JAPAN	Japan	100%
CMA CGM KOREA	South Korea	100%
CMA CGM MALAYSIA SDN BHD	Malaysia	100%
CMA CGM SAUDI ARABIA LTD	Saudi Arabia	51%
CMA CGM VIETNAM	Vietnam	100%
HANDLING		
INTRAMAR SA	France	100%
MARSEILLE MANUTENTION	France	100%
SOMARIG	France (Guyane)	100%
GMM	France (Martinique)	100%
SOCIETE D'ACCONAGE ET DE MANUTENTION DE LA REUNION	France (La Réunion)	69,99%
LATTAKIA INT. CONT. TERMINAL LLC	Syria	100%
OTHER ACTIVITIES		
CMA CGM Transit SARL	Ivory Coast	75%
CC TERMINAL CONTENEURS DAKAR (TCD)	Senegal	100%
PROGECO France	France	100%
LOGISTICS & SUPPLY CHAIN		
CEVA Freight LLC	USA	100%
CEVA Freight Shanghai Ltd. - East	China	100%
CEVA Logistics U.S., Inc.	USA	100%
CEVA Logistics Ltd. - Dedicated	UK	100%
CEVA Logistics Netherlands B.V. incl. Showfreight	The Netherlands	100%
CEVA Logistics Italia S.r.l.	Italy	100%
CEVA Logistics (Australia) Pty. Ltd.	Australia	100%
CEVA Lojistik Limited Sirketi	Turkey	100%
CEVA Freight (Shenzhen) Ltd. - North	China	100%
CEVA Logistics GmbH	Germany	100%
CEVA Logistics (Hong Kong) Ltd.	Hong Kong	100%
CEVA Logistics Ltda.	Brasil	100%
CEVA Freight (Thailand) Ltd.	Thailand	100%
CEVA Freight Management Mexico, S.A. de C.V.	Mexico	100%
CEVA Logistics Singapore Pte. Ltd.	Singapore	100%

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Legal Entity	Country	Direct and indirect percentage of interest
CEVA Freight Management France S.A.S.	France	100%
CEVA Logistics Poland Sp.zo.o	Poland	100%
CEVA Freight (India) Pte. Ltd.	India	100%
CEVA Freight (UK) Ltd.	UK	100%
CEVA Logistics España, S.L.	Spain	100%
CEVA Logistics Korea, Inc.	Korea	100%
CEVA Logistics (Vietnam) Company Ltd.	Vietnam	100%
CEVA Freight Germany GmbH	Germany	100%
CC Logistics (China) Co, Ltd (CN)	China	100%
CEVA Ulusiararasi Tasimacilik A.S.	Turkey	100%
CEVA Logistics Belgium N.V.	Belgium	100%
CEVA Logistics Japan, Inc.	Japan	100%
CEVA Logistics Canada, ULC	Canada	100%
CEVA Freight Italy S.r.l.	Italy	100%
CEVA Freight Holland B.V.	The Netherlands	100%
CEVA Freight (España), S.L.	Spain	100%
CEVA Freight Holdings (Malaysia) Sdn. Bhd.	Malaysia	100%
CEVA Logistics (Thailand) Ltd.	Thailand	100%
CEVA Logistics (Taiwan) Co. Ltd.	Taiwan	100%
CEVA Freight Canada Corp	Canada	100%
CEVA Freight Management do Brasil Ltda.	Brasil	100%
CEVA Freight (Australia) Pty. Ltd.	Australia	100%
CEVA Logistics (Malaysia) Sdn. Bhd.	Malaysia	100%
CEVA Logistics (Philippines) Inc.	Philippines	100%
CEVA Logistics (New Zealand) Pty. Ltd.	New Zealand	100%
CEVA Freight Belgium N.V.	Belgium	100%
CEVA Vehicle Logistics (Thailand) Ltd.	Thailand	100%
AVEC Logistics (Ireland) Ltd.	Ireland	100%
CEVA Freight Management Argentina S.R.L.	Argentina	100%
CEVA Logistica de Mexico, S.A. de C.V.	Mexico	100%
LCL LOGISTIX (India) Pvt Ltd (IN)	India	100%
CEVA Freight Management Logistica de Chile Ltda.	Chile	100%
CEVA Logistics South Africa (Proprietary) Ltd.	South Africa	100%
CEVA Logistics Peru S.R.L.	Peru	100%

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Legal Entity	Country	Direct and indirect percentage of interest
PT CEVA Logistik Indonesia	Indonesia	100%
CEVA Freight (Poland) Sp. z.o.o.	Poland	100%
CEVA Logistics (U.A.E.) L.L.C.	United Arab Emirates	49%
LOGISTICS LINK PTY LTD (AU)	Australia	100%
CEVA logistics S.r.l.	Romania	100%
Dubai Contract Logistics	United Arab Emirates	80%
CEVA Freight (India) Pte. Ltd. (CL)	India	100%
CEVA Logistics Hungary Kft.	Hungary	100%
CEVA Ground Europe	UK	100%
CEVA Contract Logistics Kft	Hungary	100%
CEVA Freight Canada Corp (WPORT)	Canada	100%
FINANCIAL HOLDING		
CMA CGM AGENCIES WORLDWIDE	France	100%
CMA TERMINALS HOLDING	France	100%
CMA TERMINALS	France	100%
CMA CGM Asia Pacific Limited	Singapore	100%
Consolidation method - Equity		
Associates and joint ventures are disclosed in the table below		
ANJI CEVA	China	50%
TERMINAL LINK GROUP	France	51%
CMA MUNDRA TERMINAL Pvt Ltd	India	50%
AMEYA LOGISTICS PRIVATE LTD	India	50%
PACIFIC MARITIME SERVICE	USA	10%
LOGOPER LLC	Russia	50%
GEMALINK	Vietnam	25%

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7.4 Related party transactions

For the purposes of this note, the following group of related parties have been identified:

- Terminal activities handled through associates and joint ventures which mainly include Terminal Link and its subsidiaries, as well as other terminals under associates and joint ventures or recorded as non consolidated investment (Global Gateway South, Kribi, Mundra).
- Global Ship Lease, Inc. ("GSL") a ship-owner listed in the U.S. currently owning a fleet of 43 vessels of which 14 time chartered to CMA CGM under agreements ranging from May 2021 till October 2025.
- Anji-CEVA, a joint venture operating in the logistics sector.
- Some shipping agencies, either non consolidated or associated companies.
- Management and / or shareholder's related entities which mainly include:
 - Merit CC SAL, incorporated in Lebanon, whose ultimate shareholders are the Saadé family and members of his immediate family, who owns a large part of the ordinary shares of the Company;
 - Certain subsidiaries of Merit CC SAL, including Merit SAL, a service company providing CMA CGM with cost and revenue control and internal audit support, CMA Liban, a shipping agent and Investment and Financing Corp. Ltd, a container leasing company;
 - Yildirim, incorporated in Turkey, owner of 24% of CMA CGM ordinary shares since December 31, 2017 (see Note 6.5), and with whom the Group entered into another agreement in 2011 regarding the sale of 50% of the shareholding in Malta Freeport Terminals Limited for a cash amount of EUR 200.0 million (USD 289.0 million at that time);
 - The Banque Publique d'Investissement (Bpifrance formerly FSI), owner of 6% of CMA CGM ordinary shares since December 31, 2020 (see Note 6.5);
 - A non-profit foundation "Fondation d'Entreprise CMA CGM" which promotes certain not-for-profit activities.
- Others activities which mainly include following TRAXENS, which is developing a breakthrough technology for "smart" containers in which CMA holds 20.3% ownership.

The related party transactions included in the Statement of Profit & Loss, excluding the share of income / (loss) from associates and joint ventures can be analyzed as follows:

	Total related parties		Terminal activities		GSL		Agencies		Management / Shareholder's related entities		Others	
	For the year ended December 31,		For the year ended December 31,		For the year ended December 31,		For the year ended December 31,		For the year ended December 31,		For the year ended December 31,	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Revenue	44.5	43.6	2.1	3.0	0.2	0.1	0.0	-	4.4	17.5	37.8	23.0
Operating expenses	(361.7)	(412.6)	(135.2)	(178.2)	(136.0)	(149.9)	(7.8)	(12.6)	(46.1)	(48.0)	(36.7)	(23.8)
Other income and expenses	1.4	(8.5)	1.4	(8.5)	-	-	-	-	-	-	-	-
Financial result	10.4	20.9	(14.1)	1.1	25.0	-	10.9	12.6	(1.1)	(2.7)	(10.2)	9.9

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The Statement of Financial Positions corresponding to the related parties listed above, excluding the investments in associates and joint ventures and non-consolidated shares, are:

	Total related parties		Terminal activities		GSL		Agencies		Management / Shareholder's related entities		Others	
	For the year ended December 31,		For the year ended December 31,		For the year ended December 31,		For the year ended December 31,		For the year ended December 31,		For the year ended December 31,	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Non current assets	80.9	44.9	80.3	36.7	-	-	0.0	0.0	0.0	7.5	0.6	0.7
Current assets	186.3	145.3	53.9	48.2	2.6	5.1	52.2	37.5	46.8	27.0	30.8	27.4
Non current liabilities	128.4	124.2	128.4	107.5	-	-	0.0	0.0	-	16.7	-	-
Current liabilities	47.4	149.4	4.2	19.7	0.0	0.0	31.9	26.1	6.9	87.1	4.4	16.5

Besides, the Group is committed towards INVESTMENT AND FINANCING CORP. LIMITED (IFCO), a related party, in relation to leases payables for an amount of USD 144.8 million as at December 31, 2020, recognized as a lease liability under IFRS 16 (USD 148.4 million as at December 31, 2019).

Besides, the Group is committed towards GLOBAL SHIP LEASE, INC, a related party, in relation to leases payables for an amount of USD 95.4 million as at December 31, 2020, recognized as a lease liability under IFRS 16 (USD 119.3 million as at December 31, 2019).

As at December 31, 2019, dividends declared and not yet paid to shareholders amounting to USD 80.5 million are included in "current liabilities" (see Note 5.4.2). Such liability has been paid to Merit early 2020.

Key management compensations for a total amount of USD 5.1 million for the year ended December 31, 2020 (USD 5.8 million for the year ended December 31, 2019) are included in "Employee benefits" in the Consolidated Statement of Profit & Loss.

Note 8 Other Notes

8.1 Provisions, employee benefits and contingent liabilities

The Group recognizes provisions when:

- It has a present legal or constructive obligation as a result of past events;
- It is more likely than not that an outflow of resources will be required to settle the obligation; and
- The amount can be reliably estimated.

Judgments and estimates made in determining the risk related to cargo and corporate claims and related accounting provisions:

The Group evaluates provisions based on facts and events known at the closing date, from its past experience and to the best of its knowledge. Certain provisions may also be adjusted as a consequence of a post Statement of Financial Position adjusting event. Provisions mainly cover litigation with third parties such as shipyards, restructuring and cargo claims.

Certain provision may require a certain level of judgment and estimates (see below disclosures).

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Provisions can be analyzed as follows:

	Litigation	Other risks and obligations	Provisions	of which non current portion	of which current portion	Employee benefits	of which non current portion	of which current portion
As at December 31, 2018	145.2	259.5	404.7	332.7	72.0	184.6	182.4	2.2
Additions for the period	34.4	107.0	141.3			31.1		
Reversals during the period (unused)	(3.6)	(3.0)	(6.6)			(0.2)		
Reversals during the period (used)	(82.3)	(112.5)	(194.8)			(31.4)		
Impact of IFRS16 application	-	23.6	23.6			-		
Reclassification	7.4	(112.3)	(105.0)			(0.4)		
Acquisition of subsidiaries	58.9	142.3	201.2			97.4		
Actuarial (gain) / loss recognized in the OCI	-	-	-			11.7		
Foreign currency translation adjustment	(1.8)	(3.0)	(4.7)			(2.3)		
As at December 31, 2019	158.2	301.5	459.7	304.8	154.9	290.5	289.2	1.3
Additions for the period	48.1	158.0	206.1			38.1		
Reversals during the period (unused)	(8.9)	(30.9)	(39.8)			(0.0)		
Reversals during the period (used)	(10.7)	(107.8)	(118.5)			(31.0)		
Reclassification	3.1	(2.8)	0.3			(1.5)		
Acquisition of subsidiaries	0.1	0.8	0.9			1.0		
Actuarial (gain) / loss recognized in the OCI	-	-	-			33.9		
Foreign currency translation adjustment	(1.9)	(1.0)	(2.8)			18.9		
As at December 31, 2020	188.0	317.7	505.7	324.0	181.7	349.7	347.7	2.1

8.1.1 Provisions for litigation and other risks and obligations

Litigation

Provisions for litigation as at December 31, 2020 corresponds to cargo related and other claims incurred in the normal course of business, including for CEVA Logistics (same as at December 31, 2019). None of these claims taken individually represents a significant amount.

While the outcome of these legal proceedings is uncertain, the Company believes that it has provided for all probable and estimable liabilities arising from the normal course of business, and therefore does not expect any un-provisioned liability arising from any of these legal proceedings to have a material impact on the results of operations, liquidity, capital resources or the statement of financial position.

Other risks and obligations

Provisions for other risks and obligations mainly include:

- Insurance provisions (mainly at CEVA Logistics) related to self-insurance schemes which represent estimates, based on historical experience, of the ultimate cost of settling outstanding claims and claims incurred but not reported at the balance sheet date on risks retained by the Group;
- Restructuring provisions including staff redundancy costs, and site closure costs;
- Provisions for onerous contracts, notably in contract logistics business where contracts and related commitments can last several years;
- Provisions for dismantling costs in relation to lease contracts amounting to USD 89.0 million (USD 87.1 million as at December 31, 2019) reflecting obligations liable to the lessee in certain container lease contracts to restore the leased asset before redelivering it to the lessor.

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The terminals disposal transaction provides for the granting of guaranteed dividends to CMP over 8 years. Thus, TL is engaged to pay priority dividends to CMP. However, if TL is unable to pay these dividends, CMA Terminals Holding (CMA TH) becomes liable for the unpaid amount. The commitment varies from 6.5% to 7.0% over the 8-year period and is based on the total equity investment made by CMP in Terminal Link in 2013 and 2020. Based on the latest estimate from Management on Terminal Link dividend distribution capacity, the present value of the guarantee has been estimated at USD 89.1 million at the closing date of the transaction (taking into account the 8 terminals closed at first closing) and recorded as a reduction of the gain on disposal. Such provision has been discounted at a risk-free rate and reflects (i) the dividends to be paid to CMP by CMA TH for an amount of USD 6.3 million recorded as a provision and (ii) the waiver of the dividend rights of CMA TH in favor of CMP for an amount of USD 82.8 million recorded as a reduction of the value of Terminal Link.

8.1.2 Provisions related to employee benefits

Group companies operate in various jurisdictions and provide various pension schemes to employees. The Company has both defined benefit and defined contribution pension plans.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The post-employment benefit paid to all employees in the Group's home country qualifies as a post-employment defined benefit plan.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group's obligations in respect of defined benefit schemes are calculated using the projected unit credit method, taking into consideration specific economic conditions prevailing in the various countries concerned and actuarial assumptions. These obligations might be covered by plan assets. The Company obtains an external valuation of these obligations annually.

Measurement

In accordance with IAS 19 "Employee benefits", the liability recognized in the Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the Statement of Financial Position date less the fair value of plan assets. Actuarial gains and losses resulting from changes in actuarial assumptions or from experience adjustments are recognized as other items of comprehensive income, together with the return on assets excluding the interest income.

Payments made by the Company for defined contribution plans are accounted for as expenses in the Statement of Profit & Loss in the period in which the services are rendered.

The service cost of the periodic pension cost is presented in employee benefits included in operating expenses. The interest component is presented within other financial income and expenses, net.

Past service costs are recognized immediately in the consolidated income statement.

In France, certain companies operating in terminal activities, as part of collective bargaining agreements, participate together with other enterprises – so called multi-employer plans – in the funding of plans deemed to cover pension obligations and asbestos programs. These plans are by their nature difficult to value as they require detailed information which is only available at the beneficiary's request and for their individual pension calculation. In addition, the regime brings together the assets of several employers and the individual obligation of each employer in the plan is therefore difficult to precisely determine as it varies from one year to another based on activity levels. As per IAS 19 paragraph 34, where sufficient information is not available to use defined benefit accounting for defined benefit multi-employer plans, the plans are treated as defined contribution plans.

NOTES TO THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

Description of the Company's plans

The Company's employees are generally entitled to pension benefits, in accordance with local regulations:

- Retirement and medical benefits, paid by the Company on retirement (defined benefit plan); and
- Pension payments from outside institutions, financed by contributions from employers and employees (defined contribution plan).

In accordance with the regulatory environment and collective agreements, the Group has established both defined contribution and defined benefit pension plans (company or multi-employer) to provide such benefit to employees.

Defined contribution plans

Defined contribution plans are funded through independent pension funds or similar organizations.

Contributions are fixed (e.g. based on salary) and are paid to these outside institutions. These institutions are responsible for maintaining and distributing employee benefits. The Company has no legal or constructive obligation to pay further contributions if any of the funds does not hold sufficient assets to pay all employees the benefits relating to contributions in the current and prior financial years. The employer contributions are recognised as employee benefit expense in the financial year to which they relate.

Certain subsidiaries of CMA CGM, NOL and CEVA Logistics also contribute to a number of collectively bargained, multi-employer plans that provide pension benefits to certain union-represented employees. These plans are treated as defined contribution plans in accordance with IAS 19 paragraph 34.

The Group contributed USD 66.6 million to its defined contribution plans in 2020 (USD 62.9 million in 2019).

Defined benefit plans

Major defined benefit plans can be described as follows:

Retirement Indemnities (France)

French retirement indemnity plans provide a lump sum benefit paid by the company to the employees when they retire. The amount of this benefit depends on the length of service of the employee and salary at the retirement date and is prescribed by collective bargaining agreements ("CBA"). Those agreements are negotiated by Union representatives of the employer and of the employees, by sector of activity and at a national level. Their application is compulsory. The retirement indemnities are not linked to other standard French retirement benefits, such as pensions provided by Social Security or complementary funds (ARRCO and AGIRC).

Article 23 (France)

The benefits consist of an annuity payable to a closed group of beneficiaries. All the beneficiaries are retired. This plan has been partially funded through a contribution to an insurer, but the annuities are currently directly paid by the employer.

Pensions are indexed each year based on the general salary increase of the company. The surviving spouse of a retiree is entitled to a pension equal to 60% of the pension benefit paid at time of death.

Jubilee Awards (France)

The benefits consist of a lump sum payable to employees when they reach various service anniversaries.

Asbestos/hardness indemnities (France)

In Terminal activities operated by certain of the Group's subsidiaries in France, employees having spent the required number of years under hardness qualifying extreme work conditions and/or having been exposed to asbestos while working at the terminal are eligible to early retire 2 to 5 years ahead of normal retirement age.

The early retirement pensions are financed through state program (asbestos) and/or multi-employer program. As mentioned above, where sufficient information is not available to use defined benefit accounting for defined benefit multi-employer plans, the plans are treated as defined contribution plans.

Nevertheless, at early retirement leave, the indemnity lump sum payable by the employer differs from the retirement indemnity, and have been set by a local collective bargaining agreement. These specific lump sum indemnities are taken into account to value the appropriate retirement indemnity of employees concerned.

NOTES TO THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

Retirement Indemnities (Morocco)

Retirement indemnity benefits in our subsidiaries in Morocco are lump sums paid by the company to the employees when they retire. The amount of this benefit depends on the length of service of the employee and salary at the retirement date and is prescribed by collective bargaining agreements.

Medical insurance (Morocco)

The benefits provide continuous medical coverage to retirees and their dependent subject to conditions. The program is a top up plan supplementing the Assurance Maladie Obligatoire reimbursements and is insured through an insurance contract with a local insurer.

This estimated yearly reimbursement cost is indexed by 2.5% per year in order to reflect the medical consumption and cost inflation.

Superannuation Plan (Australia)

Retirement indemnity benefits at Company subsidiaries in Australia are lump sums paid by the Company to the employees when they retire or resignate from the Company. The amount of this benefit depends on the length of service of the employee and salary at the retirement or resignation. This plan is closed to new members.

Annual leave plans and long service leave plans (Australia)

These unfunded plans provide a right to annual leave to employees depending of the length of service.

NOL's defined benefit plans

NOL's employee benefits provisions mainly relate to defined benefits for employees which are generally based on the final pensionable salary and years of service. Most plans cover employees located in the US and Taiwan. In the US, all non-union plans are frozen to future accruals.

CEVA Logistics' defined benefit plans

CEVA Logistics operates a number of pension plans around the world, most of which are defined contribution plans. CEVA Logistics has a small number of defined benefit plans of which the main ones are based in Italy, the United Kingdom and the United States. The plans in Italy, the United Kingdom and the United States are closed to new members.

The majority of benefit payments are from trustee-administered funds; however, there are also a number of unfunded plans where the Company meets the benefit payment as it falls due. The pension plan in the Netherlands changed to a career average plan with no indexation as from 1 January 2013. The new plan is treated as a defined contribution plan for accounting purposes.

Italian pension plan for the Group's activities

In accordance with the Trattamento di Fine Rapporto ("TFR") legislation in Italy, employees are entitled to a termination payment on leaving the Company. The TFR regulation changed from 1 January 2007 and employees were given the option to either remain under the prior regulation or to transfer the future accruals to external pension funds. The funded provision for TFR maturing after 1 January 2007 is treated as a defined contribution plan under both options.

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Actuarial assumptions

The actuarial assumptions used for the principal countries are as follows:

	As at December 31, 2020					As at December 31, 2019				
	Euro Zone	Morocco	Australia	UK	USA	Euro Zone	Morocco	Australia	UK	USA
Discount rate	0.43%	2.50%	1.10%	1.40%	2.25%	0.83%	2.89%	2.01%	2.03%	3.13%
Future salary increase	2.63%	2.50%	3.50%	2.30%	2.50%	2.49%	2.50%	3.50%	2.30%	2.50%
Long-term inflation	1.50%	2.00%	n.a.	3.10%	2.50%	1.47%	2.00%	n.a.	3.20%	2.50%

The future salary increase mentioned in the table above includes the impact of inflation.

Discount rates determination

Euro zone: The Company used as a reference rate the IBoxx Corporate AA 10+.

Morocco: The Company used a state bonds average rate due to a lack of liquidity on corporate market, reflecting the average duration of plans (around 13 years).

Australia: The Company used a corporate bonds average rate reflecting the average duration of plans (around 5 years).

United Kingdom: The company used as a reference rate the iBoxx AA rated corporate bond yield curve adjusted to remove the effect of bonds issued by universities which are included in the construction of the curve.

United States: The discount rates in the US are usually based on each individual plan. Hence, as it is common in the US, the discount rate is determined using the actual plan cashflows and applying a full yield curve (in this case the Mercer Yield Curve) to determine a weighted average discount rate. The discount rate presented above is a DBO-weighted average discount rate.

Evolution of rates

Due to the decrease of interest rates in all regions, the discount rate being used to evaluate the Company's liability regarding pension and employee benefits were down in most countries from December 31, 2019 to December 31, 2020. Taking into account all the impact recognized in OCI, the overall negative impact of remeasurement of defined pension and medical plans recorded in other comprehensive income amounts to USD 33.9 million.

Variation of obligations, plan assets and provisions

The net liability recognized in the Statement of Financial Position breaks down as follows:

	As at December 31, 2020	As at December 31, 2019
Liabilities	(666.6)	(576.2)
Assets	316.9	285.7
Net liability	(349.7)	(290.5)

	As at December 31, 2020	As at December 31, 2019
Present value of unfunded obligations	(247.9)	(182.1)
Present value of funded obligations	(418.7)	(394.1)
Fair value of plan assets	316.9	285.7
Net present value of obligations	(349.7)	(290.5)

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Variations in the defined benefit obligations over the year are as follows:

	As at December 31, 2020	As at December 31, 2019
Beginning of year	576.2	351.7
Plan amendment - past service cost	(7.2)	0.2
Service cost	38.6	21.4
Interest cost	11.5	14.9
Actuarial losses/(gains)	61.3	45.2
Benefits paid	(40.7)	(36.8)
Employee contributions	0.1	(0.1)
Expenses Paid	(0.0)	(0.0)
Taxes paid	(0.0)	(0.0)
Premiums paid	(0.0)	(0.0)
Reclassification of liabilities	-	-
Acquisition / disposal of subsidiaries and other	(0.6)	181.9
Plan curtailments	(0.9)	-
Exchange differences	28.4	(2.1)
End of year	666.6	576.2

Plan assets vary as follows:

	As at December 31, 2020	As at December 31, 2019
Beginning of year	285.7	167.1
Interest on assets	6.5	7.8
Actuarial (losses)/gains	26.9	32.1
Benefits paid and interest income	(22.3)	(17.4)
Employer contributions	11.7	11.9
Employee contributions	0.1	0.1
Acquisition of subsidiaries and other	-	84.9
Expenses paid	(1.3)	(1.1)
Taxes paid	(0.0)	(0.0)
Premiums paid	(0.0)	(0.0)
Exchange differences	9.6	0.2
End of the year	316.9	285.7

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The plan assets are invested as follows:

	As at December 31, 2020	As at December 31, 2019
Cash and cash equivalents	2.1%	1.7%
Equity instruments	15.5%	15.4%
Debt instruments	8.0%	7.9%
Real estate	0.2%	0.2%
Investment funds	36.3%	37.5%
Assets held by insurance company	21.5%	19.7%
Other	13.2%	14.0%

The amounts recognized in the Statement of Profit & Loss are as follows:

	For the year ended December 31,	
	2020	2019
a. Current service cost excluding taxes, expenses, employees contributions and premiums	38.6	21.4
b. Administrative expenses and taxes	1.1	1.1
c. Employees contributions	-	-
d. Past service cost/curtailment	(7.2)	0.2
e. Non-routine settlements	-	-
Total service cost	32.5	22.8
a. Interest on the DBO (gains) / losses	11.5	14.9
b. Interest on Assets gains / (losses)	(6.5)	(7.8)
c. Interest on Assets ceiling (gains) / losses	-	-
d. Interest on reimbursement rights (gains) / losses	(0.0)	(0.0)
Total net interest	5.0	7.0
Remeasurements of Other Long Term Benefits	0.5	1.4
Benefit expense recognized in the income statement	38.0	31.1
Remeasurements (recognized in other comprehensive income)	33.9	11.7
Total defined benefit cost recognized in P&L and OCI	72.0	42.9

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The amounts recognized in the Statement of Financial Position in the net liability are as follows:

	As at December 31, 2020	As at December 31, 2019
Net liability as of beginning of year	(290.4)	(184.6)
Benefit expense recognized in the income statement	(38.0)	(31.1)
Remeasurements (recognized in other comprehensive income)	(34.0)	(11.7)
Employer contributions	11.7	12.2
Benefits paid directly	19.3	19.5
Acquisition / disposal of subsidiaries and other	0.6	(97.0)
Others	(0.1)	0.0
Exchange differences	(18.9)	2.3
Net liability as of end of year	(349.8)	(290.4)

The defined benefit obligation, the plan assets and the accumulated actuarial gains and losses for the current year and previous four periods are as follows:

	Defined Benefit Obligation	Plan Assets	Funded Status	Variation of actuarial gains and losses	
				On Defined Benefit Obligation	On Plan Assets
As at December 31, 2016	(342.1)	159.5	(182.6)	10.9	12.0
As at December 31, 2017	(380.0)	189.8	(190.2)	(4.4)	15.2
As at December 31, 2018	(351.7)	167.1	(184.6)	(8.0)	(11.3)
As at December 31, 2019	(576.2)	285.7	(290.5)	45.2	32.1
As at December 31, 2020	(666.6)	316.9	(349.7)	61.3	26.9

Sensitivity analysis

The sensitivity of the defined benefit obligation to the following changes of discount rates and long term inflation is as follows (in USD million):

As at December 31, 2020	Discount rate	Long-term inflation
- 25 basis points	24.8	(2.3)
+25 basis points	(23.8)	2.4

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8.1.3 Contingent liabilities

The Group is involved in a number of legal and tax disputes in certain countries, including but not limited to alleged breaches of competition rules. Some of these may involve significant amounts, the outcome of which being subject to a high level of uncertainty, that cannot be accurately quantified at the closing date.

Certain of the Group's entities are involved in tax audits and tax proceedings in various jurisdictions relating to the normal conduct of its business. While the outcome of these audits and proceedings is uncertain and can involve material amounts, Management recorded liabilities for uncertain income tax treatments and other non income tax risks; Management therefore does not expect any liability arising from these audits to have a material impact on its results.

Some companies in France are currently subject to tax inspections. No provision are recognized in this regard when, based on strong arguments and external advice, management believes that there should be no or limited final cash and/or accounting impacts of such inspections.

In all cases, the Group fully cooperates with the authorities.

The main contingent liabilities are as follows:

Belgium customs

In February 2018, CMA CGM was informed by the Belgian customs of the discovery of cigarettes in 2 of the 7 containers shipped by a freight forwarder through CMA CGM's agency in Istanbul for a carriage from Gebze (Turkey) to Rotterdam, while the goods were mentioned as glassware.

In January 2020, the State of Belgium and the Belgian customs summoned the companies CMA CGM BELGIUM, CMA CGM SA et CMA CGM TURQUIE to appear before the criminal tribunal of Antwerp for illegal importation of cigarettes. The Administration requires the condemnation to pay substantial fines, taxes and penalties for a significant amount. The part that would be supported by CMA CGM if the Group is declared liable cannot be reliably assessed at this stage.

Management and its advisors consider that the Company has strong legal arguments to demonstrate that the Belgian customs' action has no grounds on the merits and should be dismissed. In view of this, CMA CGM has then launched criminal proceedings. CMA CGM is also currently discussing with its insurance companies to determine what would be the extent of their cover should a negative outcome ultimately occurs.

Management also considers that the procedure could last many years.

Given the above, especially because there is no possibility to reliably estimate the potential financial risk, no provision was included within the 2020 consolidated financial statements.

CIL Related Proceedings (CEVA)

CIL Limited (formerly CEVA Investments Limited), the former parent of CEVA Group Plc, is involved in a consensually filed liquidation proceeding in the Cayman Islands and an involuntary Chapter 7 proceeding in the Bankruptcy Court for the Southern District of New York. The Trustee in the Chapter 7 proceeding filed a claim against CIL Limited's former directors, CEVA Group Plc, and affiliated entities relating mostly to CEVA's recapitalization in 2013. In 2015 the defendants filed motions to dismiss certain of the claims asserted by the Trustee, and in January 2018, the Bankruptcy Court issued an order granting in part and denying in part the defendants' motions including dismissing the disputed payable claim against one of the defendants for lack of personal jurisdiction. In July 2018, the Trustee filed an amended complaint as well as a new action in the Netherlands related to the disputed payable claim against the entity that had been dismissed from the Bankruptcy Court action, and other CEVA-affiliated entities. The defendants and the Trustee have filed motions for summary judgment in the Bankruptcy Court action, which have been fully briefed and argued to the court. One of the creditors in the bankruptcy proceeding has also filed a claim against CEVA Logistics AG in New York state court related to CEVA's 2013 recapitalization. The Company cannot provide assurances regarding the outcome of these matters and it is possible that if the Trustee or the creditor were to prevail on their claims, the Company could incur a material loss in connection with those matters, including the payment of substantial damages and/or with regard to the matter in the bankruptcy court, the unwinding of the recapitalization in 2013. However, the Company believes the claims are without merit and intends to vigorously defend itself.

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A former CEVA employee and CIL shareholder has asserted a putative class action against CEVA Group Plc, among others, in a U.S. District Court in the Middle District of Florida. Plaintiff claims that CEVA Group should have treated him differently in connection with the 2013 recapitalization. In January 2019, CEVA Group filed a motion to dismiss. The court has converted the motion to dismiss to a summary judgment motion and ordered the parties to proceed with summary judgment practice. While CEVA cannot provide assurances with respect to the outcome of this matter and it is possible that CEVA could incur a material loss, CEVA believes the claim is without merit and intends to vigorously defend itself.

At December 31, 2020, the Group (through CEVA) reports a net payable to CIL Limited, amounting to USD 15 million. This mainly relates to intercompany cash pooling arrangements and is included within trade and other payables in the Consolidated Statement of Financial Position.

8.2 Other current liabilities

This line item includes the liability corresponding to the future cash-outflows in relation to the minimum dividend guaranteed to CMHI as part of the disposal of the 49% stake in Terminal Link in June 2013. This liability amounts to USD 62.8 million (USD 107.7 million as at December 31, 2019), down USD 44.9 million due to the reclassification of the waiver of equity share rights to Terminal Link value for USD (53.1) million (see Note 7.2 Investments in associates and joint ventures), partly compensated by FOREX impacts for USD 9.7 million.

The payment of such liability has been done in January 2021, partly through cash payment and through the release of funds previously transferred to Terminal Link in an escrow account recorded in Other financial assets (USD 35.0 million).

8.3 Commitments

8.3.1 Commitments on assets

Lease commitments

The Group applied IFRS 16 Leases from January 1, 2019. Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities for most of these leases, except where the lease term is below one year or where the leased asset is not made available for use to the lessee.

Previously, the Group classified leases as operating leases under IAS 17, until December 31, 2018.

The Group leases vessels, containers, terminal premises, various offices and warehouses under non-cancellable operating lease agreements. The Group also leases various motor vehicles, trailers and equipment under operating lease agreements.

The total amount of operating lease expenses related to leased assets outside the scope of IFRS 16 was USD 1,035.9 million in 2020 (USD 1,153.3 million for the year ended December 31, 2019).

Besides, the service component related to leased assets within the scope of IFRS 16, mainly related to running costs, amounted to USD 257.4 million (USD 219.6 million for the year ended December 31, 2019).

Vessels operated under time charters (or bareboat charters) and container leases which are not within the scope of IFRS 16

As at December 31, 2020 the Group operates 439 leased vessels of which 174 have been recorded under IFRS 16.

The Group is committed to pay time chart (including running costs) in relation to 265 vessels leases with a residual lease term of 12 months or less for an amount of USD 245.9 million.

The Group is committed to pay leases in relation to container leases with a residual lease term of 12 months or less for an amount of USD 16.3 million.

Some of the Group's lease contracts (mainly related to vessels and containers) recognized under IFRS 16 include purchase, renewal or termination options which are not systematically included in the calculation of the lease liability as such options are not reasonably certain to be exercised. Such management intentions to exercise or not these options are regularly reviewed by Management.

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Commitments related to ordered vessels

The orderbook corresponds to five TEU 23,000 LNG-fuelled vessels, two TEU 1,400 vessels, five TEU 15,000 LNG vessels (long-term bareboat) and five TEU 15,000 scrubberized vessels (long-term bareboat). All vessels included in this orderbook are under committed financing (see below).

The contractual commitments related to the construction of the 7 owned vessels can be analyzed as follows (in USD million):

	As at December 31, 2020	As at December 31, 2019
Orderbook		
- units	17	23
- remaining commitments, net of prepayments*	625	1,164
- Committed financings	547	1,022
* of which payable in:		
2020	-	813
2021	625	351
2022	-	-
Total	625	1,164

The undiscounted amount of lease payments associated with the ten TEU 15,000 long-term bareboat vessels amounts to USD 2,023.5 million (not included in the lease liabilities as the vessels are not available for use yet).

During the construction of the vessels, the Company obtains refund guarantees from the shipyards' banks covering the amount of prepayments made by the Company until the completion of the delivery. These guarantees relate to the construction of 7 vessels as at December 31, 2020 and amount to USD 223.2 million (USD 397.0 million as at December 31, 2019 for 11 vessels).

Commitments relating to concession fees

The Group carries out certain stevedoring activities under long-term concession arrangements, most of which being recognized as a lease liability within the scope of IFRS 16 when the operating subsidiary is controlled by the Company.

Regarding commitments of associates and joint ventures, the Group issued guarantees amounting to USD 828.1 million on a discounted basis as at December 31, 2020 for the payment of concession fees by certain of its associates or joint ventures (USD 846.0 million as at December 31, 2019).

Commitments relating to airplanes

The Group ordered two cargo airplanes end of 2020 and was committed to pay the purchase price under certain conditions at delivery, for an amount of USD 119.5 million. Such delivery and settlement have been done in February 2021.

8.3.2 Other financial commitments

In the normal course of our business, we provide bank guarantees or letters of credit to various customs authorities, landlords, port authorities, suppliers and insurance underwriters.

Most of the Group's subsidiaries credit facilities are unconditionally guaranteed by the Group's main legal entities, such as CMA CGM, CEVA Logistics AG or NOL Limited. All obligations under these facilities and the guarantees of those obligations are (subject to the agreed security principles) secured on a first-priority basis by charges over (i) shares held in the obligors under these facilities; (ii) certain bank accounts of, and intra-Group receivables due to the obligors; and (iii) in the case of the obligors incorporated in the United States of America, substantially all of the other property and assets to the extent a security interest is able to be granted or perfected therein.

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As at December 31, 2020, guarantees on behalf of CEVA Logistics' subsidiaries amounting to USD 178.0 million were issued, but undrawn. The obligations under the guarantees issued by banks and other financial institutions have been secured by CEVA Logistics and certain of its subsidiaries.

Other financial commitments primarily relate to the following:

Other financial commitments given

	As at December 31, 2020	As at December 31, 2019
Bank guarantees	52.6	175.4
Guarantees on terminal financing	84.0	122.8
Customs guarantees	14.4	8.1
Port authorities and administration	9.0	16.1
Others guarantees granted for non-current assets	411.8	425.5
Mortgage on share of associates	-	4.4
Pledge	-	-
Other	61.6	95.9

The financial commitments included in the table above relate to guarantees or pledges granted to third parties in addition to recognized liabilities. However, there is no indication to date that any significant item out of these commitments may require a cash outflow.

"Other guarantees granted for non-current assets" mainly correspond to the CAPEX commitment in relation to the information system.

As at December 31, 2020, the Group transferred USD 3,704.8 million of trade receivables as collateral under its securitization programs (USD 1,640.3 million as at December 31, 2019).

Other financial commitments received

	As at December 31, 2020	As at December 31, 2019
Guarantees received from independent shipping agents	0.9	0.9
Guarantees received from customers	0.5	0.6
Other financial commitments received	4.0	2.2

8.4 Significant subsequent events

Deleveraging initiatives (continued)

The Group pursued its deleveraging initiatives in the first quarter of 2021, including mainly the finalization of the repayment of CEVA Logistics' RCF for USD 215 million (the USD 400 million credit facility remain fully available) and a further EUR 300 million early repayment on PGE facility.

Renewal of the CMA CGM securitisation program

The Group closed the renegotiation of the securitization programs with its core financial partners with the main key features of the new merged program (excluding CEVA Logistics securitization program):

- 3-year maturity; hence allowing a sharp reduction of the current portion of borrowings;
- USD 2.1 billion facility, increased from USD 1.8 billion;
- Improved financing conditions.

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Rating agencies

On March 4, 2021, Standard and Poor's upgraded CMA CGM rating to BB- with a stable outlook. CEVA Logistics' rating was also similarly upgraded.

On March 9, 2021, Moody's upgraded CMA CGM rating to B1 with a positive outlook. CEVA Logistics' rating was also upgraded to B2 with a positive outlook.

Air cargo division

Announced in February 2021, CMA CGM steps up its strategic development in logistics with the creation of its AIR CARGO division and the purchase of four freighter aircraft.

To support its expansion into air freight, the CMA CGM Group is buying four 60-tonne payload Airbus A330-200F freighter aircrafts, which came into service between 2014 and 2016. With a range of 4,000 nautical miles, they will connect Europe with the rest of the world. The CMA CGM Group will entrust the operation of its freighter fleet to a European airline.

CMA CGM AIR CARGO represents a major new component of the CMA CGM Group in both operational and commercial terms. This expansion into air freight is a new milestone in the Group's strategic development, with the aim of providing Group customers a complementary range of services covering both shipping and logistics.

Port of Alexandria

The Group announced early February it will manage and operate Pier 55, the future multipurpose terminal of the port of Alexandria (Egypt), operations commencing in 2022.

IFCO

The transactions with IFCO, a related party, are contemplated to be terminated as follows:

- Purchase of the dry contracts containers, hence the purchase of approximately TEUs 75,000 Dry by CMA CGM, against a payment of USD 83.7 million, executed to date;
- Early termination of the Reefer lease contract and the novation of the lease entered by IFCO with CIMC for the benefit of CMA CGM, the execution of which being still ongoing to date.

Ameya

The sale of the Group's 50% stake in Ameya, presented in assets held for sale since December 31, 2019, has been closed for a net consideration of USD 72.4 million, excluding future potential earn-outs.

CMA CGM acquires Tripoli Terminal in Lebanon

In February, the Group acquired the Tripoli Container Terminal in Lebanon, in which a 20% stake had already been acquired in 2016. Lebanon's Tripoli Container Terminal is operated under a 25-year concession from the government, awarded in late 2013. The Tripoli Container terminal has a berth length of 600 meters with a depth alongside of more than 15 m. Equipped with five large STS, the facility has an annual design capacity of TEU 750,000.

CMA CGM acquires an equity stake in TTIA container terminal in Algeciras

In March, the Group announced that its CMA Terminals subsidiary has acquired a 50% interest minus one share in Spain's Total Terminal International Algeciras (TTIA) port terminal. The TTIA terminal, located in the Strait of Gibraltar at the crossroads of trade between Asia, Mediterranean and Northern Europe, can accommodate the largest containerships in the CMA CGM Group fleet through its latest equipment:

- A container yard area of 30 hectares;
- A quay length of 850 meters and draught of 18 meters;
- Eight ship-to-shore (STS) cranes;
- Potential to double its capacity in the future.

The TTIA terminal, a multi-user facility with an annual capacity of 1.7 million 20-foot equivalent units (TEUs), was inaugurated in 2010 and is the first semi-automatic terminal in the Med area.

CMA CGM Group and its partners in Algeciras, HMM and DIF Capital Partners, will join forces to support and develop this strategic terminal.

NOTES TO THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

Note 9 Glossary

BAF

"Bunker Adjustment Factor" is a surcharge assessed by carrier which is applied to freight rates and invoiced to customers in order to compensate unexpected fuel oil price variations.

CGU

A "Cash-Generating Unit" is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

EBIT - Core EBIT

EBIT, as presented in the consolidated statement of Profit & Loss, means "Earning Before Interests and Taxes" and corresponds to Operating profit.

Core EBIT, as presented in the consolidated statement of Profit & Loss, corresponds to EBIT, as defined above, less certain unallocated items as defined in Note 4.1 Operating segments.

EBITDA

EBITDA, as presented in the consolidated statement of Profit & Loss, means "Earning Before Interests, Taxes, Depreciation and Amortization" and corresponds to revenue less operating expenses.

IASB

"International Accounting Standards Board" is the principal body within the IFRS foundation and is in charge of establishing (i.e. develop and issue) IFRS as defined below.

IFRIC or IFRS Interpretations Committee (IFRS IC)

The Interpretations Committee's responsibilities are to interpret the application of the IFRS, report to the IASB and obtain IASB approval for final interpretations.

IFRS & IAS

"International Financial Reporting Standards" & "International Accounting Standards" are designed as a single set of accounting standards, developed and maintained by the IASB with the intention of those standards being capable of being applied on a globally consistent basis by developed, emerging and developing economies, thus providing investors and other users of financial statements with the ability to compare the financial performance of publicly listed companies on a like-for-like basis with their international peers.

LIBOR

"London Inter-Bank Offer Rate" is used as a reference rate for many financial instruments in both financial markets and commercial fields.

NPV

"Net Present Value" is the current value of future cash flows of an asset or liability, determined by applying a discount rate to those cash flows.

WACC

The "Weighted Average Cost of Capital" is a calculation of a firm's cost of capital in which each category of capital is proportionately weighted. All sources of capital, including common stock, preferred stock, bonds and any other long-term debt, are included in a WACC calculation.

AUDITORS' REPORT

YEAR ENDED DECEMBER 31, 2020

AUDITORS' REPORT

YEAR ENDED DECEMBER 31, 2020

ERNST & YOUNG Audit
Boulevard Jacques Saadé
48, quai du Lazaret
13002 Marseille

KPMG Audit
Division of KPMG S.A.
480 avenue du Prado - CS 90021
13272 Marseille Cedex 08

CMA CGM S.A.

Boulevard Jacques Saadé - 4 Quai d'Arenc - 13235 Marseille Cedex 2

Statutory auditors' report on the consolidated financial statements For the year ended December 31, 2020

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users. This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the annual general meeting of CMA CGM,

Opinion

In compliance with the engagement entrusted to us by your Shareholders' general meeting, we have audited the accompanying consolidated financial statements of CMA CGM for the year ended December 31, 2020.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2020 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (Code de commerce) and the French Code of Ethics (Code de déontologie) for statutory auditors rules applicable to us, for the period from January 1st, 2020 to the date of our report.

Justification of Assessments

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

AUDITORS' REPORT

YEAR ENDED DECEMBER 31, 2020

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the following assessments that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Significant accounting judgments, estimates and assumptions

Note 2.3 "Significant accounting judgments, estimates and assumptions" to the consolidated financial statements discloses the significant accounting judgments, estimates and assumptions adopted by management. These significant estimates mainly relate to judgments and assumptions used for (i) the impairment testing of non-financial assets, (ii) the measurement and the recognition of deferred tax assets, (iii) the determination of demurrage receivables, (iv) the assessment of whether the lease options are reasonably certain to be exercised and the impacts on the measurement of the lease liability, and (v) the assessment of the risks related to cargo and corporate claims.

Our procedures consisted in assessing the data and assumptions underlying these judgments and estimates, reviewing, using sampling techniques, the calculations performed by the company and verifying the appropriateness of disclosures provided in the notes to the consolidated financial statements on the assumptions and options adopted by the company.

As indicated in Note 2.3 to the consolidated financial statements, these estimates are based on assumptions that are by nature uncertain, and actual results may sometimes differ significantly from forecast data used.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group information given in the management report of the Board of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L.225-102-1 of the French Commercial Code (Code de commerce), is included in the Group's management report, it being specified that, in accordance with Article L.823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. This information must be reported by an independent third party.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

AUDITORS' REPORT

YEAR ENDED DECEMBER 31, 2020

As specified in Article L.823-10-1 of the French Commercial Code (Code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Marseille, March 12, 2021
The statutory auditors

French original signed by

ERNST & YOUNG Audit

Charles-Emmanuel Chosson

Camille de Guillebon

KPMG Audit

*Division of KPMG S.A.
Georges Maregiano*

CMA CGM
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Thierry DOSOGNE / Westport, Malaysia



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