

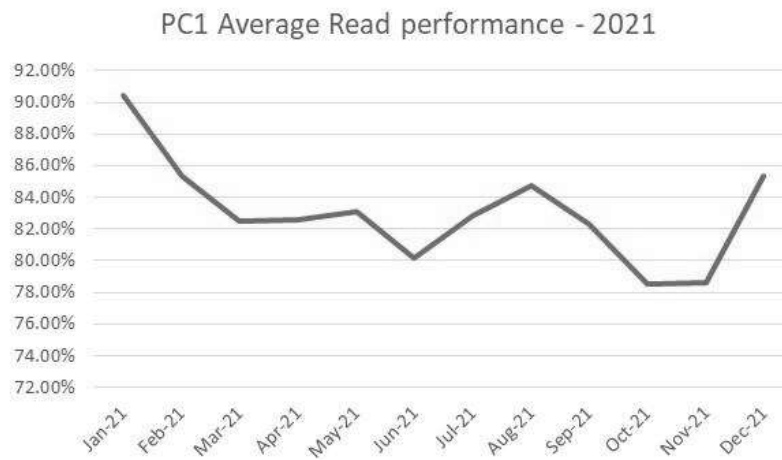
PAC0201

PC1 Market entrants and read performance



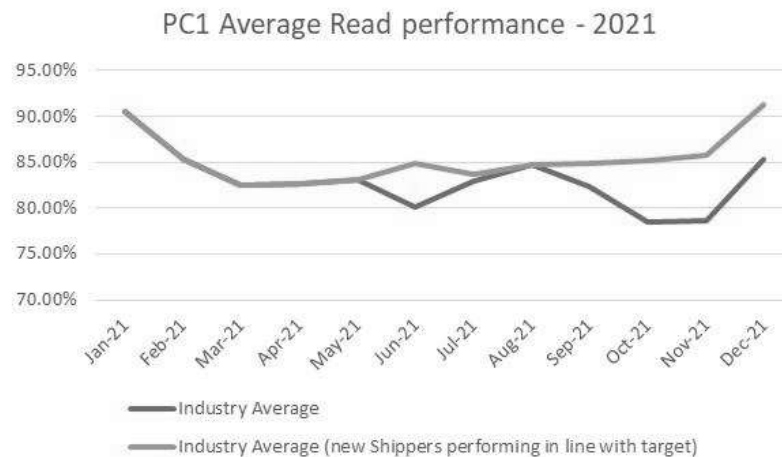
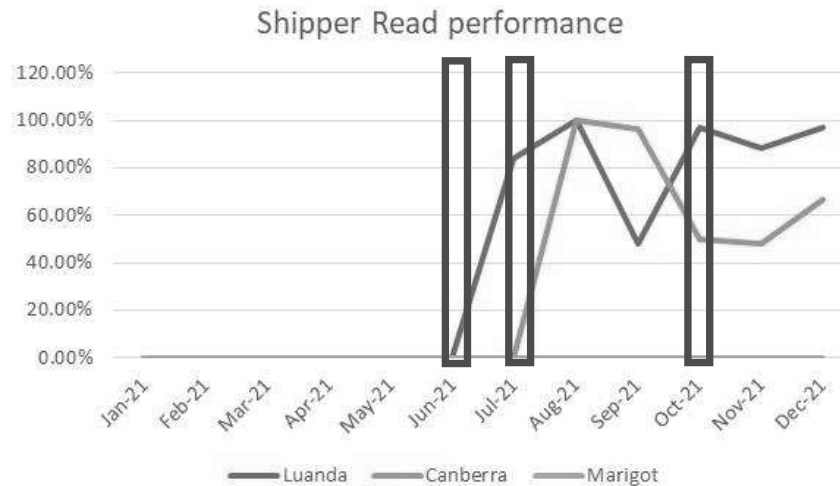
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PAC ACTION 0201: PC1 NEW ENTRANTS AND READ PERFORMANCE



- Following the risk update at the February PAC meeting, PAC members requested the PAFA to investigate whether the additional Shippers that have entered the PC1 market in 2021 have caused a drop in average read performance within the market.
 - Performance dropped by c. 12% between January and November 2021 before rising in December.

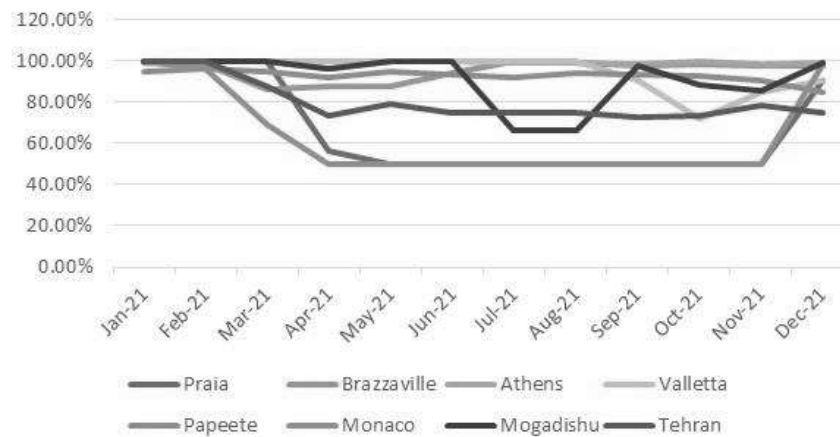
NEW ENTRANTS INTO THE PC1 MARKET



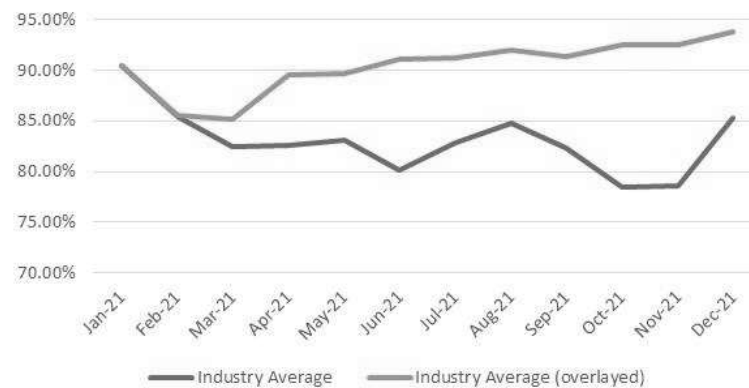
- There have been three new entrants into the PC1 market in 2021 – Luanda, Marigot and Canberra
 - Luanda entered the market in June 2021
 - Marigot entered the market in July 2021
 - Canberra entered the market in October 2021
- Though there has been some impact on average read performance with new entrants into the market, the fall is not entirely attributed to the new participants entering the market
 - In November, if all the Shippers were performing at 100%, the industry would be performing at a higher level but it still remains lower than the read performance level
 - Read performance began to drop prior to any of these Shippers entering the market (fell by c. 6% prior to any new market entrants).
 - This indicates that existing market participants have also seen performance drop which is contributing to the decline in the market average.

EXISTING MARKET PARTICIPANTS: PERFORMANCE DROP

Existing Shippers: performance overview



PC1 Industry average performance



- Eight Shippers have seen their performance drop over the course of the year, with some recovering whilst others have not
- All but two Shippers saw increases in sites, which is attributed to the drop in performance
- Most Shippers saw declines in the first quarter of the year, where industry average was dropping.
- PC1 industry average performance graph indicates what performance would look like if all Shippers continued to perform as they were at the beginning of the year, including those that entered the market mid-2021 (performing at UNC target).

PAFA@Gemserv.com



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