

# Yang Ming Marine Transport Corp. 2021 Investor Conference



2021.08.17

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# Outline

- 1、 Container Shipping Overview
- 2、 Business Information
- 3、 Financial Results
- 4、 Operational Future Prospects





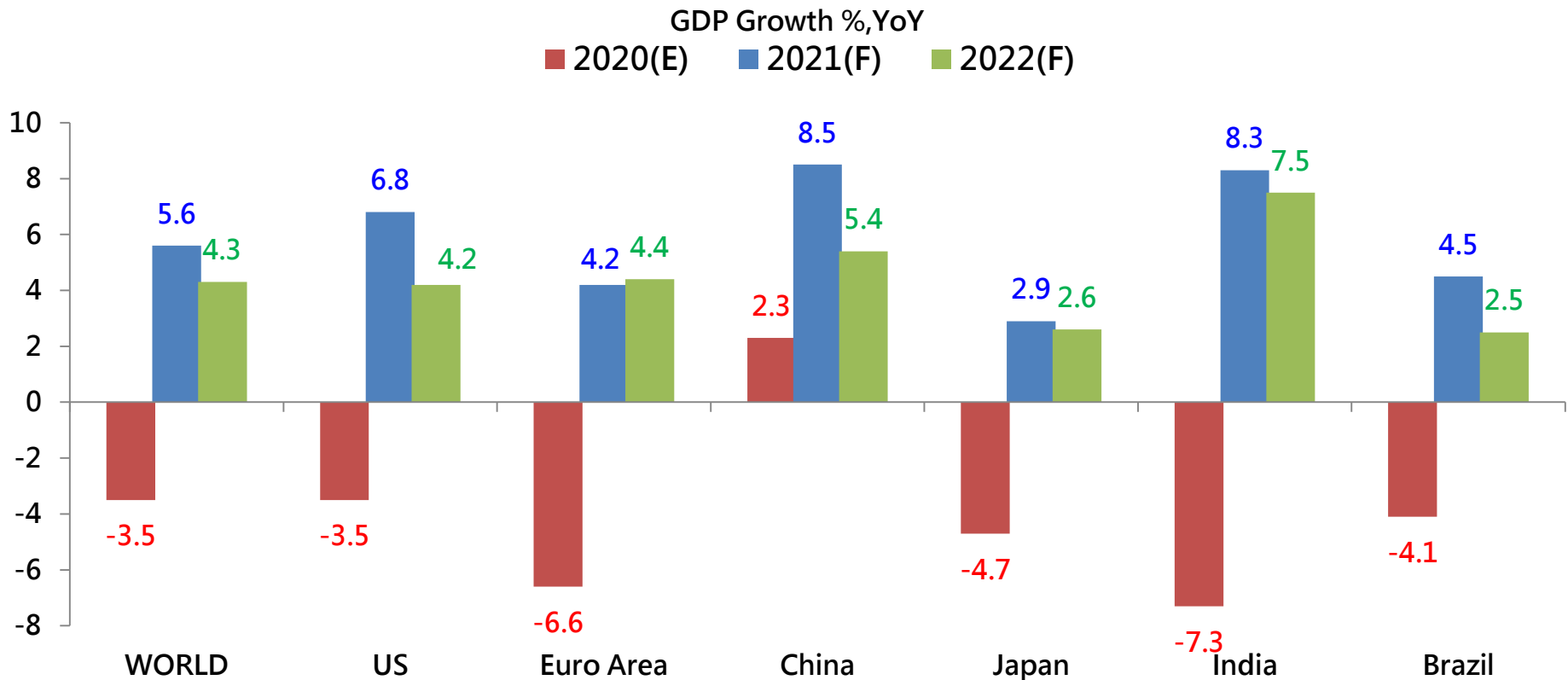
# Container Shipping Overview



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# Economic Outlook

- The global economy is set to expand 5.6 percent in 2021 and 4.3 in 2022. This recovery is uneven and largely reflects sharp rebounds in some major economies. In many emerging market and developing economies, obstacles to vaccination continue to weigh on activity.



Source: World Bank Global Economic Prospects Jun 2021

# Supply and Demand

## 2021 supply and demand forecast

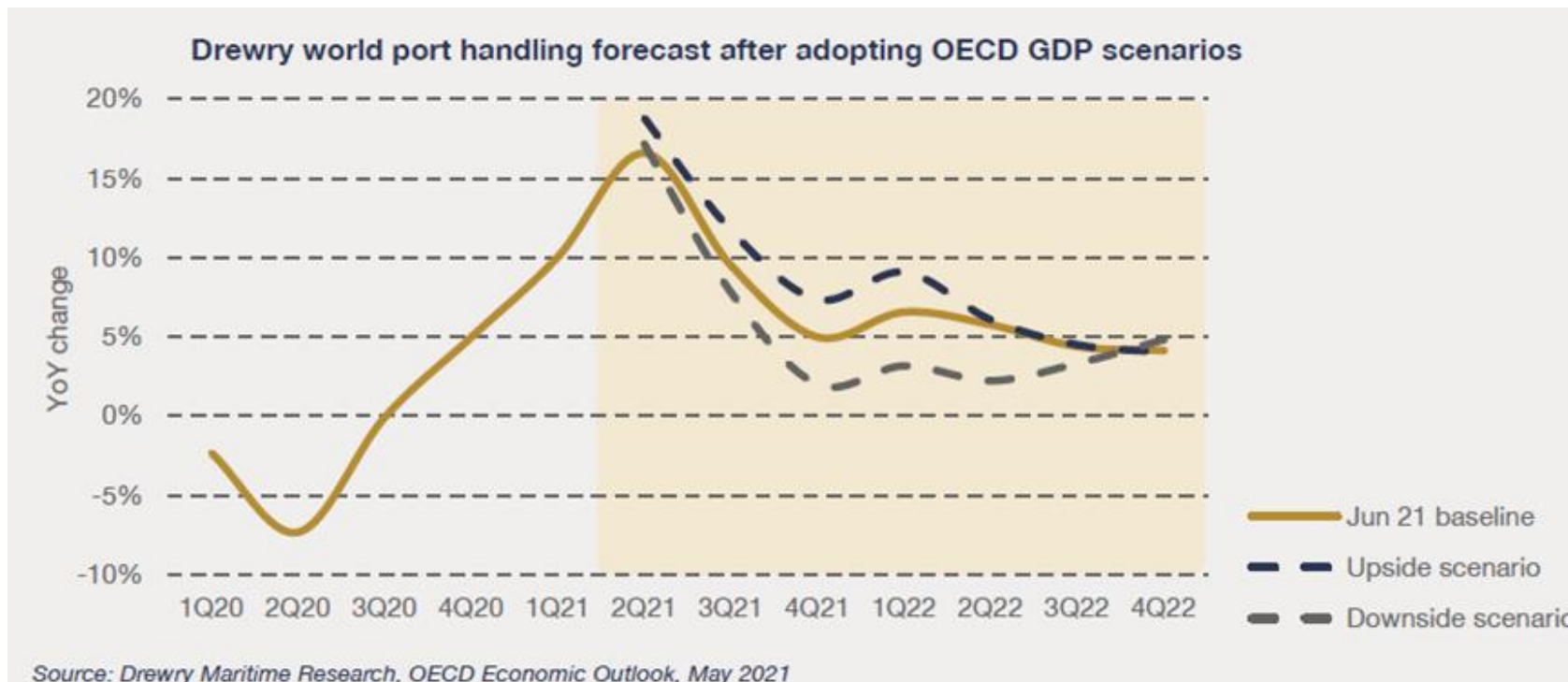
- Drewry, and Clarksons research forecast demand will exceed supply with a rebound in port handling activity in 2021. Nevertheless, the overall development will be influenced by the evolving measures to contain COVID-19 and the progress of vaccination campaigns. It is anticipated that the supply-demand will be on positive side in 2022.

		2019	2020(E)	2021(F)	2022(F)
Alphaliner	Supply	4.0%	2.9%	4.2%	3.2%
	Demand	2.6%	-0.7%	5.8%	4.0%
	Gap	1.4%	3.6%	-1.6%	-0.8%
Drewry	Supply	4.0%	3.0%	4.2%	2.8%
	Demand	2.2%	-1.2%	10.1%	5.2%
	Gap	1.8%	4.2%	-5.9%	-2.4%
Clarksons	Supply	4.0%	2.9%	4.3%	2.4%
	Demand	2.0%	-1.2%	5.9%	3.4%
	Gap	2.0%	4.1%	-1.6%	-1.0%

Source: Alphaliner Monthly Monitor, Jun. 2021; Drewry Container Forecaster 2Q 2021; Clarksons Container Intelligence 2Q 2021.

# COVID-19 A gradual recovery amidst persisting uncertainty

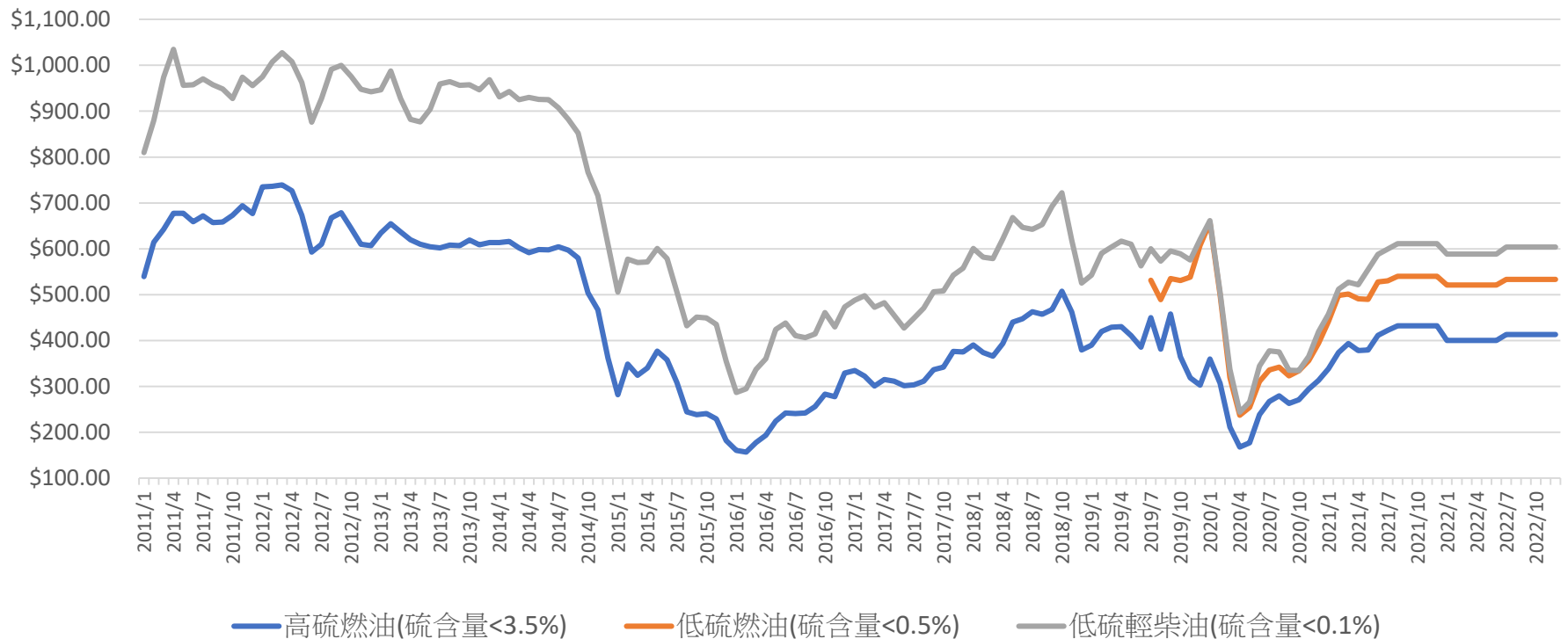
- Drewry's port throughput prospects for 2021 (after adopting OECD GDP scenarios) would increase the annual growth rate to 11.8%, from the baseline 10.1%. The downside scenario would trim the growth forecast to 9.0%.



Source : Drewry Container Forecaster Q2 2021

# Marine Fuel Oil Price Outlook Singapore market price

- As the vaccines rollout, the global economic recovery is in sight, moreover, with the recent agreements from OPEC+ to extend the production cut, the oil market has marked positive in the first half of 2021. The uncertainty of OPEC+ on the verge of ending its stalemate with the UAE and the resurrection of Iranian oil exports may lead to fluctuation of the market price. Futures price is connected to OPEC+'s further action to see if they would soon reach an updated agreement and could also extend its deal through 2022.



\*Source: World Fuel Services Corporation



# Business Information

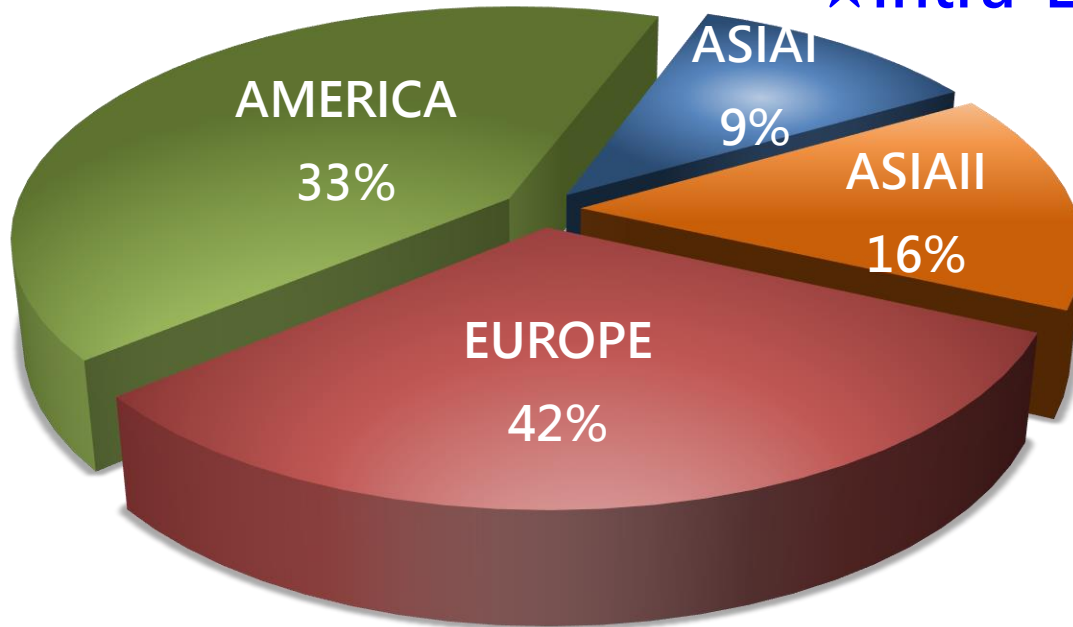


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# The Proportion of Consolidated Operating Income

★AWE、PSW、PNW

★Intra-East Asia



★Middle East, Red sea, South America, Australia, South Asia

★NCP、MED、TA、IEU

Data interval:202101~202106

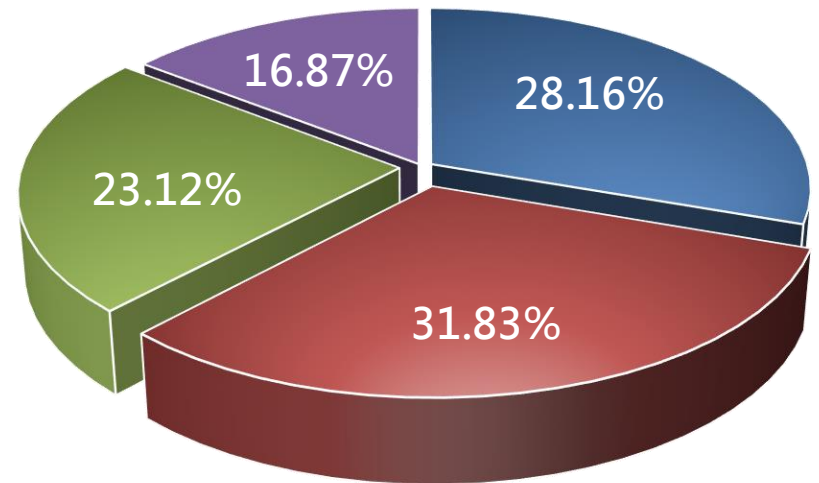
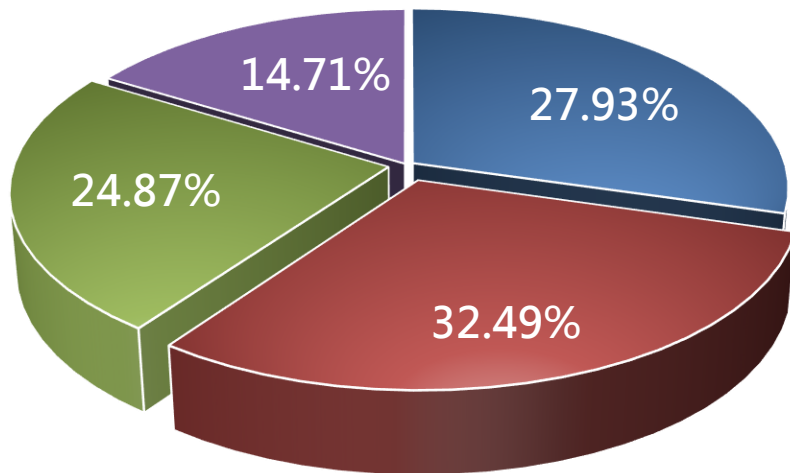
# Lifting Volume Analysis - Lifting Volume in Year 2021 decreased by 7% YOY

202001~06 : 2.38 million TEU

202101~06 : 2.22 million TEU

■ America ■ Europe ■ Asia I ■ Asia II

■ America ■ Europe ■ Asia I ■ Asia II





# Market Share and Rank

- As of 2<sup>nd</sup> July 2021, YM' s market share is ranked 9<sup>th</sup> in the world.

Rnk	Operator	TEU	Share	Existing fleet	Orderbook
1	Maersk	4,180,838	17.0%		
2	Mediterranean Shg Co	4,038,671	16.4%		
3	CMA CGM Group	3,034,066	12.3%		
4	COSCO Group	3,009,897	12.2%		
5	Hapag-Lloyd	1,767,279	7.2%		
6	ONE (Ocean Network Express)	1,586,396	6.4%		
7	Evergreen Line	1,362,385	5.5%		
8	HMM Co Ltd	842,192	3.4%		
9	Yang Ming Marine Transport Corp.	617,725	2.5%		
10	Wan Hai Lines	418,454	1.7%		
11	Zim	407,748	1.7%		

Source: Alphaliner, 2<sup>nd</sup> Jul 2021.

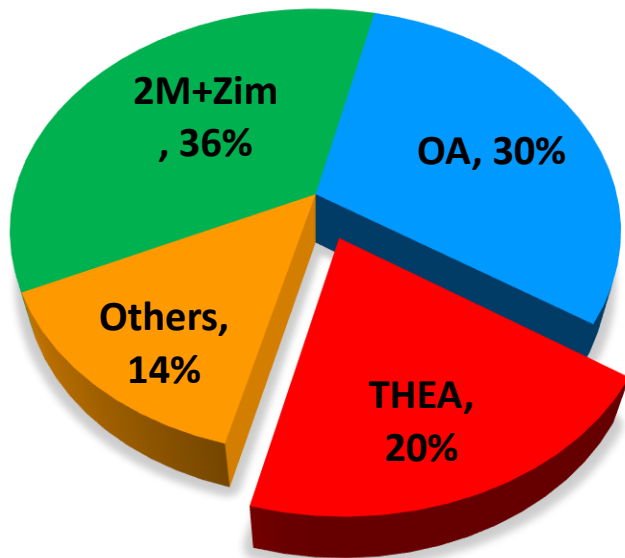


# Trade Capacity Breakdown by Alliance

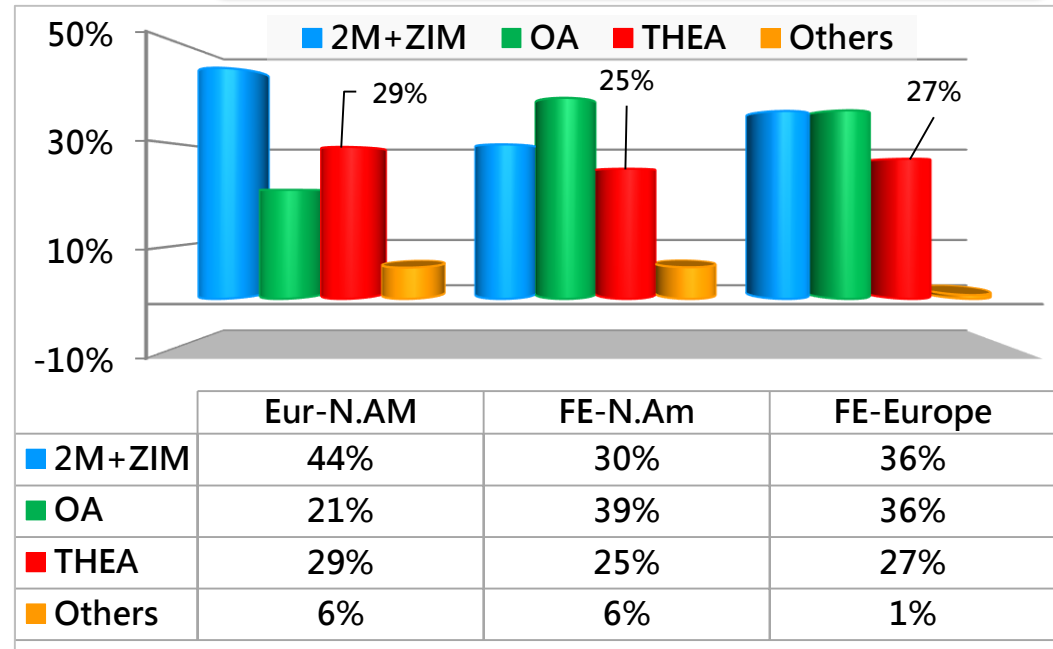
relative balanced on trade capacity

- THE Alliance accounts for 20% of global ship capacity, about 4.8 million TEU.
- 2M+Zim occupies the highest proportion of global ship capacity, about 36%. OCEAN Alliance and THE Alliance share 30% and 20% respectively.
- Market share of East-West Service 2M+Zim and OCEAN Alliance mainly focus on Europe – N. America and FE. – N. America trade respectively. Compared with them, THE Alliance' s market strategy of East-West service is relatively balance between 25%-30%.

Capacity Share by Alliance



E-W Trade Capacity Share by Alliance



Source: Alphaliner Top 100 Report & East-West Capacity by Carriers (as per 2<sup>nd</sup> Jul 2021)

# Financial Results

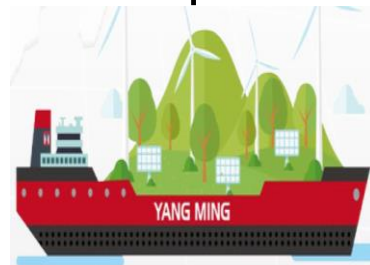


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# The Proportion of Consolidated Operating Revenue of Yang Ming Group



**Logistics**  
**3.95%**



**Bulk**  
**0.91%**



**Container Shipping**  
**94.96%**

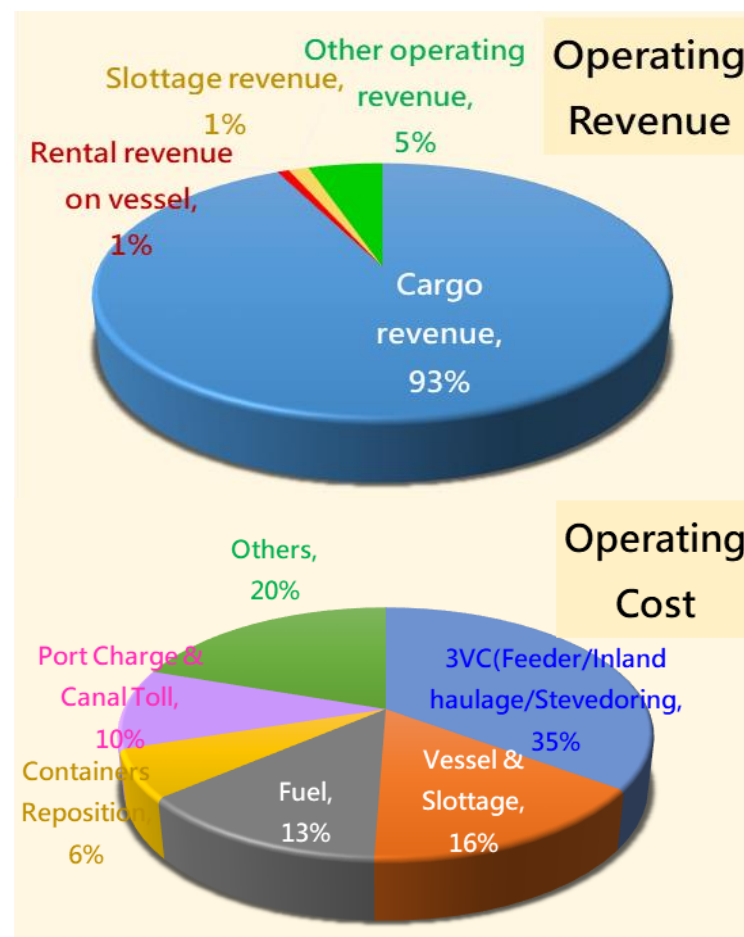


**Wharf**  
**0.12%**

# Consolidated Income Statement

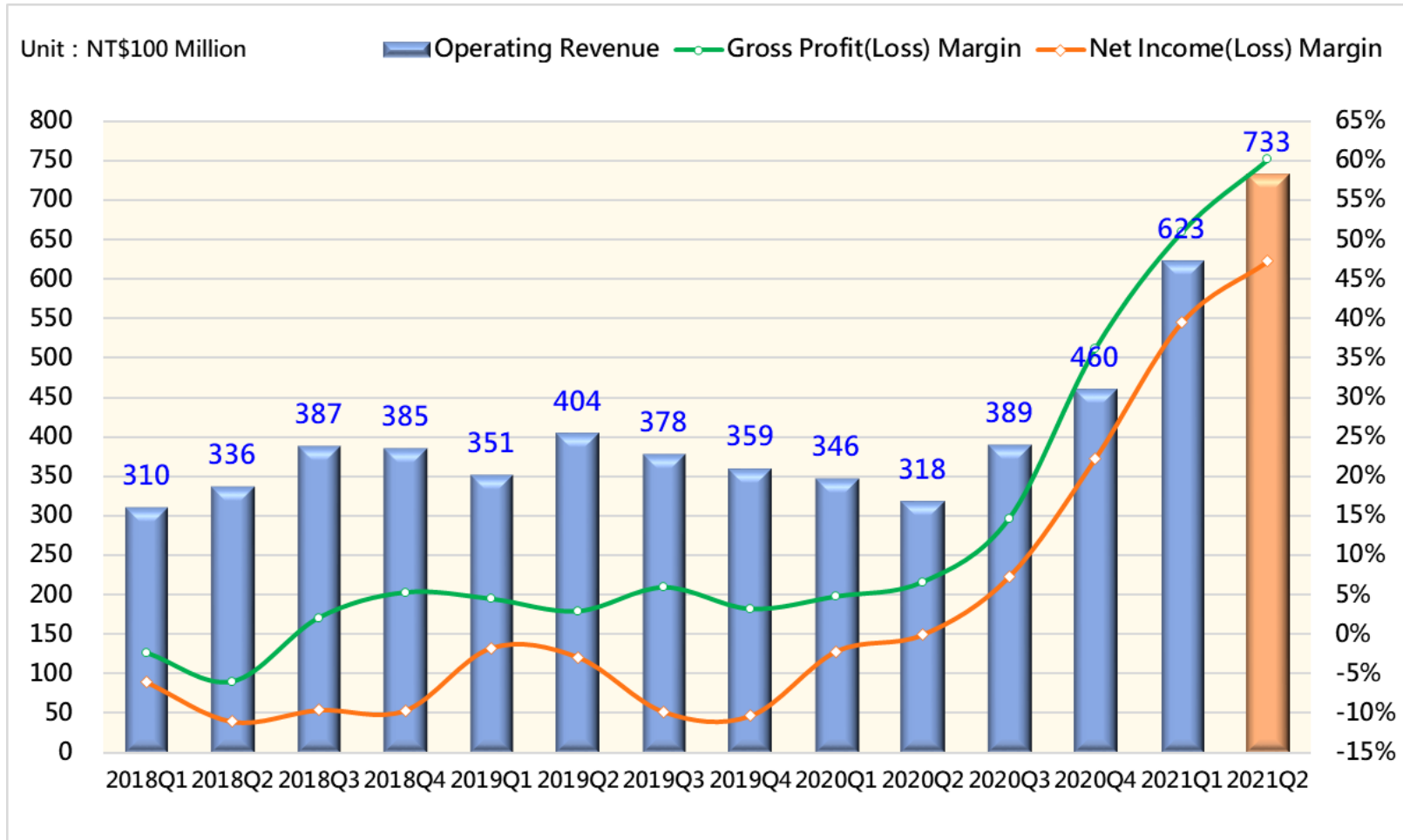
Unit : NT\$ Million

Items	2021H1
Operating Revenue	135,554
Gross Profit	75,818
Operating Income(Loss)	71,437
Net Income(Loss)	59,206
Profit(Loss),attribute to owners of the parent	59,052
EPS	17.88

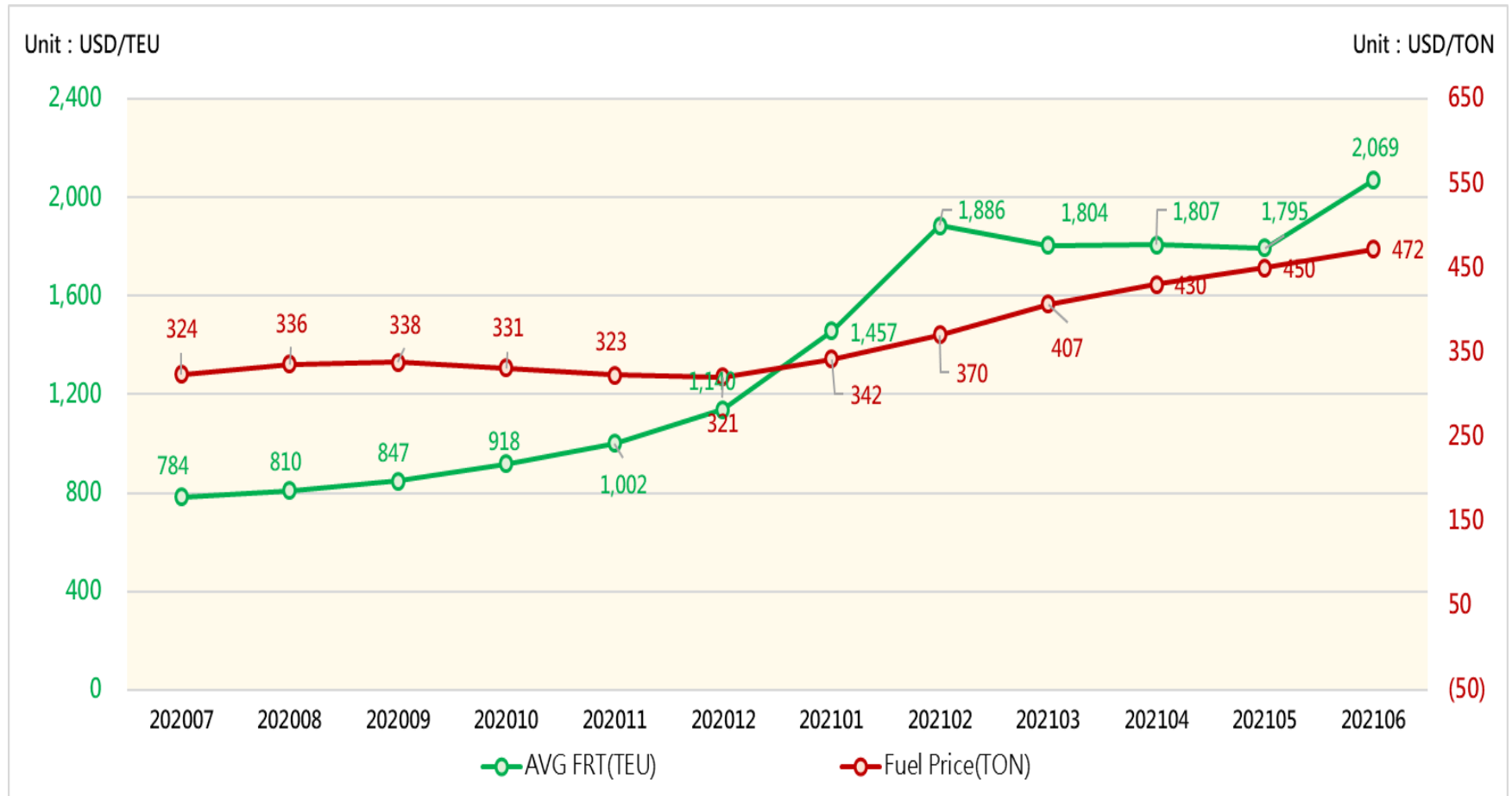




# Consolidated Operating Income, Gross Profit(Loss) Margin and Net Income(Loss) Margin

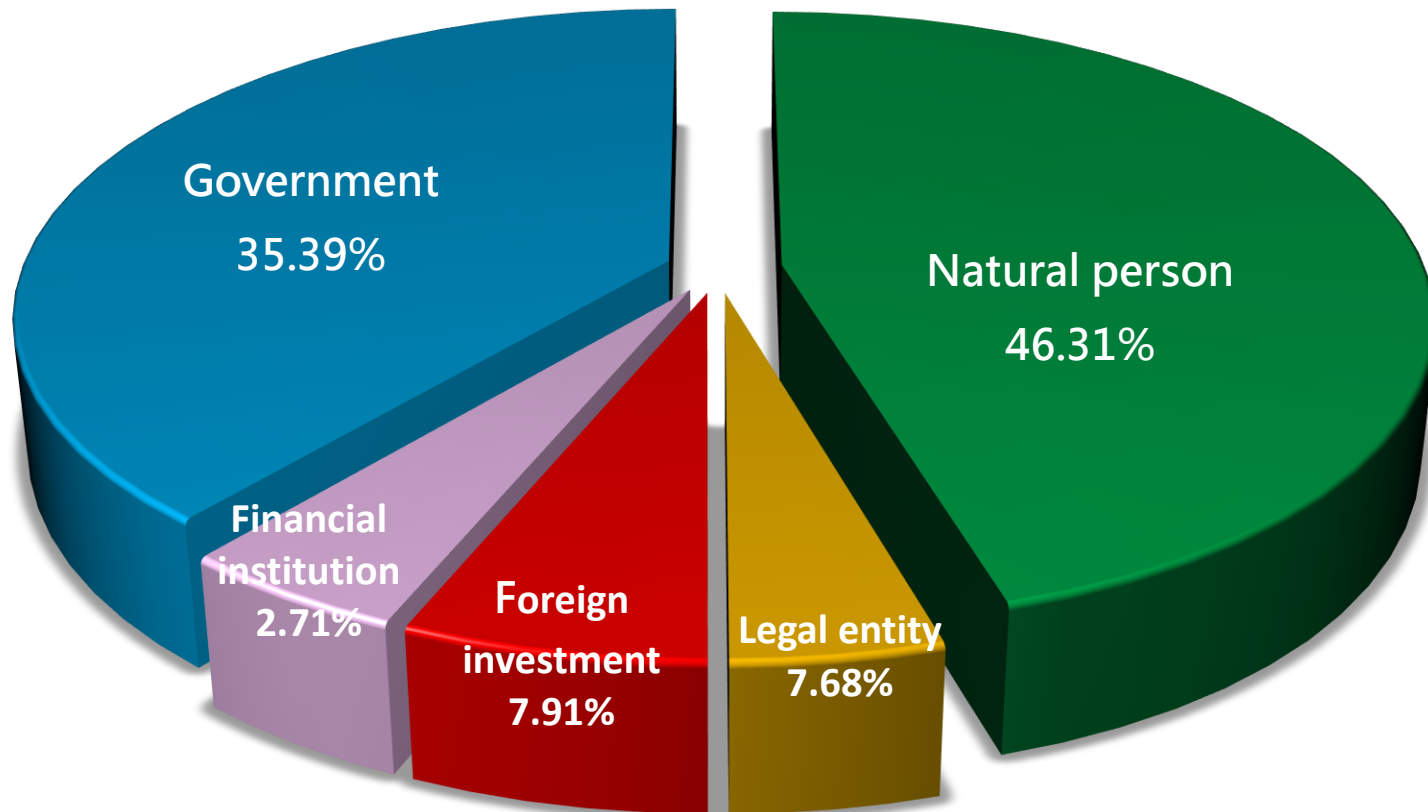


# Consolidated Operating FRT rate and Fuel price



# Structure of Shareholders

The latest closing date was March 16,2021



Note : As of 2021.6.30, there is 33.60% of the shareholding ratio of government agencies.

# Operational Future Prospects



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# Service Rationalization-Strategies

## East-West Network

- Strengthen the competitiveness of east-west routes through close cooperation with THE Alliance.
- Develop potential market and deploy new niche service to create more benefit to customers.

## North-South Network

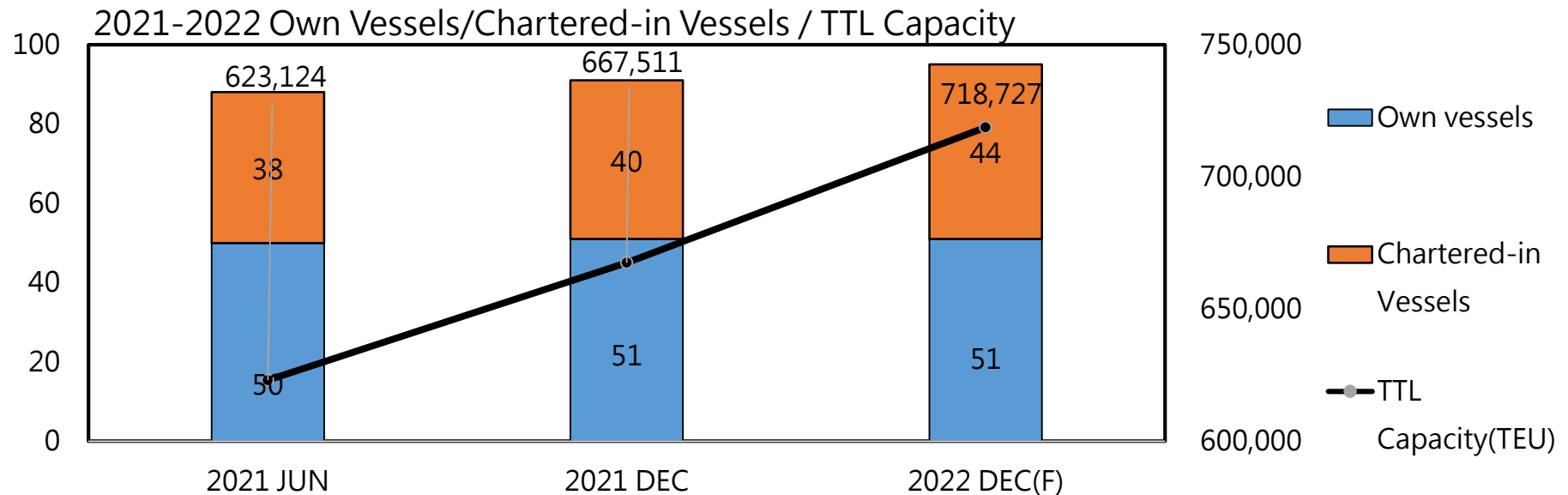
- Strengthen current joint service cooperation on South America/ISC/Middle East/Red Sea/Australia trades.
- Pursue opportunities to develop niche markets so as to enhance competitiveness.

## Intra-Asia Network

- Continuously optimize the rationalization of service and build a complete Intra-Asia regional layout.
- Set up Southeast Asia Regional Head Office in HQ to centralize the authority and management for Asian countries.

# Yang Ming's Fleet Capacity and New Delivery

- Up to 30 JUN 2021, there are 88 vessels in Yang Ming's fleet, and total capacity is 623,124 TEU



Note : figures for above chart is up to end Dec of 2021/2022.

- Redelivery : 4 long-term chartered-in vessels were expired within 2020.
- Delivery :
  - 14 new-built 11,000TEU chartered-in vessels will be delivered. Received 3 x11,000 TEU in 2020 and remain other 11 vessels in 2021 and 2022.
  - 10 new-built 2,800TEU YM owned vessels will be delivered. Received 6 x 2,800 TEU in 2020 and remain other 4 vessels in 2021.

# 2021 Future Prospects

Q3-Q4

The second half year is traditional peak season for Europe, America, Australia trades.

In addition, the situation of vessel delay/equipment shortage/lack of capacity and port congestion remained severe.

Along with the widening gap between supply and demand, the ocean freight is expected to be at relatively high level.

Although the pandemic is still far from over, it is anticipated the prospect of the second half is optimistic and profitable.

# Solutions for Environmental Regulations

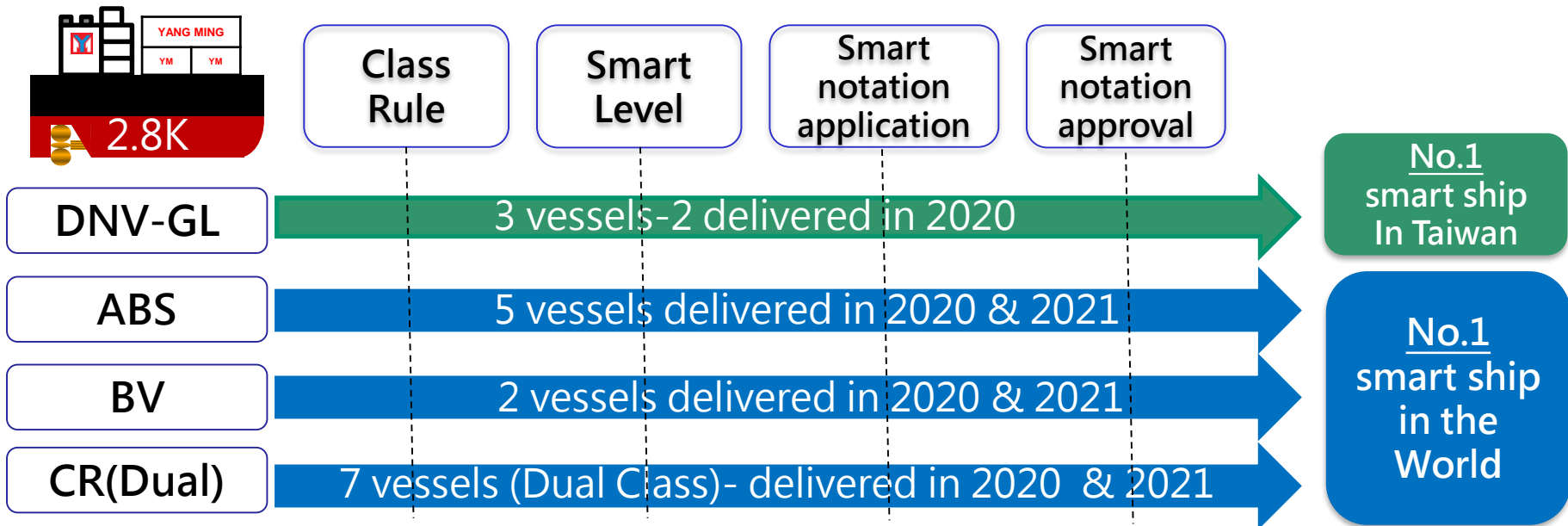
## Diversify risks and cost saving

Diversify risks and cost saving	Main solutions for IMO 2020		ECA	Open sea	Remark
	LNG (non-fossil fuel)	Both adoptable		It will be taken into consideration as a long term solution for next generation' s newbuilding plan after a comprehensive feasibility simulation and economic benefits is fully evaluated.	
	ULSFO/LSMGO (S<0.1%)	0.1%	0.5%	The main consumable fuel within ECA area.	
	VLSFO (S<0.5%)	0.1%	0.5%	The main solution for YM which takes account for 67% of our fleets.	
	HSFO/Scrubber (S<3.5%)	0.1%	3.5%	Part of our fleets will adopt this solution which takes account for 33% of our fleets.	

- As per actual bunker purchasing record in 2020 that the price difference between high sulphur and low sulphur fuel still exist despite it is not significant as previously predicted due to consequent effect of COVID-19, therefore ,it can be reasonably estimated that the gap will sustain and remaining parallel in a foreseeable future.
- Using high sulphur fuel can be enjoying a significant cost saving compare to low sulphur fuel at current stage, however, the overall fuel price is not a stable factor under the unpredictable influence of political and economic situation and the persistence of COVID-19 shock. As a result, YM keep reducing the risks by diversification of using various solutions as the major way to comply with the IMO2020 regulations in the future.



# Smart ship notation - 2800 TEU Container ship



# Q&A

