

# Yang Ming Marine Transport Corp. 2022 Investor Conference



2022.04.20

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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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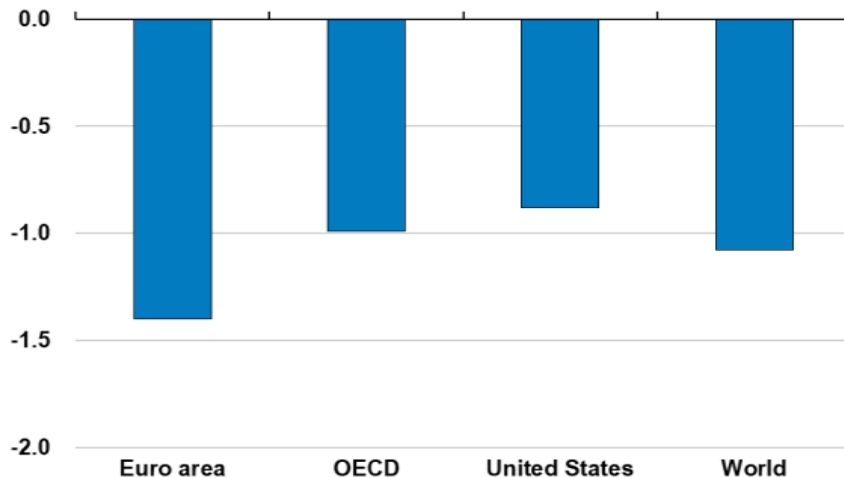
# Economic Outlook

- OECD estimates global economic growth will be more than 1 percentage point lower this year as a result of the War in Ukraine, while inflation, already high at the start of the year, could rise by about a further 2.5 percentage points on aggregate across the world. OECD says, faced with such a supply shock, monetary policy should remain focused on ensuring well-anchored inflation expectations and to intervene if needed to ensure the smooth functioning of financial markets.

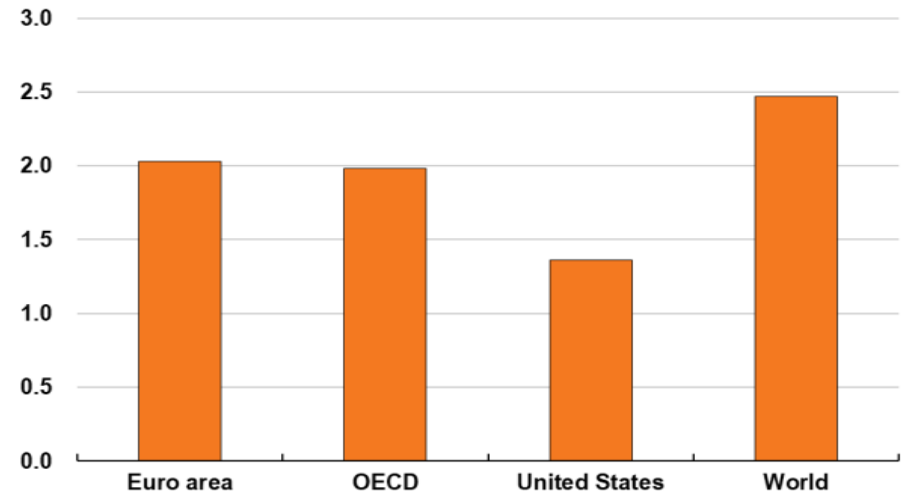
Source: OECD Economic Outlook, Interim Report. Mar 2022.

## The consequences of the war are already weakening global growth and adding to inflation

Simulated impact on GDP, first full year  
%






Simulated impact on annual inflation  
% points



# Supply and Demand

- Drewry, Alphaliner and Clarksons research forecast demand will exceed supply in 2022 ; supply will over demand in 2023.

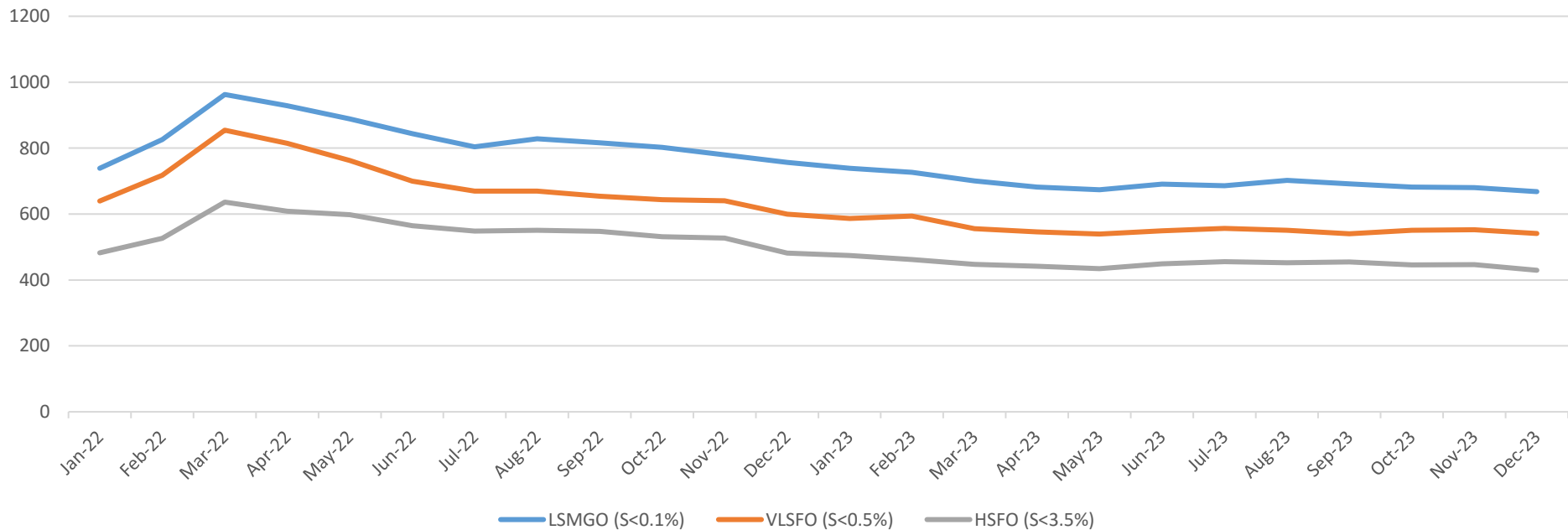
		2021(E)	2022(F)	2023(F)
	Supply	4.3%	3.6%	7.4%
	Demand	6.5%	4.6%	3.5%
	Supply	4.5%	4.1%	8.1%
	Demand	6.7%	5.9%	4.7%
	Supply	4.5%	3.6%	7.5%
	Demand	6.1%	3.8%	2.9%

Source: Alphaliner Monthly Monitor, Mar. 2022; Drewry Container Forecaster 4Q 2021; Clarksons Container Intelligence 1Q 2022.

# Marine Fuel Oil Price Outlook Singapore market price

- Daily new cases have peaked and the impact of COVID-19 is fading.
- The uncertainty continues around incremental supply and alternative fuels
- Global oil demand continues to recover this year but faces elevated oil price stemmed from the Russia-Ukraine conflict.
- The forecast of crude oil might be closely related to the production from OPEC+, reactions from US and EU (Strategic Petroleum Reserve, Iran nuclear deal, capacity of shale oil in the US), and the impact from the new energies.

Singapore Price Forecast (source: S&P Global Platts)



# Business Information



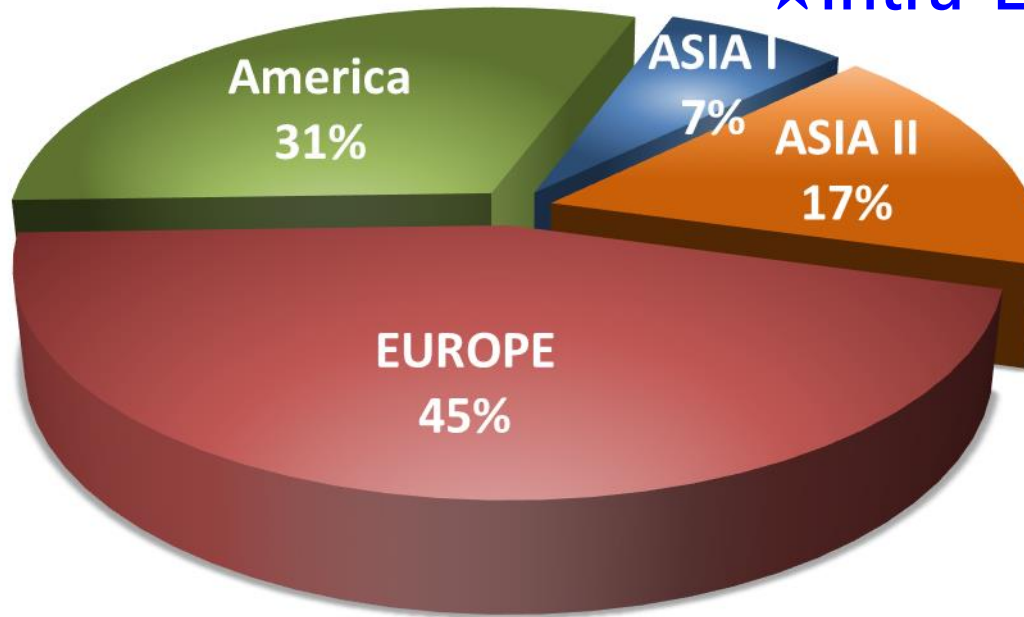
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# The Proportion of Consolidated Operating Income

★AWE、PSW、PNW

★Intra-East Asia



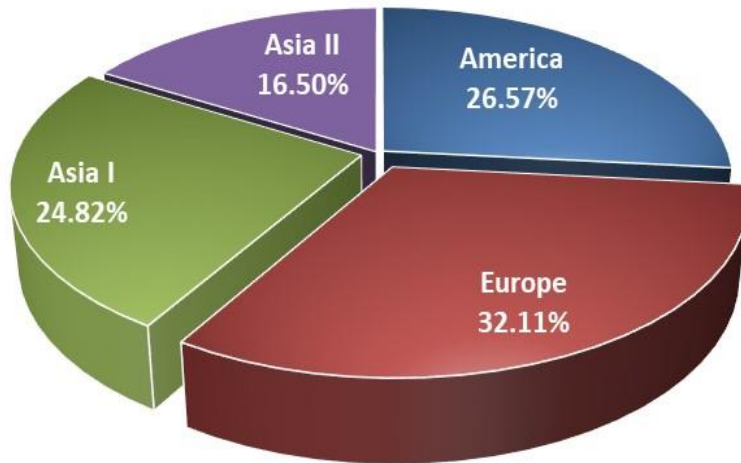
★Middle East, Red sea, South America, Australia, South Asia

★NCP、MED、TA、IEU

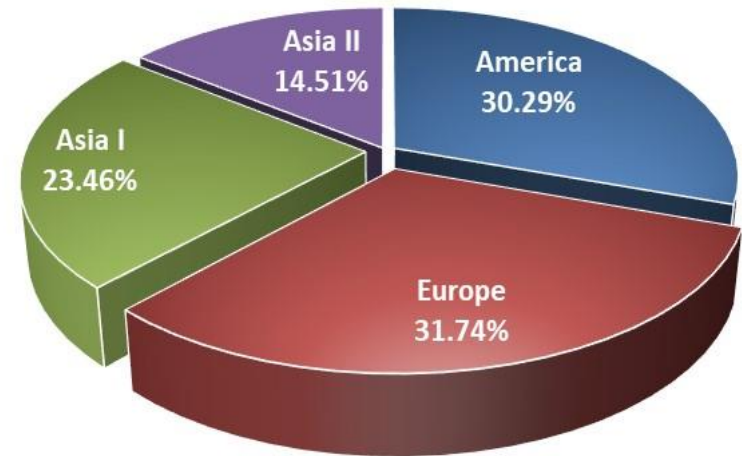
Data interval:202101~202112

# Lifting Volume Analysis - Lifting Volume in Year 2021 decreased by 13% YOY

FY2021 : 4.41 million TEU

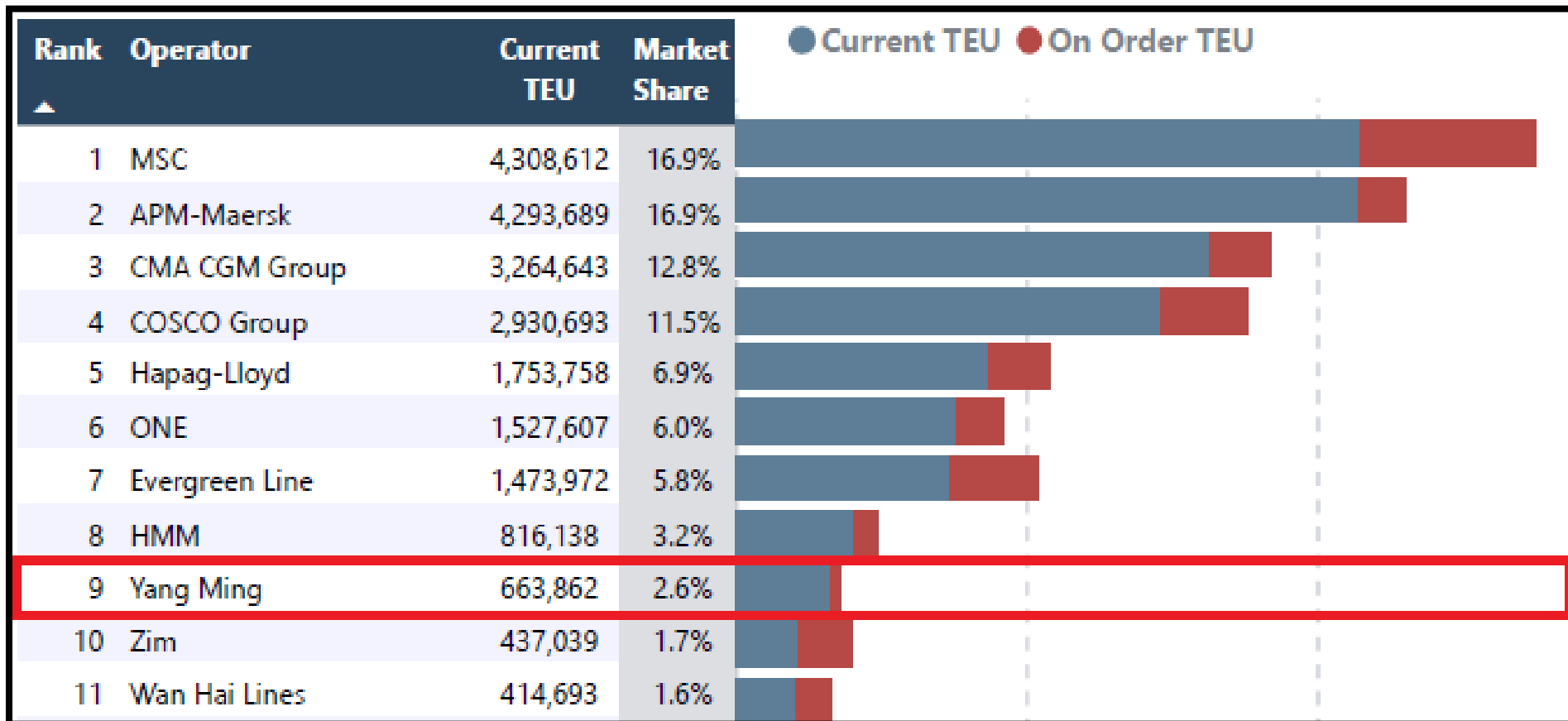


FY2020 : 5.07 million TEU



# Capacity Ranking

- As of March 2022, Yang Ming's fleet capacity is ranked 9<sup>th</sup> in the world.



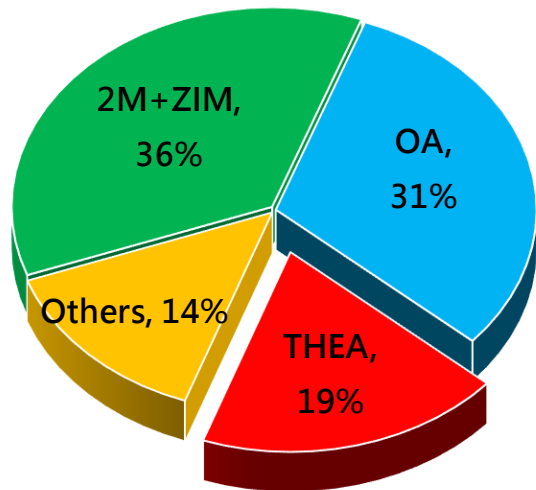
Source: Alphaliner, Mar 2022.

# Trade Capacity Breakdown by Alliance

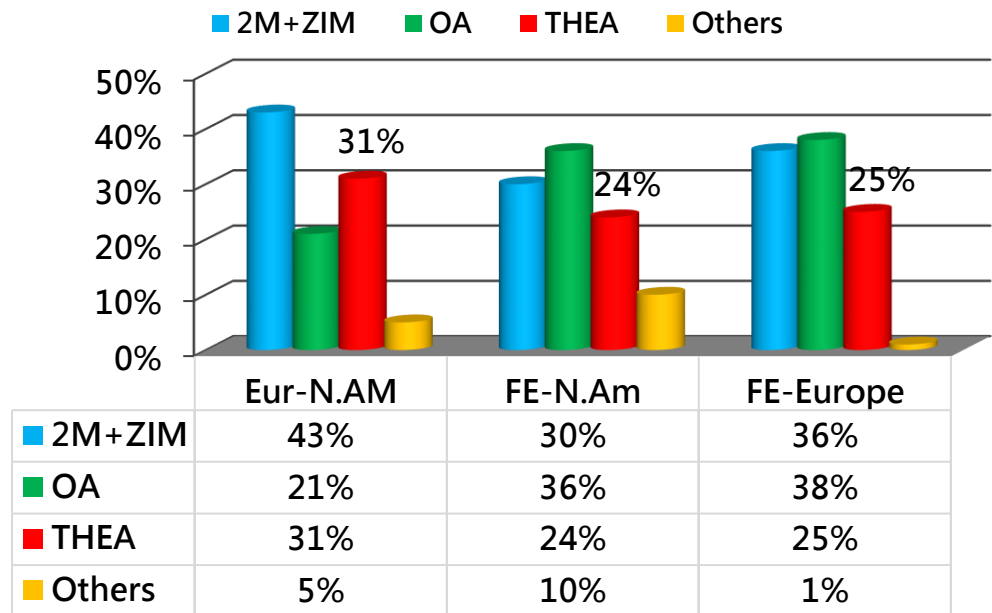
relatively balanced on trade capacity

- THE Alliance accounts for 19% of global ship capacity, about 4.76 million TEU.
- 2M+ZIM remain highest rank in terms of global capacity proportion, at 36%. OCEAN Alliance and Others followed by 31% and 14% respectively.
- When it comes to East-West Market share scale, 2M+ZIM is more European-based, and OCEAN Alliance is largely focusing on FE.
- In comparison, THE Alliance market strategy on East-West service is relatively balance between 24%-31%.

Capacity Share by Alliance



E-W Trade Capacity Share by Alliance



Source: Alphaliner Top 100 Report & East-West Capacity by Carriers (as per 15<sup>th</sup> Mar 2022)

# Major Events in 2022Q1

Date	Major Event
2022.Jan.14	Yang Ming's Board of Directors resolved to build five units of 15,000 TEU full container vessels and purchase container boxes, in order to strengthen the company's mid- to long-term operational efficiency and facilitate market demand.
2022.Jan.18	The Korea Fair Trade Commission (KFTC) had investigated 23 liners on the Korea – Southeast Asia routes. On January 18th, KFTC announced its decision to impose fines and remedial orders on 23 liners. Yang Ming has liaised the lawyer to assist the case to protect Yang Ming's interest. The amount of the fine imposed does not bring substantial influence to Yang Ming's financial strength.
2022.Feb.15	THE Alliance announced service network adjustments for 2022.
2022.Feb.25	In order to further foster marine talents, Yang Ming partners with National Kaohsiung University of Science and Technology to provide maritime courses for Deck Officers.
2022.Mar.02	In the wake of the conflict between Ukraine and Russia, Yang Ming has temporarily suspended bookings for shipments in & out of Odessa, Ukraine and Novorossiysk, Russia with effect from February, 25th, and shipments in & out of St. Petersburg, Russia with effect from March 2nd. The temporary regional booking suspension will not affect Yang Ming's global service operation.
2022.Mar.10	Yang Ming launched its new China-Australia-2 service (CA2), directly connecting China and Australia. The service is set to enhance the company's global network and will set sail on 10th March 2022.
2022.Mar.14	The board of directors of Yang Ming, at its 370th Board Meeting, approved the distribution of a cash dividend of NTD 20 per share.

# Financial Results



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# The Proportion of Consolidated Operating Revenue of Yang Ming Group



**Logistics**  
4.24%



**Bulk**  
1.12%



**Container Shipping**  
94.54%

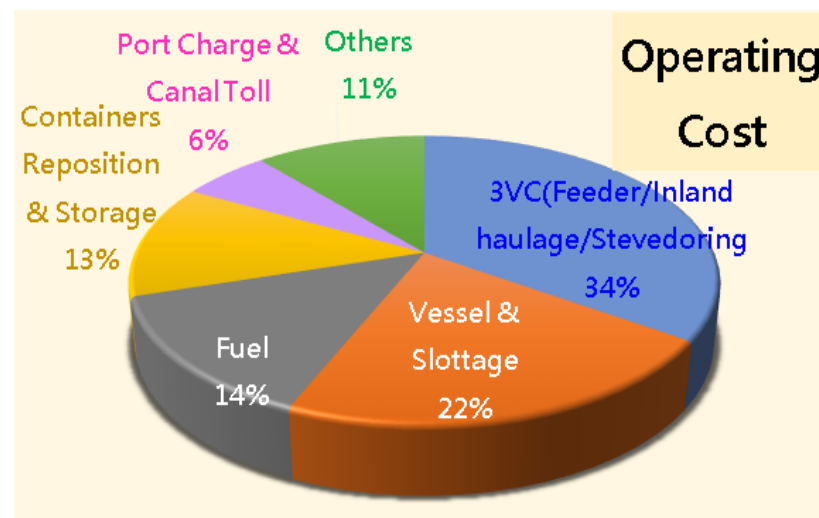
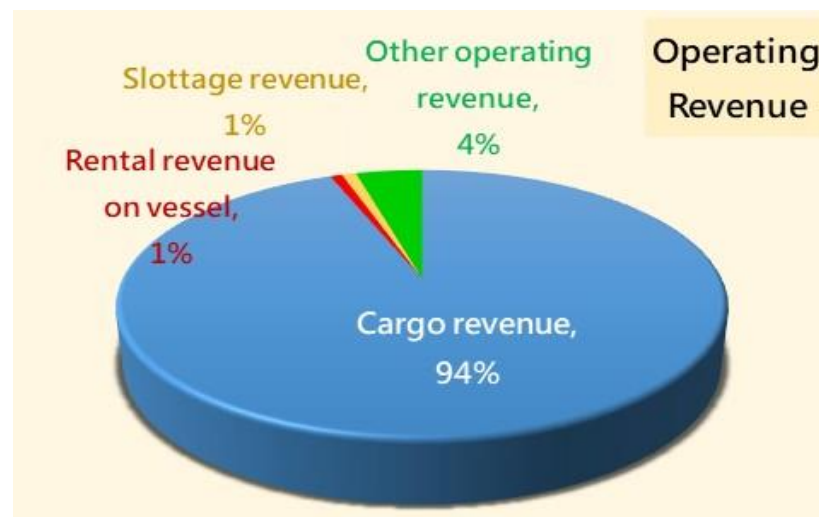


**Wharf**  
0.10%

# Consolidated Income Statement

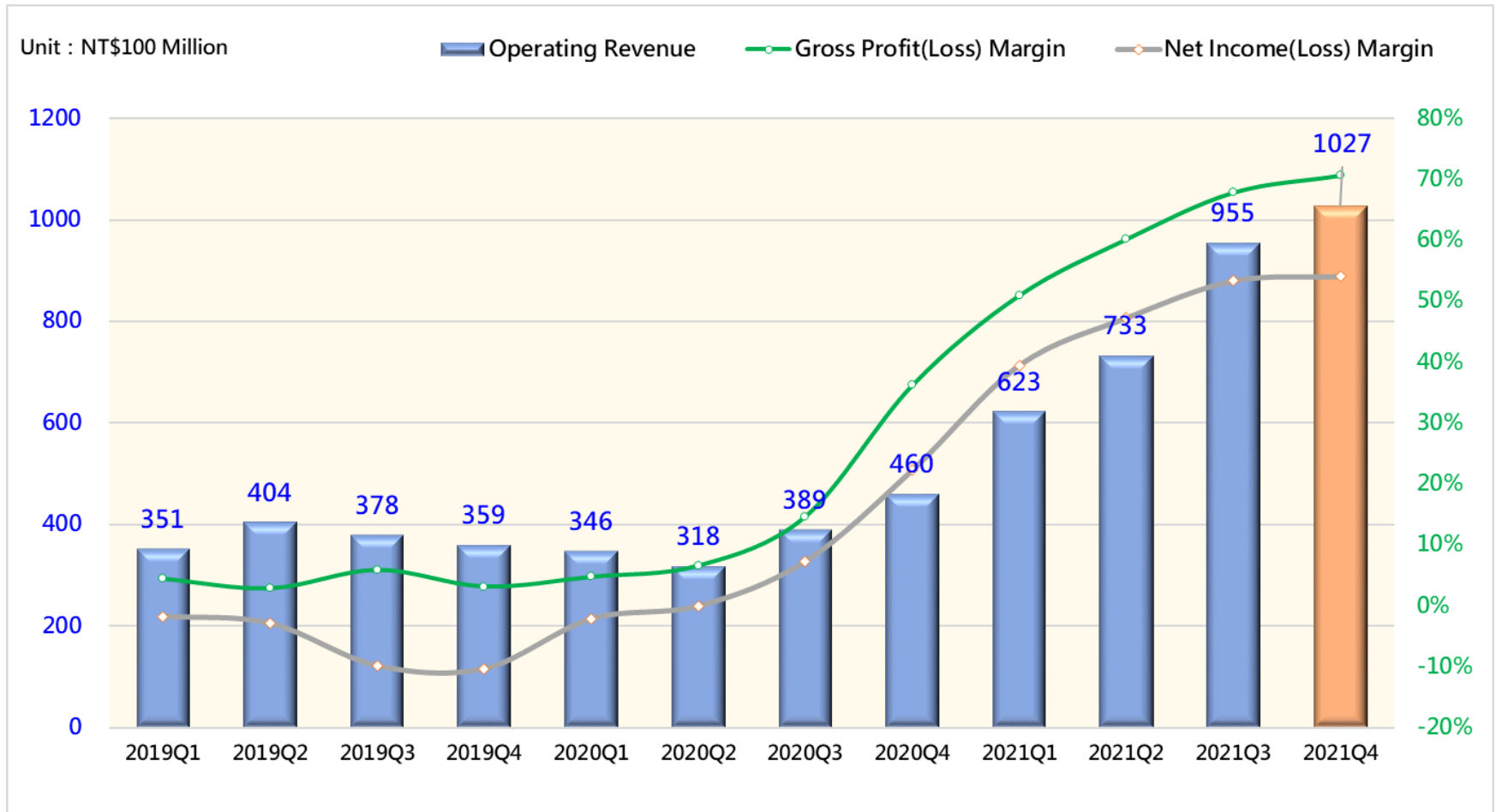
Unit : NT\$ Million

Items	2021
Operating Revenue	333,687
Gross Profit	213,131
Operating Income(Loss)	203,385
Net Income(Loss)	165,602
Profit(Loss),attribute to owners of the parent	165,269
EPS	48.73

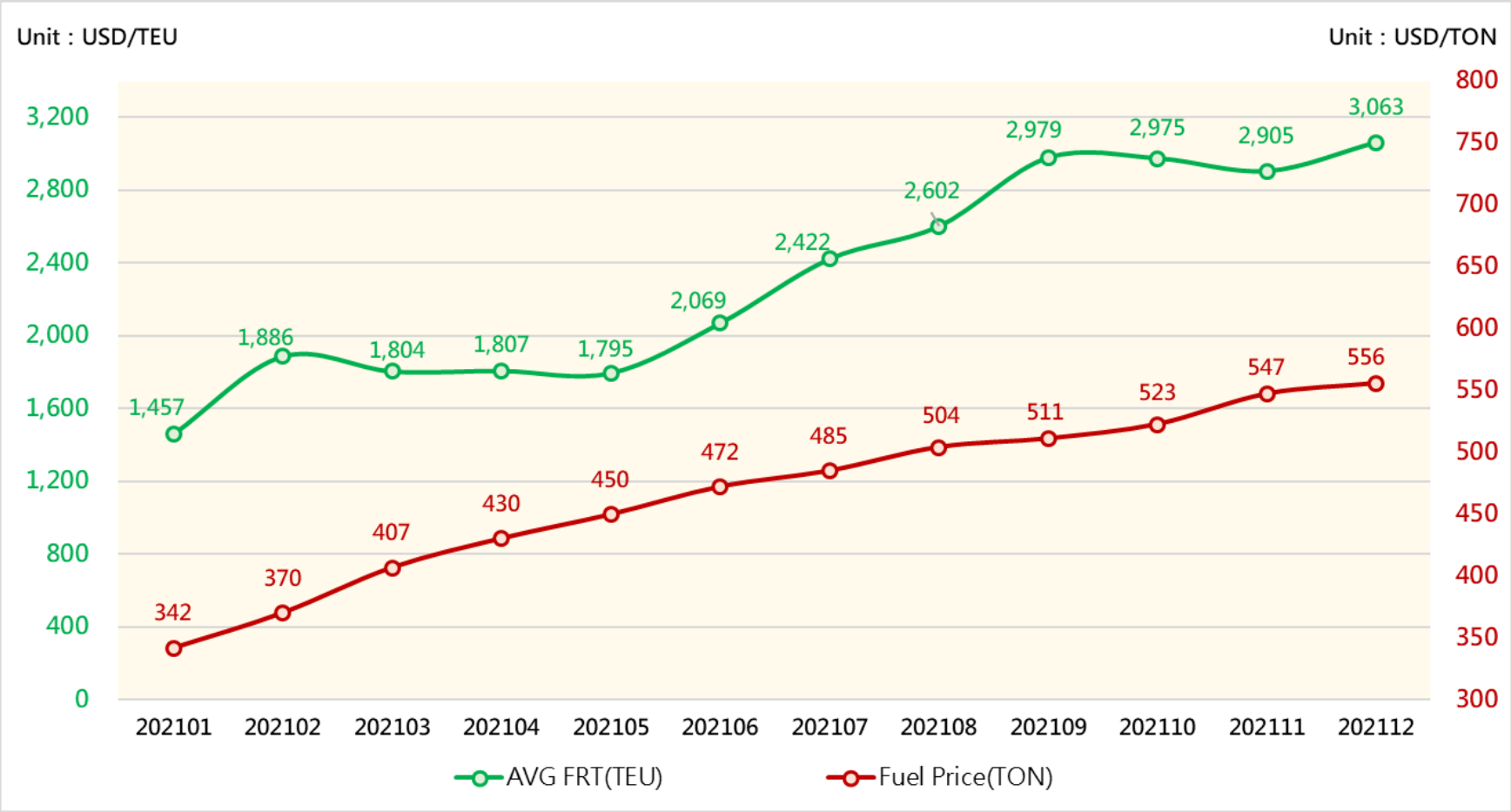




# Consolidated Operating Income, Gross Profit(Loss) Margin and Net Income(Loss) Margin

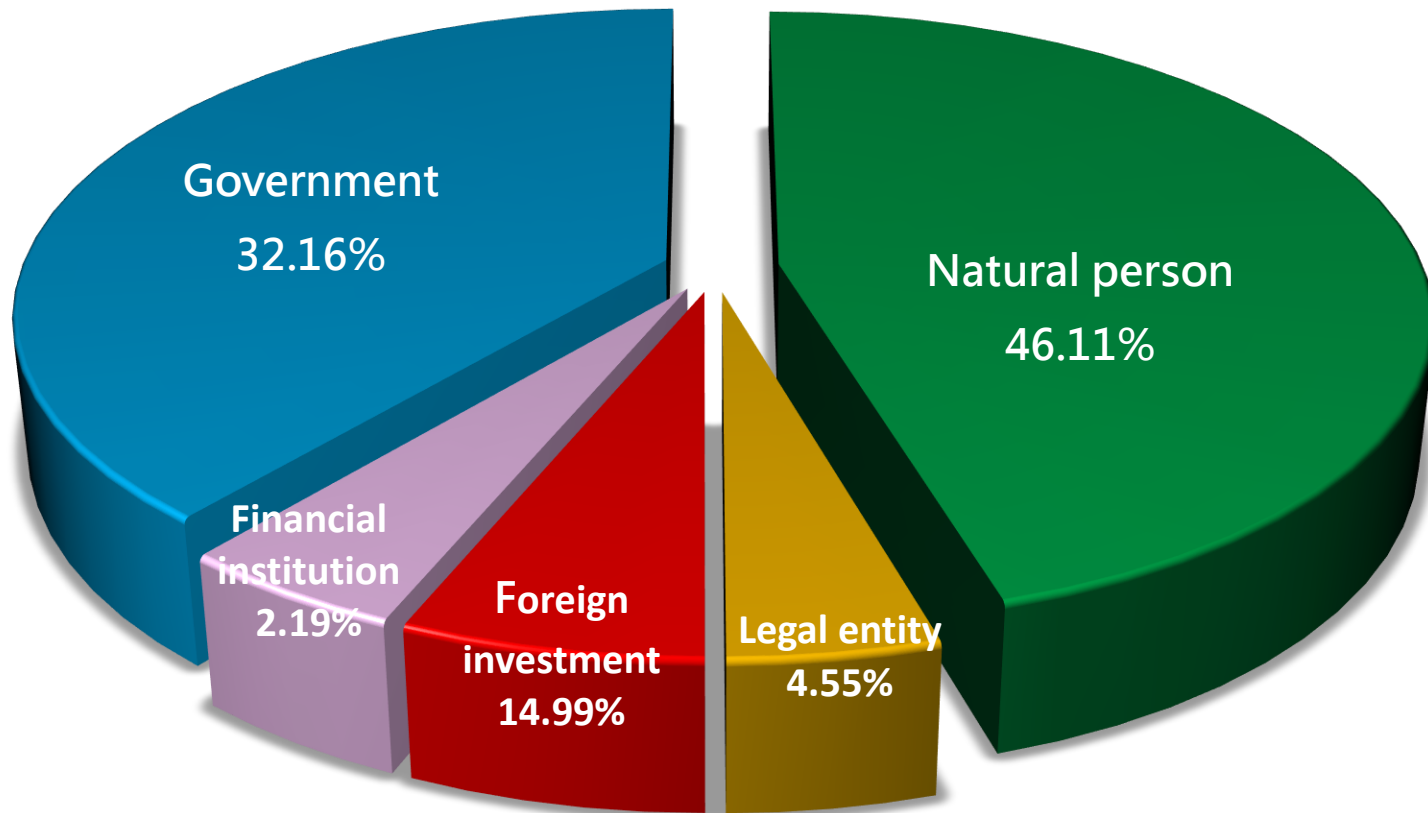


# Average FRT and Fuel price



# Structure of Shareholders

The latest closing date was March 29,2022



# Operational Future Prospects



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# Service Rationalization-Strategies

## East-West Network

- Strengthen competitiveness and capacity on East-West main routes with new deliveries and service restructure.
- Rationalize vessel deployment and rotation adjustment, improve OTP and ensure max. capacity restoration.
- Upsize main Trans-Pacific routes by using new deliveries, increase cost advantage and coverage.

## North-South Network

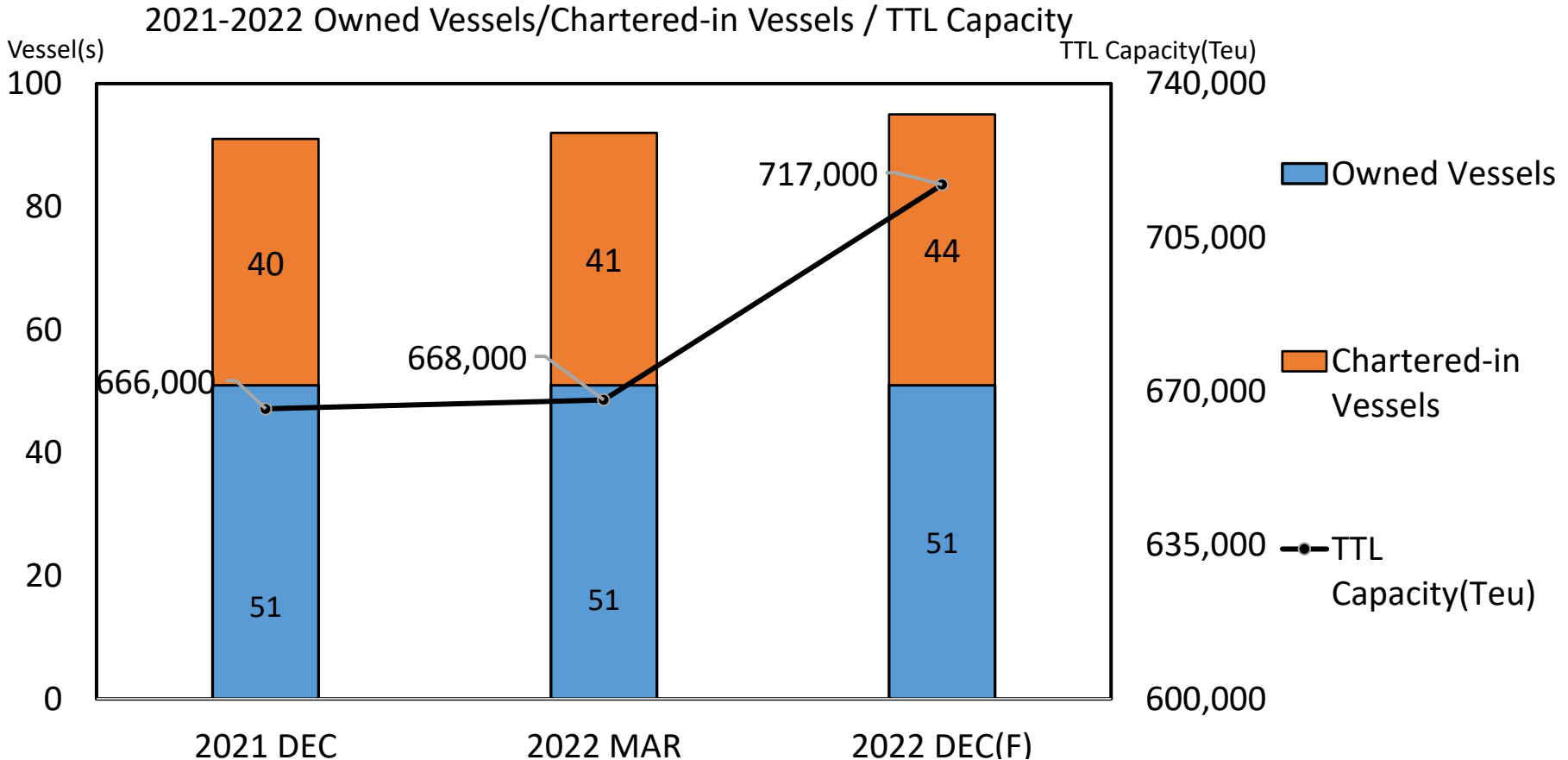
- Strengthen current joint service cooperation on South America, ISC, and Australia trades.
- Pursue opportunities to develop niche markets so as to enhance competitiveness.

## Intra-Asia Network

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

# Yang Ming's Fleet Capacity and New Delivery

- Up to 30 Mar. 2022, there are 92 vessels in Yang Ming's fleet, and total capacity is around 668,000 TEUs



- Regarding 14 new-built 11,000TEU chartered-in vessels. Already received 9 x11,000 TEU in 2020/2021 and remain other 5 vessels to be delivered in 2022.

# 2022 Future Prospects

## 2022 Q2-Q4:

### 2022 Q2-Q4:

1. Even though some market segments are affected by new tonnage released by competitors, Intra-Asia market is evolving in a stable and positive way.
2. Owing to the Russia and Ukraine conflict, the capacity supply and cargo demand may be affected in different market. The impact scope and period of tension is under observation.
3. After lifting pandemic restriction and service contract renewal, it is expected the cargo volume and rate level will be sustained in Europe and Trans Pacific trades.

# Q&A

