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Outline

1. Container Shipping Overview
2. Business Information
3. Financial Results
4. Operational Improvement & Future Prospects
Container Shipping Overview
Global Economy Prospect
Trade disputes continue to affect while global economy slows down

IMF World Economic Outlook, October 2019

- The global economy growth is projected at 3.0% in 2019 and 3.4% in 2020 with rising trade barriers, elevated uncertainty surrounding trade and geopolitics.
- GDP growth for major advanced economies:
  - US: 2019: 2.4% 、2020: 2.1%
  - Euro Area: 2019: 1.2% 、2020: 1.4%
  - China: 2019: 6.1% 、2020: 5.8%

Source: IMF Oct. 2019 WEO
Supply and Demand
More balanced and a cautiously optimistic outlook is held.

2020 supply and demand forecast

- Alphaliner, Drewry, and Clarkson research forecast supply and demand will be near equilibrium.
- It is expected that the supply-demand gap will gradually narrow, and the overall development will be more stable in 2020.

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019(f)</th>
<th>2020(F)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alphaliner</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supply</td>
<td>3.7%</td>
<td>5.8%</td>
<td>3.9%</td>
<td>3.1%</td>
</tr>
<tr>
<td>Demand</td>
<td>6.7%</td>
<td>5.2%</td>
<td>2.5%</td>
<td>2.6%</td>
</tr>
<tr>
<td>Gap</td>
<td>-3.0%</td>
<td>0.6%</td>
<td>1.4%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Drewry</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supply</td>
<td>3.8%</td>
<td>5.6%</td>
<td>3.7%</td>
<td>3.9%</td>
</tr>
<tr>
<td>Demand</td>
<td>6.5%</td>
<td>4.9%</td>
<td>2.6%</td>
<td>4.0%</td>
</tr>
<tr>
<td>Gap</td>
<td>-2.7%</td>
<td>0.7%</td>
<td>1.1%</td>
<td>-0.1%</td>
</tr>
<tr>
<td>Clarkson</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supply</td>
<td>3.8%</td>
<td>5.6%</td>
<td>3.6%</td>
<td>3.5%</td>
</tr>
<tr>
<td>Demand</td>
<td>5.8%</td>
<td>4.3%</td>
<td>2.2%</td>
<td>3.2%</td>
</tr>
<tr>
<td>Gap</td>
<td>-2.0%</td>
<td>1.3%</td>
<td>1.4%</td>
<td>0.3%</td>
</tr>
</tbody>
</table>

Source: Drewry Container Forecaster 3Q 2019; Clarkson Container Intelligence 4Q 2019; Alphaliner Monthly Monitor, Nov. 2019
Sino-US trade war impact
Supply chain disruption and shift in cargo flow

- The exact impact of the trade war is difficult to evaluate. Despite the two countries came to an interim phase one agreement in mid of October, the trade dispute itself brings uncertainty to the shipping industry outlook.
- Trade war impact: Cargo shift emerged on Transpacific eastbound trade.

Source: US CBP
Marine Fuel Oil Price Outlook
Singapore market price

Price of VLSFO should be remaining stable.

Price difference between VLSFO and HSFO would shrink due to the increasing scrubber installation on vessels.

*Source: WFS Derivatives Trading Services
Green House Gas emission

- IMO’s preliminary strategy for major reductions in GHG emission from shipping. - MEPC 72(2018)

Units: GHG emissions

2008: as base year

2030: Carbon intensity -40%

2050: Carbon intensity -70%
Annual GHG Emissions -50%

Zero emissions as soon as possible within this century

2008  2020  2030  2040  2050  within 2100

Emission pathway in line with IMO’s GHG strategy
Business-as-usual emissions
Emission gap

Source: DNV-GL energy transition outlook 2019

a) Note that the business-as-usual emissions are illustrative, and not consistent with the emissions baseline used in any modelling.
Green House Gas emission

- Through various energy-saving and carbon reduction measures/modification plans, YM’s carbon emissions per TEU-km have been reduced by 49.37% compared with 2008; and we are pursuing to further reduce carbon emissions by 20% from 2020 to 2025.
- YM will follow IMO’s policies and achieve IMO’s GHG reduction targets.

Remark: The statistical scope before 2016 is only for own ships, and the statistical scope after 2017 is for ships operating for more than 183 days. The above statistical methods have been certified by DNV-GL.

Source: Official Website of YM(CSR Social Corporate Responsibility Report)
Business Information
Fleet and Service

- 100+ Services / 160+ Ports / 60+ Countries / 240+ offices

Source: Internal Information Dec/2018 vs Nov/2019

Team Work, Innovation, Honesty, Pragmatism
Market Share and Rank

- As of 2\textsuperscript{nd} December 2019, YM’s market share is ranked 8\textsuperscript{th} in the world.

<table>
<thead>
<tr>
<th>Rank</th>
<th>Operator</th>
<th>TEU</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>APM-Maersk</td>
<td>4,194,023</td>
<td>17.8%</td>
</tr>
<tr>
<td>2</td>
<td>Mediterranean Shg Co</td>
<td>3,735,699</td>
<td>15.9%</td>
</tr>
<tr>
<td>3</td>
<td>COSCO Group</td>
<td>2,939,505</td>
<td>12.5%</td>
</tr>
<tr>
<td>4</td>
<td>CMA CGM Group</td>
<td>2,666,184</td>
<td>11.3%</td>
</tr>
<tr>
<td>5</td>
<td>Hapag-Lloyd</td>
<td>1,710,029</td>
<td>7.3%</td>
</tr>
<tr>
<td>6</td>
<td>ONE (Ocean Network Express)</td>
<td>1,581,182</td>
<td>6.7%</td>
</tr>
<tr>
<td>7</td>
<td>Evergreen Line</td>
<td>1,269,529</td>
<td>5.4%</td>
</tr>
<tr>
<td>8</td>
<td>Yang Ming Marine Transport Corp.</td>
<td>648,343</td>
<td>2.8%</td>
</tr>
<tr>
<td>9</td>
<td>PIL (Pacific Int. Line)</td>
<td>393,498</td>
<td>1.7%</td>
</tr>
<tr>
<td>10</td>
<td>Hyundai M.M.</td>
<td>389,120</td>
<td>1.7%</td>
</tr>
<tr>
<td>11</td>
<td>Zim</td>
<td>276,151</td>
<td>1.2%</td>
</tr>
<tr>
<td>12</td>
<td>Wan Hai Lines</td>
<td>265,243</td>
<td>1.1%</td>
</tr>
<tr>
<td>13</td>
<td>Zhonggu Logistics Corp.</td>
<td>161,068</td>
<td>0.7%</td>
</tr>
<tr>
<td>14</td>
<td>IRISL Group</td>
<td>152,419</td>
<td>0.6%</td>
</tr>
<tr>
<td>15</td>
<td>Antong Holdings (QASC)</td>
<td>146,850</td>
<td>0.6%</td>
</tr>
</tbody>
</table>

Source: Alphaliner, 2\textsuperscript{nd} Dec 2019
The Variance of East-West Market Share

- Since THE Alliance extended agreement for 10 years and expanded the scale after new member onboard, the performance and synergy will be enhanced.

- In year 2020, THE Alliance's market share and competitiveness will be significantly improved due to the participation of newcomer. THEA's TP and FE-Europe Trade market share will be increased by 3% and 1% separately.

Source: Alphaliner (Market Share EW Report) 26th Sep 2019
Note: The capacity of new building is not included
THE Alliance's strength in year 2020

01 Expand Market Share
With THE Alliance's Market Share in TP, FE-EUR and TA climbs to about 30%, the competition will be significantly improved.

02 Reduce Average Slot Cost
After 20 x 15K-23K mega-vessels being deployed in THE Alliance services, average slot cost will be further reduced.

03 Improve Service Frequency and Product
The frequency of TP Trade will be increased from 15 to 16 services. THEA will also optimize the rotation and focus on the highly potential market such as South East Asia, Taiwan and South Korea.
# Years of awards and recognition

Striving for excellence through teamwork

<table>
<thead>
<tr>
<th>Award Description</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Awarded Best Shipping Line-Intra-Asia by Asia Cargo News readers during 2016~2019</td>
<td>Received the plaque from Liberian Registry to YM EXCELLENCE in honor of humanitarian aid</td>
</tr>
<tr>
<td>Received the plaque from Liberian Registry to YM EXCELLENCE in honor of humanitarian aid</td>
<td>Received Automated Mutual Assistance Vessel Rescue System (AMVER) certificate and Blue Pennant to YM vessels by The U.S. Coast Guard during 2016~2019</td>
</tr>
<tr>
<td>Received Quest For Quality from Logistics Management during 2017~2018</td>
<td>Recognized 2017 “Provider of the Year” by Target Corporation</td>
</tr>
<tr>
<td>Received Quest For Quality from Logistics Management during 2017~2018</td>
<td>Received Highly Commended Liner Trade Award: Australia-North East Asia by Daily Cargo News in 2017</td>
</tr>
<tr>
<td>Received Blue Circle Awards from Vancouver Fraser Port Authority 3 years in a row</td>
<td>Awarded Environmental Ship Index Award 2017 by Marseille Fos Port Authority</td>
</tr>
<tr>
<td>Awarded Environmental Ship Index Award 2017 by Marseille Fos Port Authority</td>
<td>Awarded 2016 Ocean Carrier of the Year by Allenberg Cotton Co.</td>
</tr>
</tbody>
</table>
High-quality Intra-Asia service
Received recognition from Asia Cargo News readers for 4 years

Asia Cargo News
Asian Freight, Logistics & Supply Chain Awards
Best Shipping Line – Intra Asia

2016 2017 2018 2019
Effective and timely humanitarian aid
Recognized and appreciated by The Liberian Registry
Financial Results
The Proportion of Consolidated Operating Income of Yang Ming Group

Logistics 3.52%
Bulk 2.03%
Container Shipping 94.07%
Wharf 0.23%
The Proportion of Consolidated Operating Income

- **AWE、PSW、PNW**
  - America 41%

- **ASIAI**
  - 13%

- **ASIAII**
  - 15%

- **EUROPE**
  - 31%

- **Middle East, Red sea, South America, Australia, South Asia**

- **NCP、MED、TA、IEU**

Data interval: 201901~201910
Lifting Volume Analysis - Lifting Volume increased by 4% YOY

201801~10: 4.34 million TEU

201901~10: 4.51 million TEU

Asia Volume (million TEU): Asia I - 29.16%, Asia II - 30.14%
Europe Volume (million TEU): Europe - 24.49%
America Volume (million TEU): America - 16.20%

Comparison of Asia1 and Asia2 Volume:
- 2018: Asia1 - 30.14%, Asia2 - 29.16%
- 2019: Asia1 - 29.56%, Asia2 - 30.38%

Graphs showing volume trends from 2018 to 2019.
Consolidated Operating Revenue

Consolidated Operating Revenue increased by 8.30% YOY

NTD$100 Millions
Main Operating Costs Analysis

201801~09 V.S. 201901~09

<table>
<thead>
<tr>
<th></th>
<th>Operating Revenue</th>
<th>YOY%</th>
<th>Total Cost YOY%</th>
<th>Unit Cost YOY%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fuel</td>
<td>+ 5.75%</td>
<td></td>
<td>- 1.90%</td>
<td></td>
</tr>
<tr>
<td>Stevedoring</td>
<td>+ 5.64%</td>
<td></td>
<td>- 2.00%</td>
<td></td>
</tr>
<tr>
<td>Inland Haulage</td>
<td>+ 5.76%</td>
<td></td>
<td>- 1.88%</td>
<td></td>
</tr>
<tr>
<td>Container/Chassis Exp.</td>
<td>+ 7.33%</td>
<td></td>
<td>- 2.20%</td>
<td></td>
</tr>
<tr>
<td>Containers Reposition</td>
<td>+ 12.09%</td>
<td></td>
<td>+ 3.98%</td>
<td></td>
</tr>
</tbody>
</table>

Operating Revenue YOY%: +9.59%

<table>
<thead>
<tr>
<th></th>
<th>201801~09</th>
<th>201901~09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fuel</td>
<td>167</td>
<td>177</td>
</tr>
<tr>
<td>Stevedoring</td>
<td>247</td>
<td>261</td>
</tr>
<tr>
<td>Inland Haulage</td>
<td>91</td>
<td>96</td>
</tr>
<tr>
<td>Container/Chassis Exp.</td>
<td>52</td>
<td>56</td>
</tr>
<tr>
<td>Containers Reposition</td>
<td>73</td>
<td>81</td>
</tr>
</tbody>
</table>

Y201801~09  Y201901~09

Team Work  Innovation  Honesty  Pragmatism
Structure of Shareholders

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic natural person</td>
<td>35.02%</td>
</tr>
<tr>
<td>Foreign investment</td>
<td>5.21%</td>
</tr>
<tr>
<td>Domestic legal entity</td>
<td>7.95%</td>
</tr>
<tr>
<td>Domestic financial institution</td>
<td>4.18%</td>
</tr>
<tr>
<td><strong>Government</strong></td>
<td><strong>47.64%</strong></td>
</tr>
</tbody>
</table>

Note: The latest closing date was April 27, 2019, but the company converted C.B. into common stocks at maturity on June 27, 2019. So only the shareholding ratio of government 47.64% is a definite value, others are all estimates.
Operational Improvement & Future Prospects
Operational strengthening strategy

- Service Rationalization
- Marginal Contribution & Utilization Enhancement
- Digitalization: A Customer-Focus Liner Service
- Replacement and Optimization of the Fleet
- Group Business Centralization Management
## Service Rationalization-Strategies

<table>
<thead>
<tr>
<th>Network</th>
<th>Strategies</th>
</tr>
</thead>
</table>
| **East-West Network**       | • Strengthen the competitiveness of east-west routes through close cooperation with THE Alliance.  
                              | • Establish a new cooperation with four members and a 10-year term until April 2030.     |
| **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. |
Service Rationalization-
S.E.A and potential market development

- In response to the rapid changes of industrial relocation, starting from October 2019, a new service between East India to East Mediterranean and North Europe has been launched. Continuously study the feasibility of expanding new service routes in 2020 for the niche market business such as,

- **[East-West network]**
  - Southeast Asia/India – PSW service: upgrade the containership size
  - Southeast Asia – PSW II service
  - West India – North Europe service
  - East Mediterranean – USEC service

- **[Intra Asia network]**
  - Japan – Thailand service
  - Japan/Korea – Taiwan/S.PRC service upgrade
  - China – Cambodia service
  - Expand broadwise the service network among Southeast Asia
Operating Performance Enhancement

201901~10 vs 201801~10 vs 201701~10

(TTEU=Thousand TEU)

**Capacity**
- Capacity: 5,552 TTEU (Y2017), 5,926 TTEU (Y2018), 5,893 TTEU (Y2019)
- Change: +374 TTEU (+6.7%) in Y2018 vs Y2017, -33 TTEU (-0.5%) in Y2019 vs Y2018

**Lifting**
- Lifting: 3,935 TTEU (Y2017), 4,348 TTEU (Y2018), 4,514 TTEU (Y2019)
- Change: +413 TTEU (+10.5%) in Y2018 vs Y2017, +166 TTEU (+4%) in Y2019 vs Y2018

**Revenue**
- Revenue: 3,296 Million USD (Y2017), 3,411 Million USD (Y2018), 3,606 Million USD (Y2019)
- Change: +115 Million USD (+4%) in Y2018 vs Y2017, +195 Million USD (+6%) in Y2019 vs Y2018

**Utilization**
- Utilization: 70.1% (Y2017), 73.4% (Y2018), 76.6% (Y2019)
- Change: +3.3% in Y2018 vs Y2017, +3.2% in Y2019 vs Y2018
Increment of Marginal Contribution

- Marginal Contribution of 201901~10 grew by 142M USD over the corresponding period of Y2018.

![Graph showing Total Marginal Contribution]

- **Y2017**: 1,543 Million USD (+2%)
- **Y2018**: 1,575 Million USD (+9%)
- **Y2019**: 1,717 Million USD

YANG MING

Team Work、Innovation、Honesty、Pragmatism
Digitalization: A Customer- Focus Liner Service

- A Digital Container Shipping Association Member
- Commit on Industrial Standardization & Digitalization

- Digital Service & Platform
- Quick Response to the needs
- Customer-Focus e-Service

Be a Customer- Focus Liner Service
Digitalization: A Customer- Focus Liner Service

- **Globalization: Push Message & e-Service**
  @ LINE add friends ID:@ymhq @ Digital-BL

- **Localization : Social Media & APPs**
  @Taiwan E-D/O @Taiwan ChatBot @China WeChat

E- D/O Printing
- Efficient
- Eco
- Cost down
Yang Ming’s Fleet Capacity and New Delivery

Up to 4th December 2019, there are 102 vessels in Yang Ming’s fleet, and total capacity is 673,990 TEU

- Redelivery: 7 long-term chartered-in vessels have expired in 2019; other 4 long-term chartered-in vessels will expire within 2020.
- Delivery: 14 new-built 11,000TEU chartered-in vessels will be delivered within 2020 to 2022. 10 new-built 2,800TEU YM owned vessels will be delivered within 2020 to 2021.

Note: figures for above chart is up to 4th Dec 2019.
Solutions for environmental regulations-
Diversify risks and cost saving

• To comply with the IMO2020 Sulphur Cap taken effect from 1\textsuperscript{st} January 2020, YM’s operating fleets have initiated a few corresponding measures to well prepare ourselves for the regulation since 2018. The main purpose is to reduce the overall operating and fuel costs by choosing different solutions to hedge the risks. Further to achieve the ultimate goal of fully compliant, energy saving, economical, and stable operation.

<table>
<thead>
<tr>
<th>Solutions</th>
<th>ECA</th>
<th>Open sea</th>
<th>Remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>LNG</td>
<td></td>
<td></td>
<td>Considering the technical feasibility and economic benefits, we will take into consideration for the next generation vessel plan.</td>
</tr>
<tr>
<td>ULSFO/LSMGO</td>
<td>0.1%</td>
<td>0.5%</td>
<td>The main fuel type used in Emission Control Area.</td>
</tr>
<tr>
<td>(S&lt;0.1%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LSFO (S&lt;0.5%)</td>
<td>0.1%</td>
<td>0.5%</td>
<td>The main solution for YM which takes account for 73% of our fleets.</td>
</tr>
<tr>
<td>HSFO/scrubber</td>
<td>0.1%</td>
<td>3.5%</td>
<td>Part of our fleets will adapt this solution which takes account for 27% of our fleets.</td>
</tr>
<tr>
<td>(S&lt;3.5%)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

• In addition to choose different solutions to reduce cost while meeting the new regulation, from commercial side, we will apply IMO2020 New Bunker Surcharge commenced from 1\textsuperscript{st} December 2019, in order to reasonably pass on the additional cost to our customers and maintain operational and financial stability.
Improvement Strategy for Agency

- Setting up own agency in those countries with good volume and profit
  
  **Year 2019:** Set up PT. Yang Ming Shipping Indonesia
  
  **Year 2020:** Set up Huan Ming (Shanghai) International Shipping Agency Co., Ltd. in China and Yang Ming (France) S.A.S.

- Strengthening the functions of own agents
- Strengthening the management dominance of own agents
- Strengthening the management and control of local charges
  
  **Year 2019:** Set up owned offices in Kolkata and Haldia, India
  
  **Year 2020:** Plan to appropriately increase the shareholding of existing joint ventures at the right time to strengthen the control of operation and management

- Agents are contracted and evaluated by headquarter
- Centralized management of global subsidiaries
  
  **Year 2019:** Set up West Asia Regional Center in addition to the existing 5 regional centers
  
  **Year 2020:** Continue to implement the agency management tools

- Optimizing the service network of agents
- Optimizing the commission structure of agents
  
  Continue to rationalize agency revenues and costs
Q & A