



Versal Tracking

Com

Point to Point
Seas

Yang Ming

Marine Transport Corp.

2019 Investor Conference

Dec. 13, 2019

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Outline

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



Container Shipping Overview

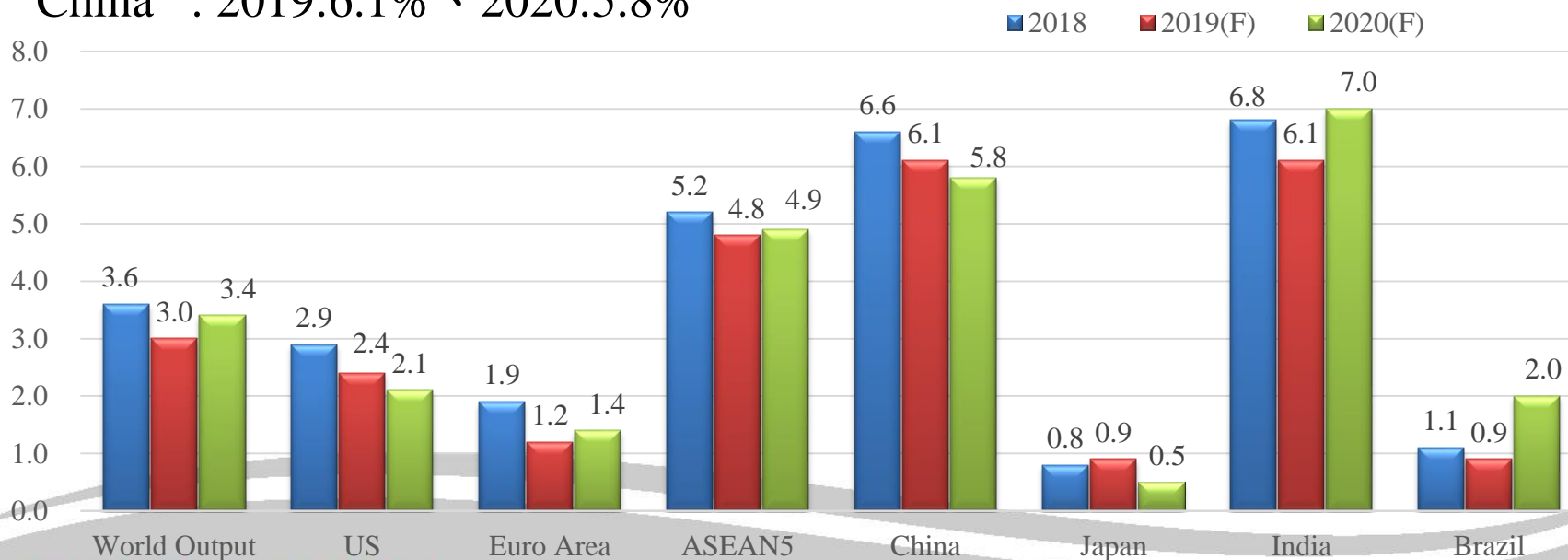


Global Economy Prospect

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%



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.

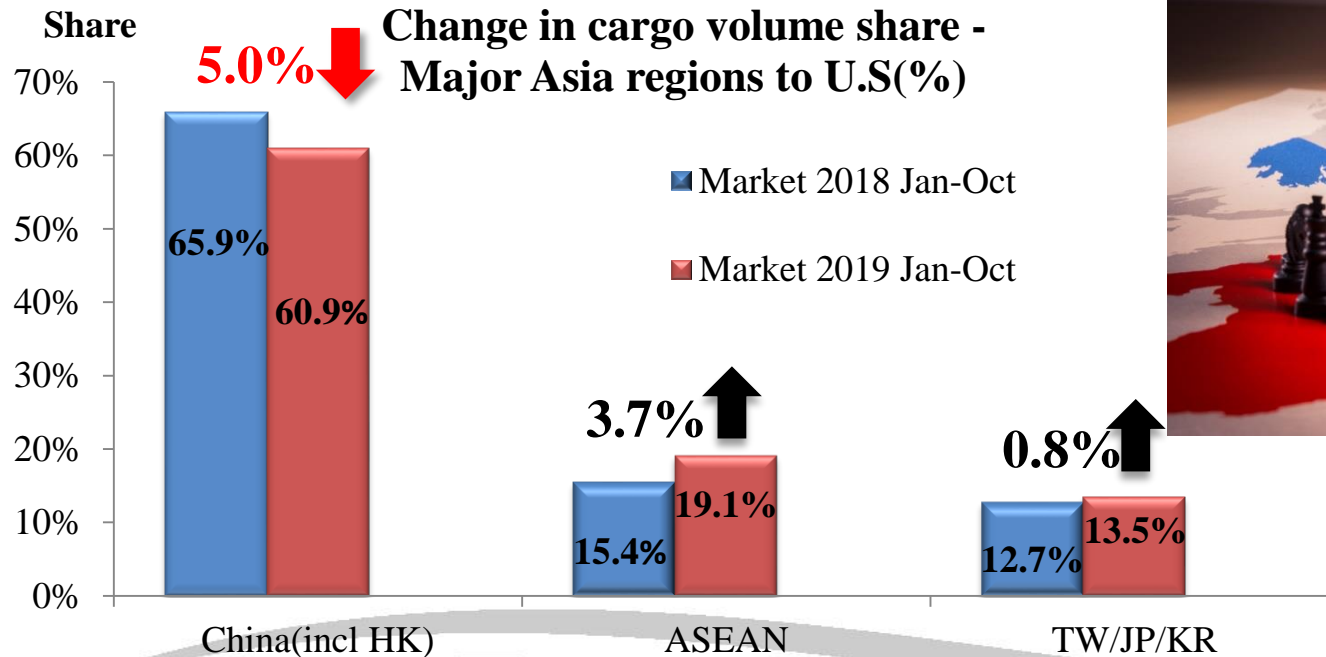
		2017	2018	2019(f)	2020(F)
Alphaliner	Supply	3.7%	5.8%	3.9%	3.1%
	Demand	6.7%	5.2%	2.5%	2.6%
	Gap	-3.0%	0.6%	1.4%	0.5%
Drewry	Supply	3.8%	5.6%	3.7%	3.9%
	Demand	6.5%	4.9%	2.6%	4.0%
	Gap	-2.7%	0.7%	1.1%	-0.1%
Clarkson	Supply	3.8%	5.6%	3.6%	3.5%
	Demand	5.8%	4.3%	2.2%	3.2%
	Gap	-2.0%	1.3%	1.4%	0.3%

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

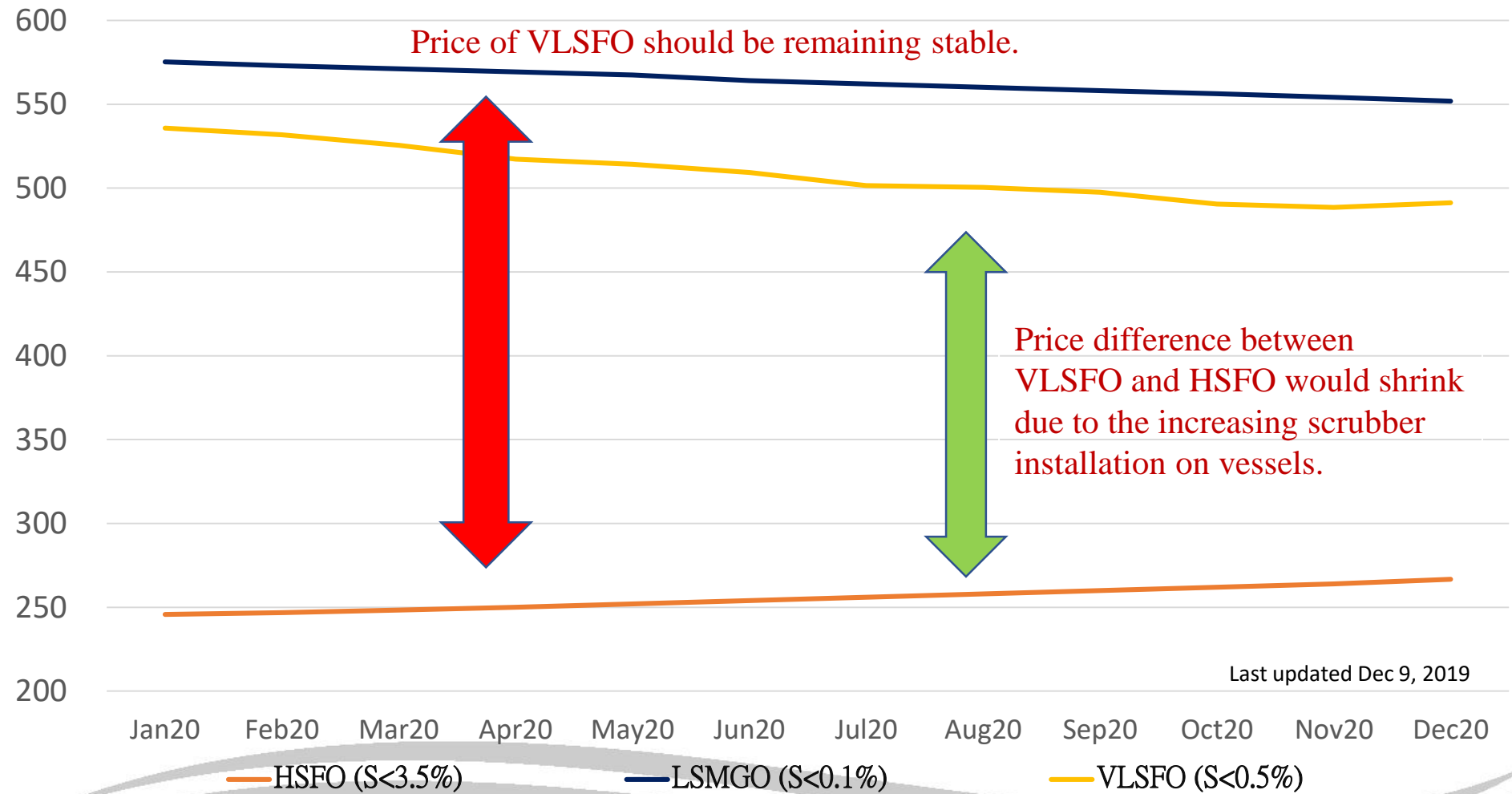
- The exact impact of the trade war is difficult to evaluate. Despite the two countries came to an interim phase one agreement in mid of October, the trade dispute itself brings uncertainty to the shipping industry outlook.
- Trade war impact: Cargo shift emerged on Transpacific eastbound trade.



Source: US CBP

Marine Fuel Oil Price Outlook

Singapore market price

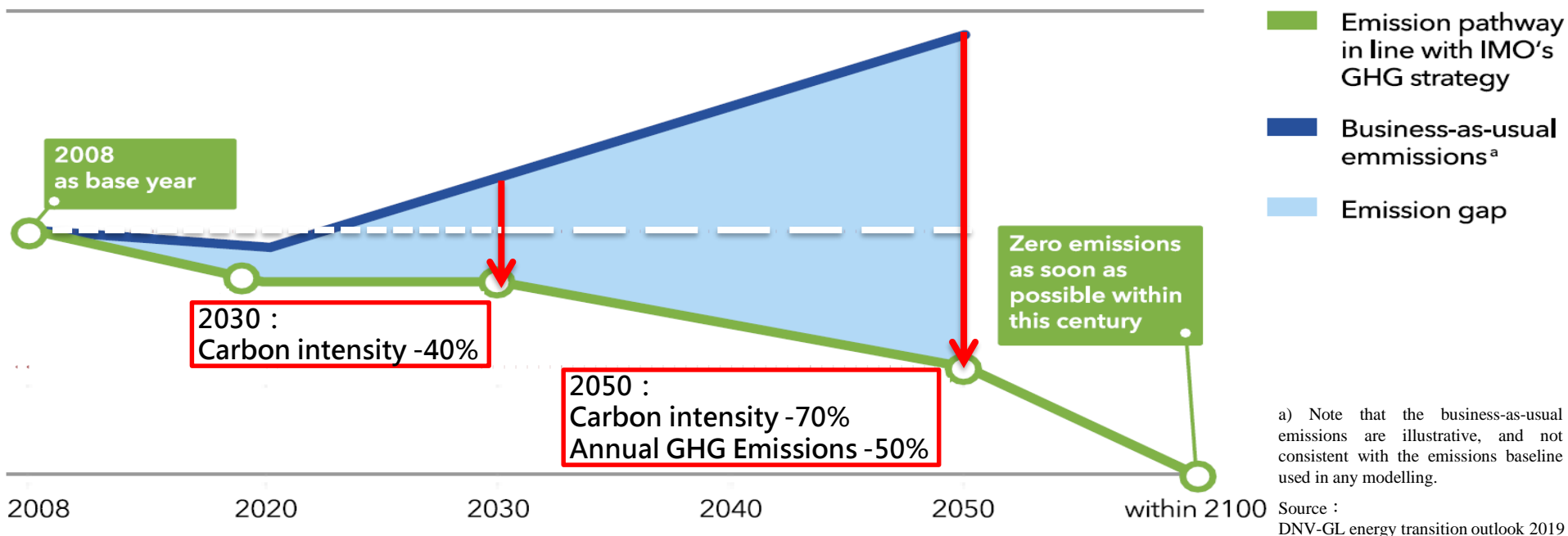


*Source: WFS Derivatives Trading Services

Green House Gas emission

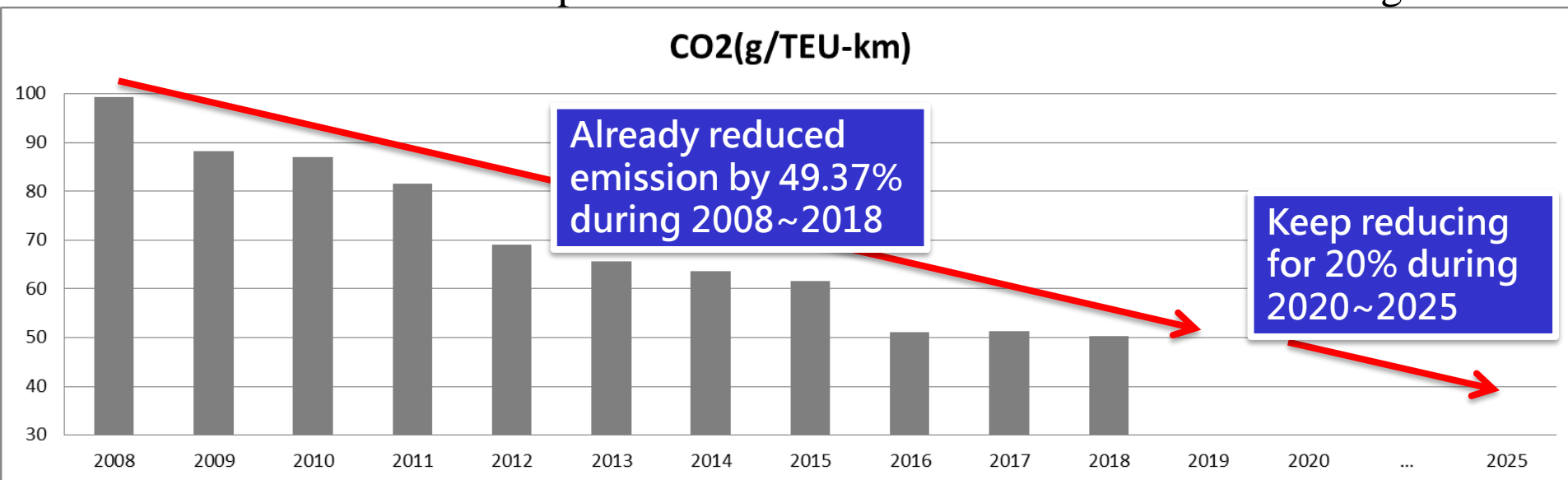
- IMO's preliminary strategy for major reductions in GHG emission from shipping. - MEPC 72(2018)

Units: GHG emissions



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.



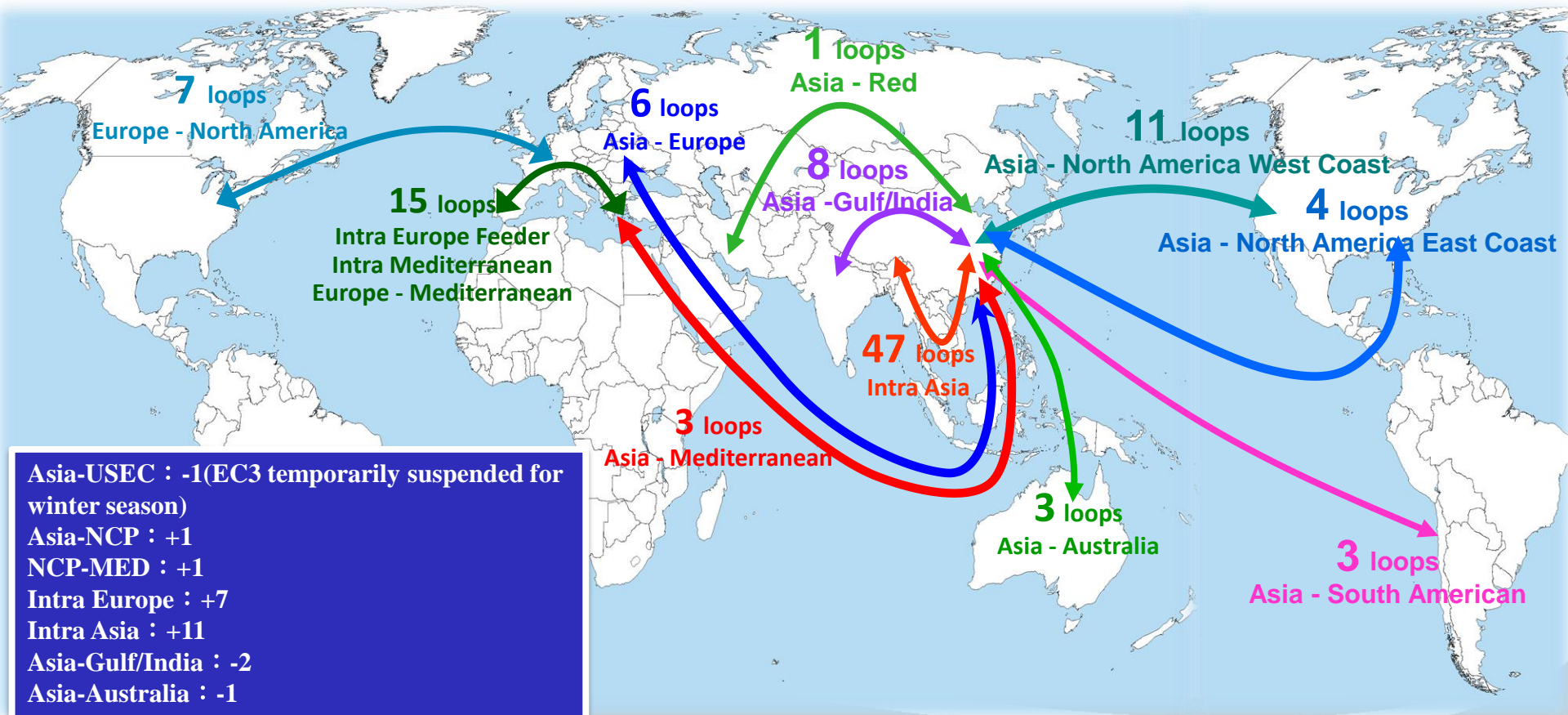
Remark: The statistical scope before 2016 is only for own ships, and the statistical scope after 2017 is for ships operating for more than 183 days. The above statistical methods have been certified by DNV-GL.
Source: Official Website of YM(CSR Social Corporate Responsibility Report)

Business Information



Fleet and Service

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



Market Share and Rank

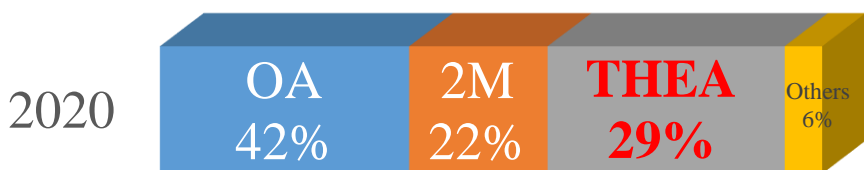
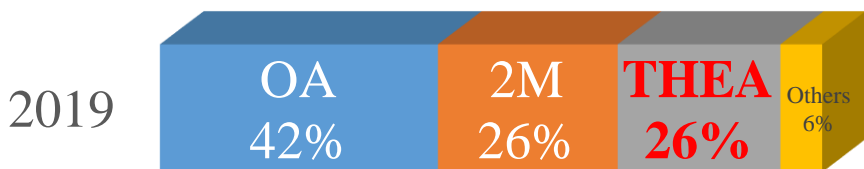
- As of 2nd December 2019, YM's market share is ranked 8th in the world.

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

Source: Alphaliner, 2nd Dec 2019

The Variance of East-West Market Share

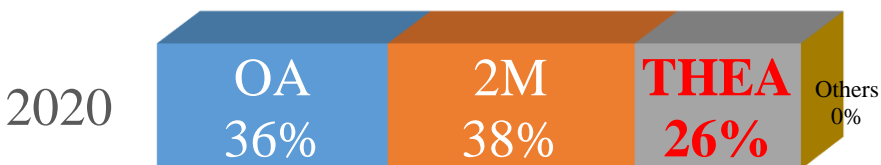
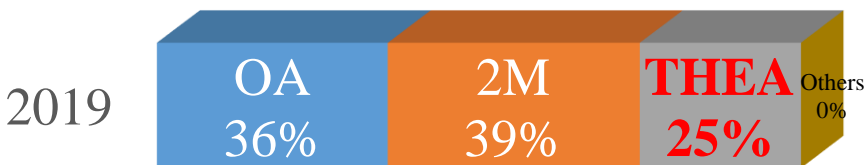
Trans-Pacific



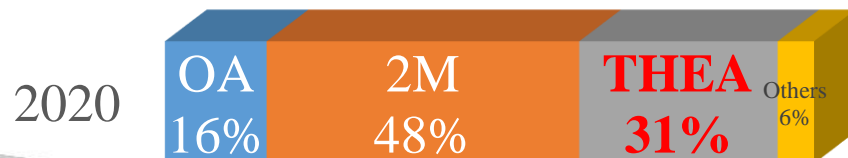
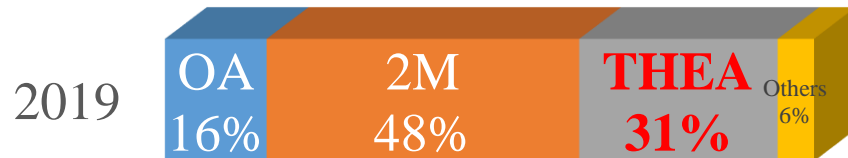
- Since THE Alliance extended agreement for 10 years and expanded the scale after new member onboard, the performance and synergy will be enhanced.

- 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.

FE-Europe



Trans-Atlantic



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

Awarded Best Shipping Line-Intra-Asia by Asia Cargo News readers during 2016~2019

Received the plaque from Liberian Registry to YM EXCELLENCE in honor of humanitarian aid

Received Automated Mutual Assistance Vessel Rescue System (AMVER) certificate and Blue Pennant to YM vessels by The U.S. Coast Guard during 2016~2019

Received Quest For Quality from Logistics Management during 2017~2018

Recognized 2017 "Provider of the Year" by Target Corporation

Received Highly Commended Liner Trade Award:Australia-North East Asia by Daily Cargo News in 2017

Received Blue Circle Awards from Vancouver Fraser Port Authority 3 years in a row

Awarded Environmental Ship Index Award 2017 by Marseille Fos Port Authority

Awarded 2016 Ocean Carrier of the Year by Allenberg Cotton Co.

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



Best Shipping Line - Intra-Asia
Yang Ming



Effective and timely humanitarian aid

Recognized and appreciated by The Liberian Registry



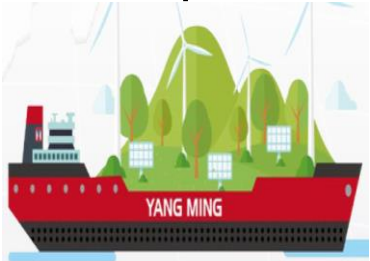
Financial Results



The Proportion of Consolidated Operating Income of Yang Ming Group



Logistics
3.52%



Bulk
2.03%



Container Shipping
94.07%

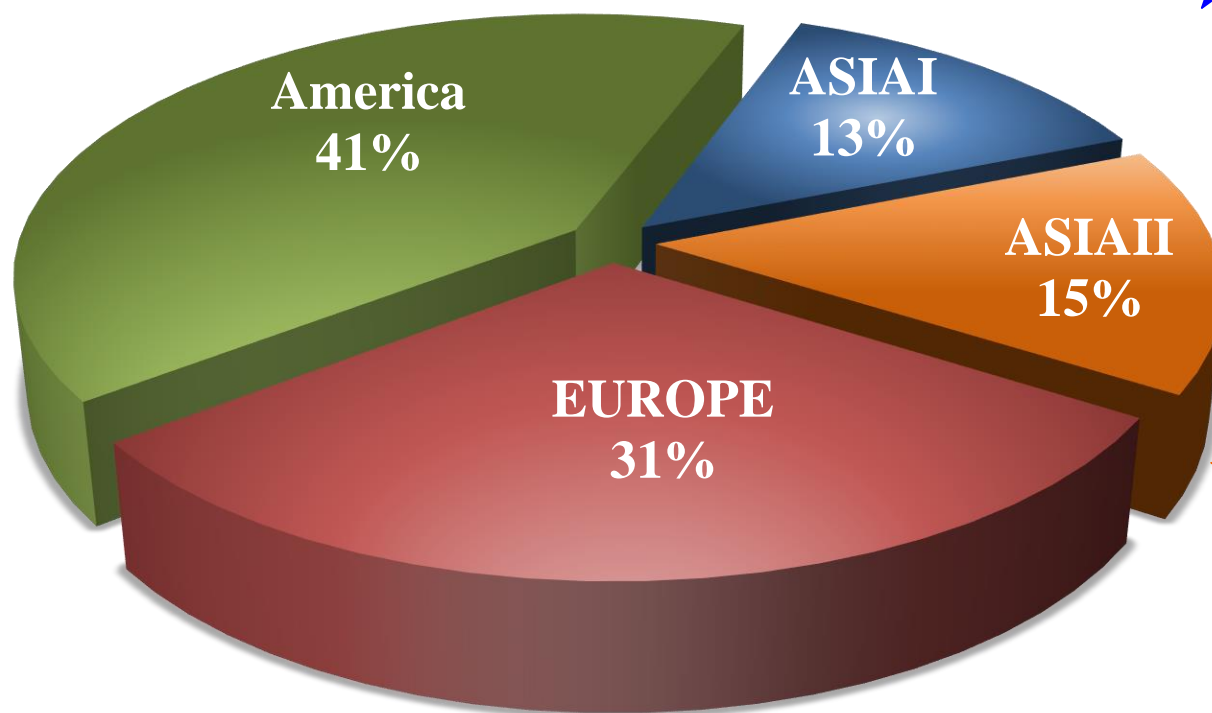


Wharf
0.23%

The Proportion of Consolidated Operating Income

★ AWE 、 PSW 、 PNW

★ Intra-East Asia



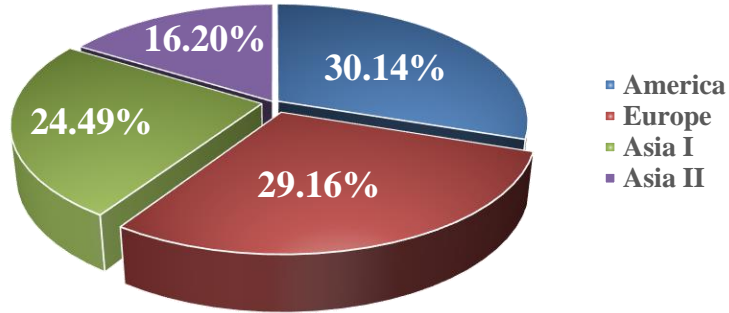
★ Middle East, Red sea, South America, Australia, South Asia

★ NCP 、 MED 、 TA 、 IEU

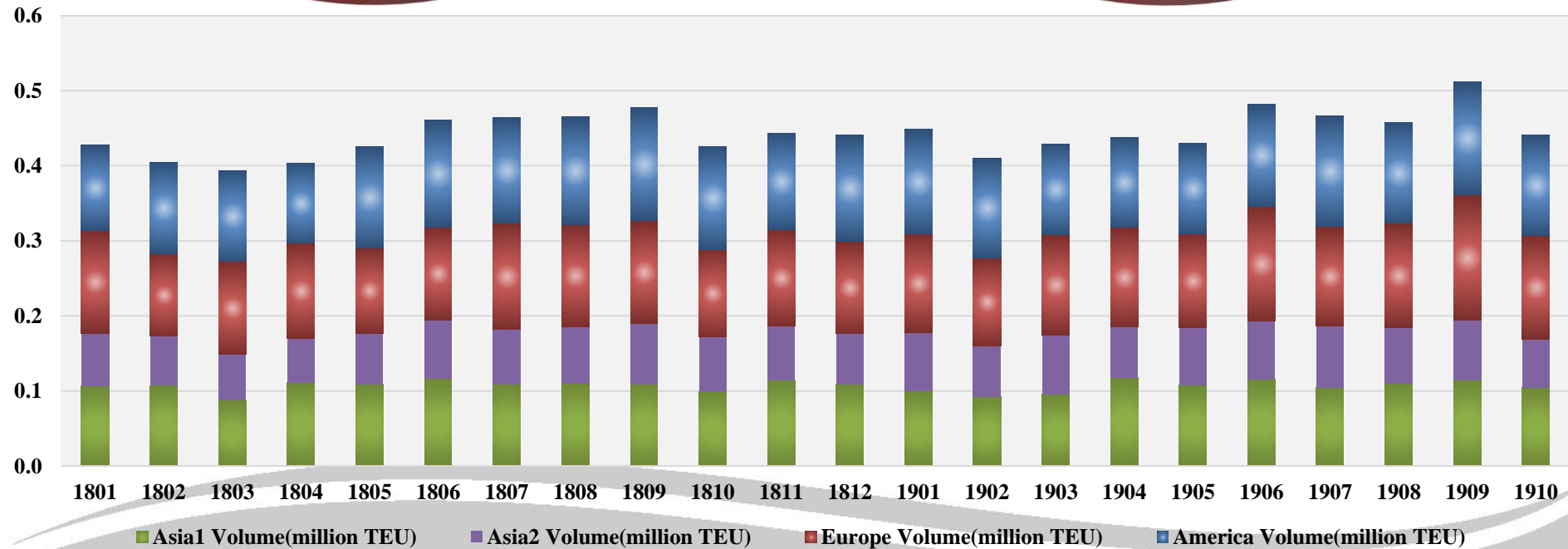
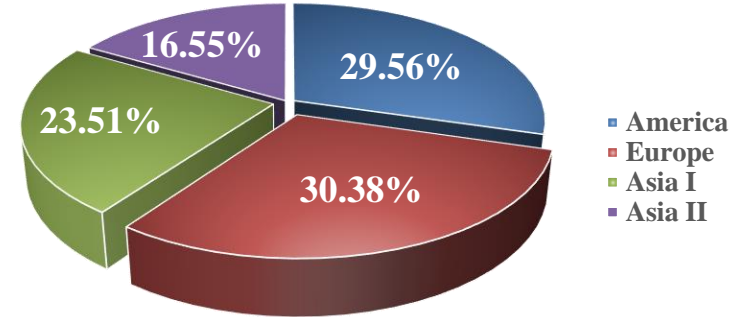
Data interval:201901~201910

Lifting Volume Analysis - Lifting Volume increased by 4% YOY

201801~10 : 4.34 million TEU



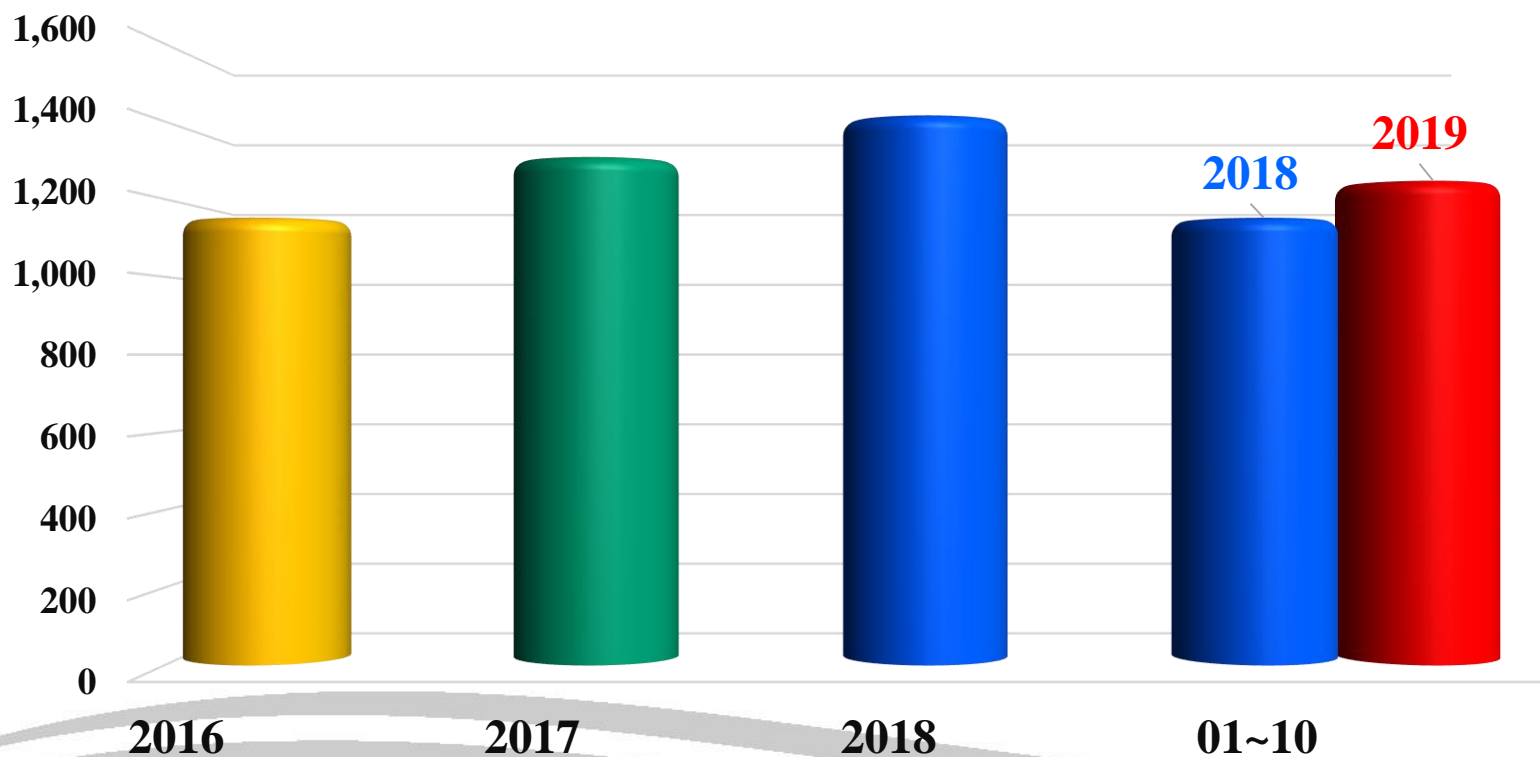
201901~10 : 4.51 million TEU



Consolidated Operating Revenue

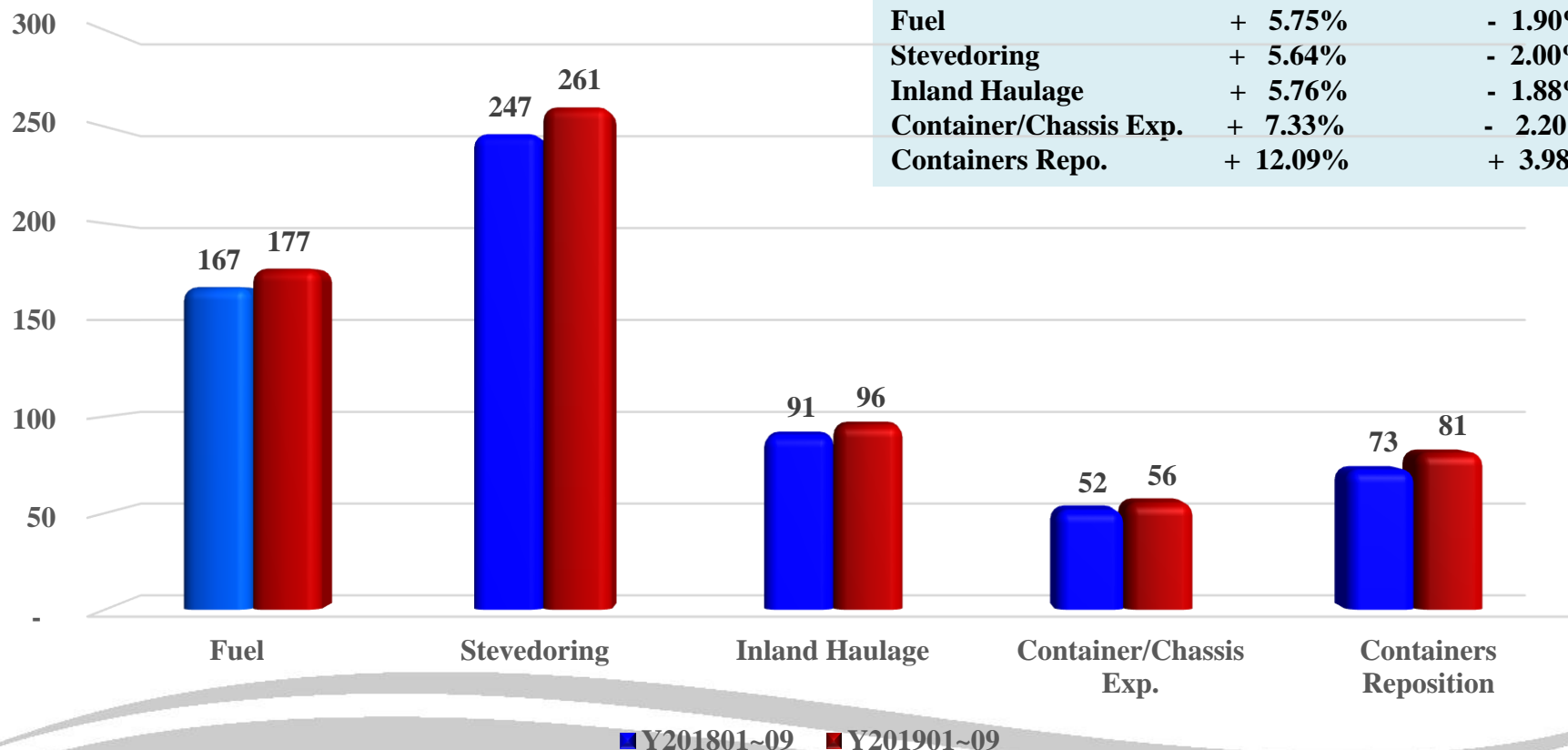
Consolidated Operating Revenue increased by **8.30% YOY**

NTD\$100 Millions



Main Operating Costs Analysis

NTD\$100 Millions

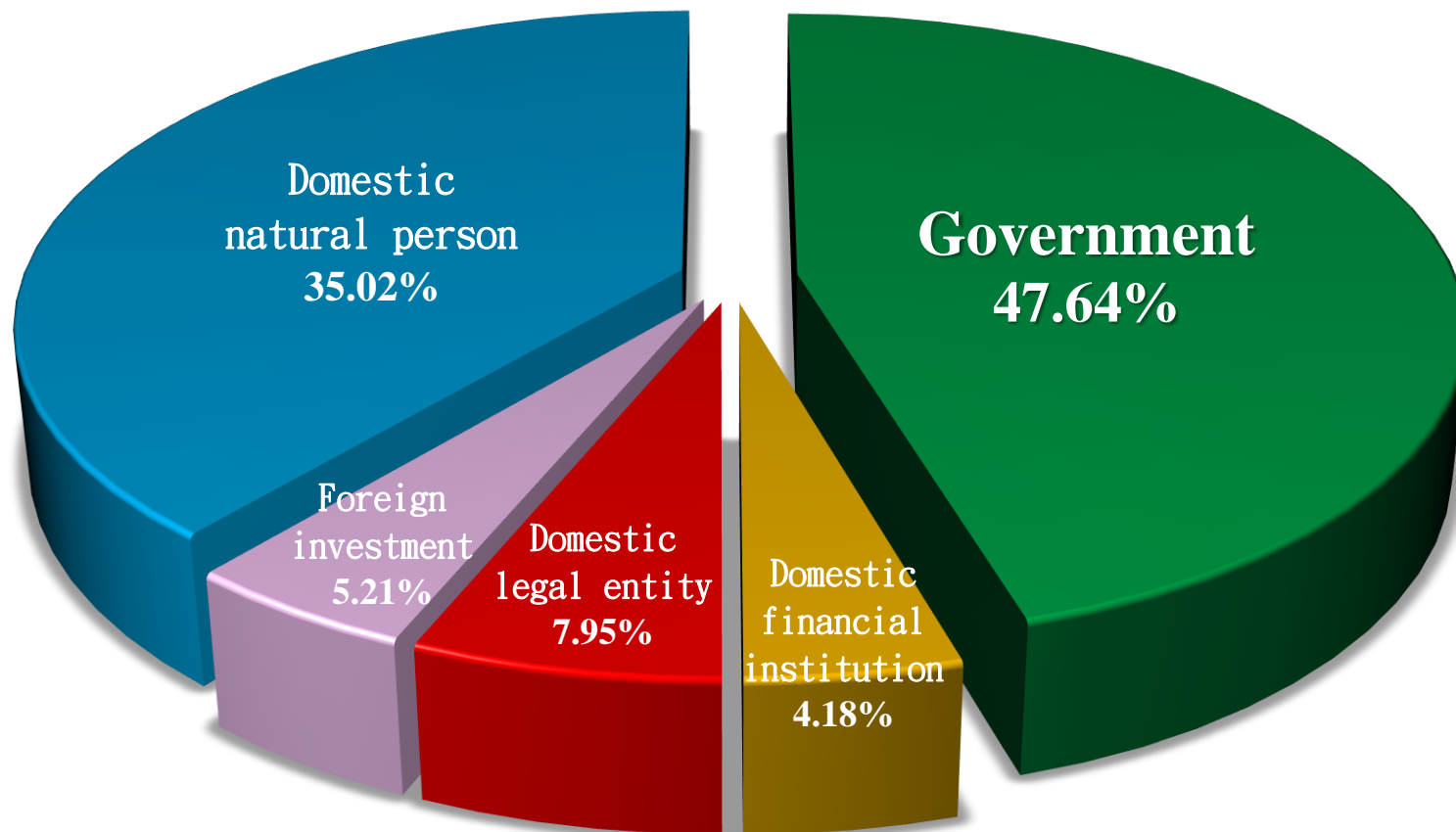


◆ 201801~09 V.S. 201901~09

Operating Revenue YOY% + 9.59%

	Total Cost YOY%	Unit Cost YOY%
Fuel	+ 5.75%	- 1.90%
Stevedoring	+ 5.64%	- 2.00%
Inland Haulage	+ 5.76%	- 1.88%
Container/Chassis Exp.	+ 7.33%	- 2.20%
Containers Repo.	+ 12.09%	+ 3.98%

Structure of Shareholders



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

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

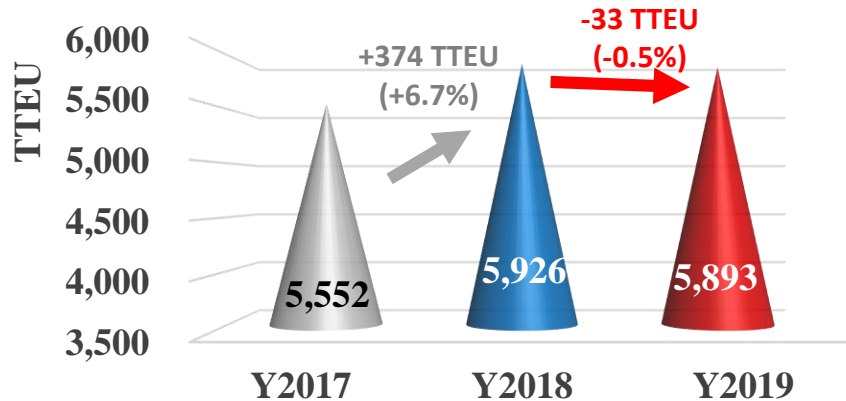
- In response to the rapid changes of industrial relocation, starting from October 2019, a new service between East India to East Mediterranean and North Europe has been launched. Continuously study the feasibility of expanding new service routes in 2020 for the niche market business such as,
- **[East-West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

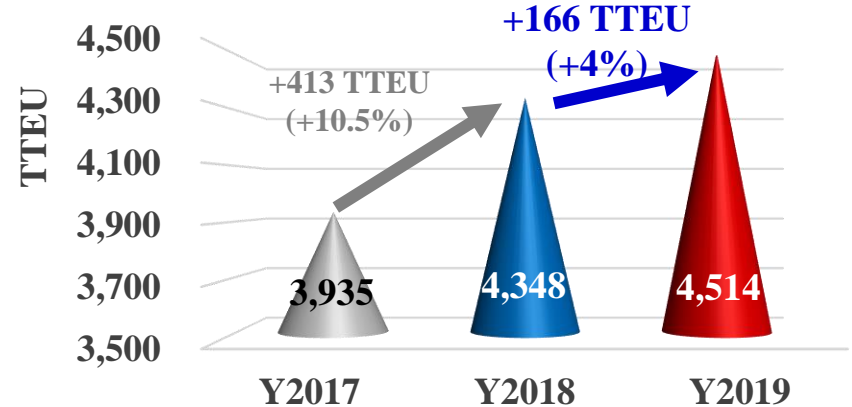
201901~10 vs 201801~10 vs 201701~10

(TTEU=Thousand TEU)

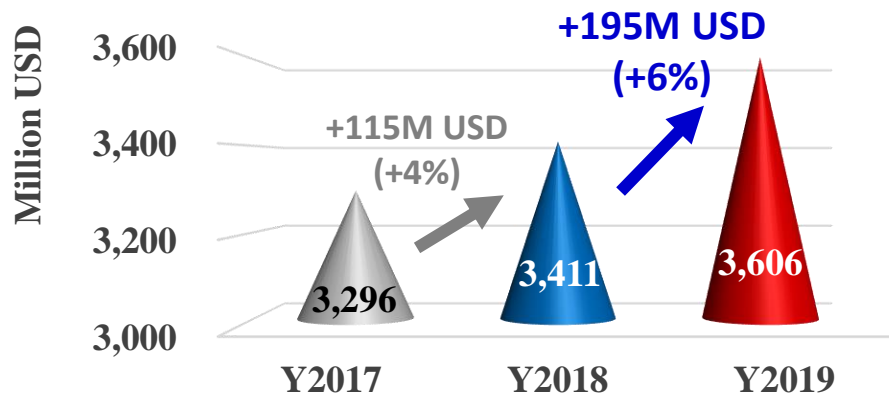
Capacity



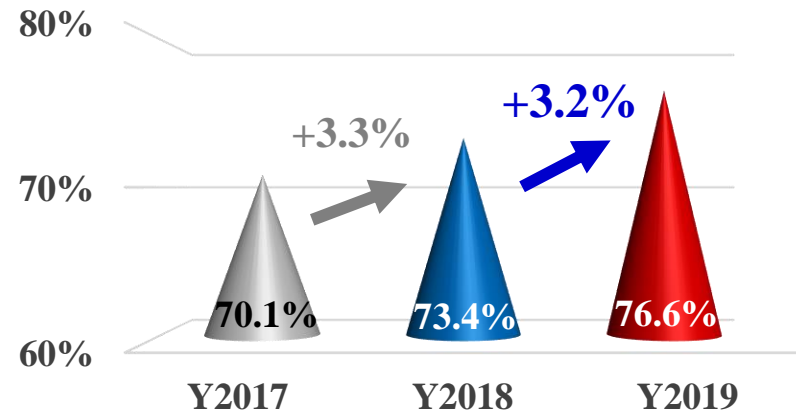
Lifting



Revenue

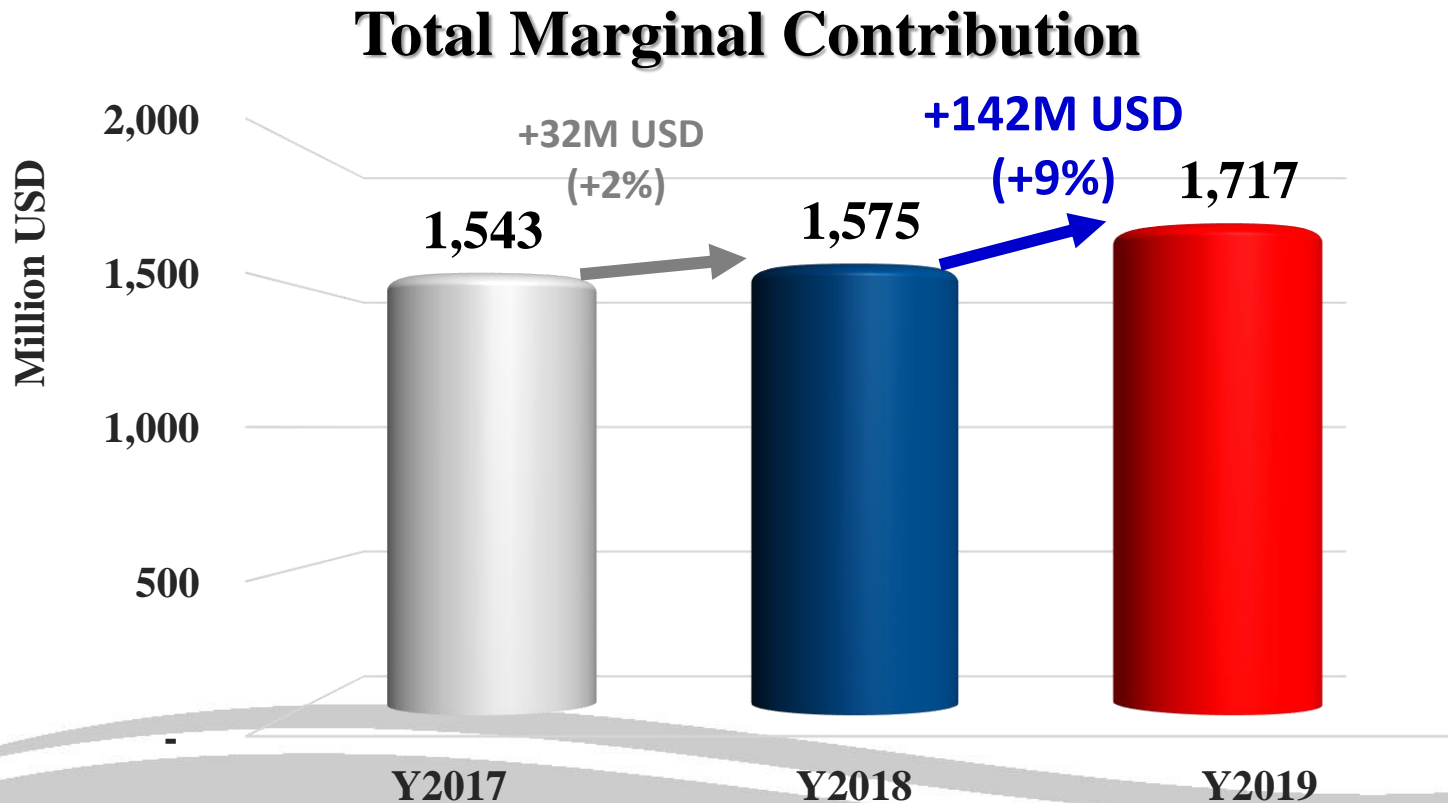


Utilization



Increment of Marginal Contribution

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



Digitalization: A Customer- Focus Liner Service

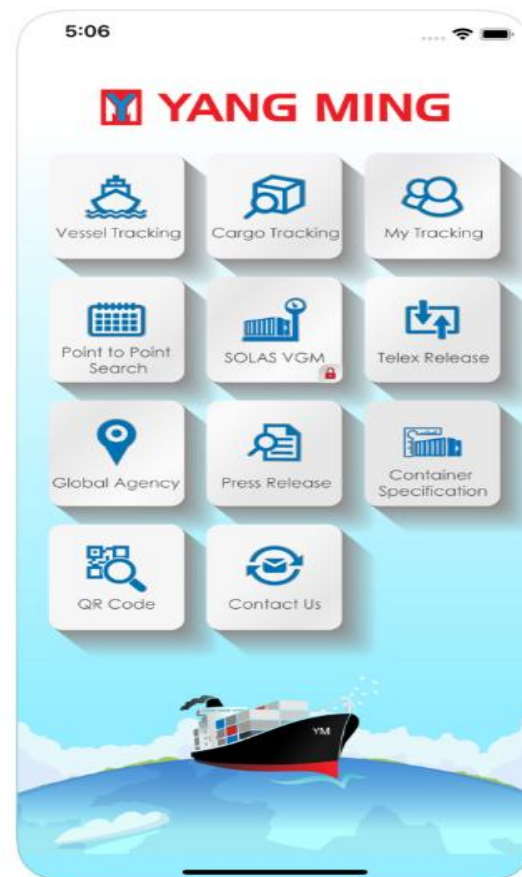


- A Digital Container Shipping Association Member
- Commit on Industrial Standardization & Digitalization



- 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



@ Digital-BL



• Localization : Social Media & APPs

@Taiwan E-D/O

@Taiwan ChatBot

@China WeChat

E- D/O Printing

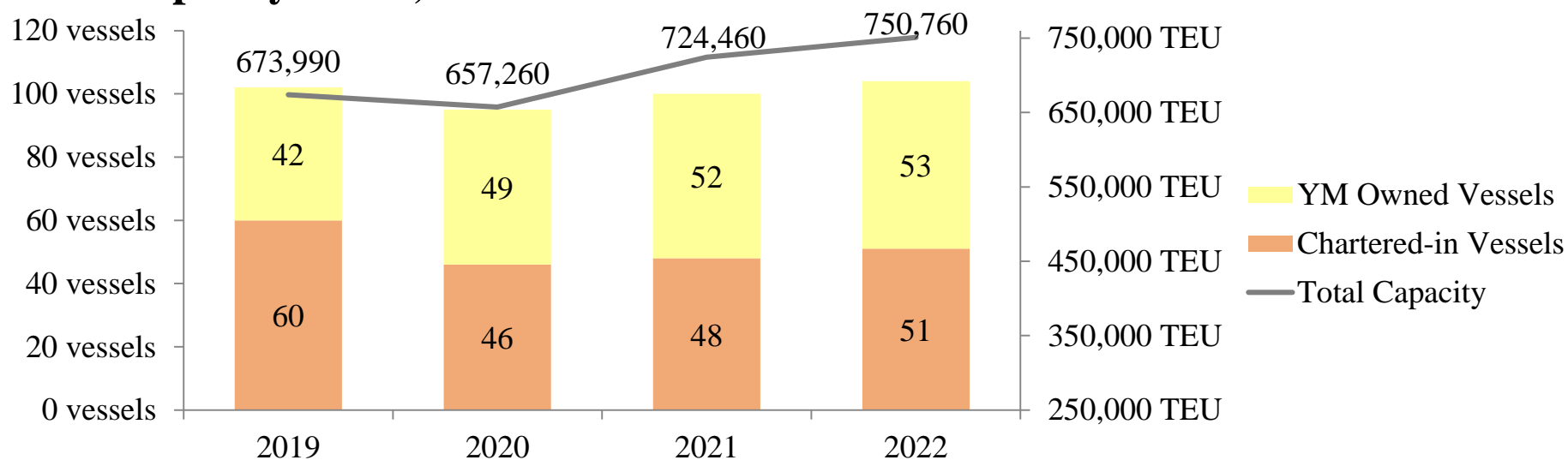
- Efficient
- Eco
- Cost down

LINE



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.

Solutions for environmental regulations-

Diversify risks and cost saving

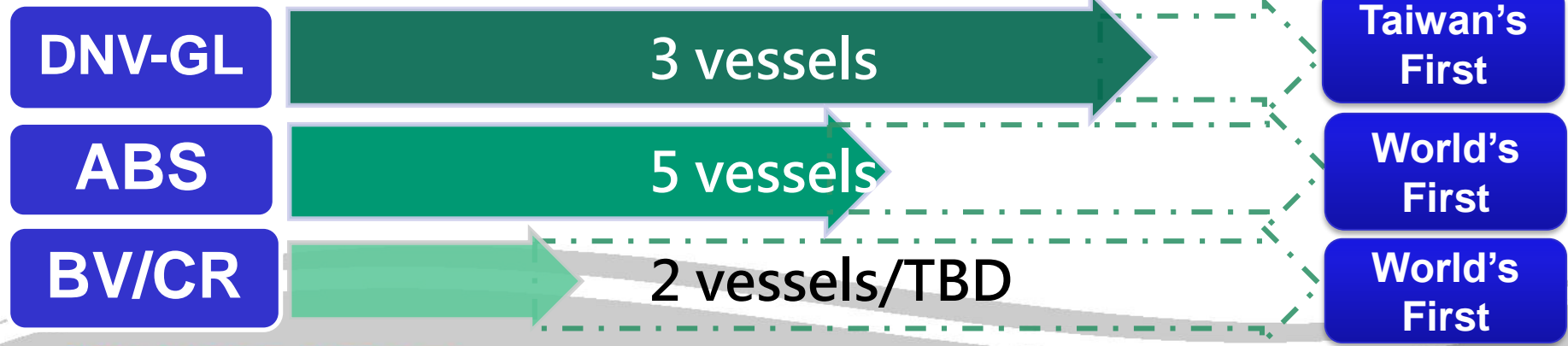
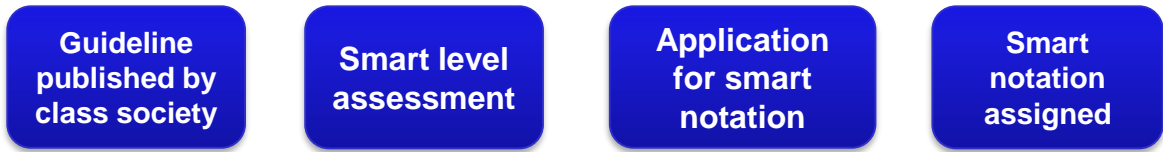
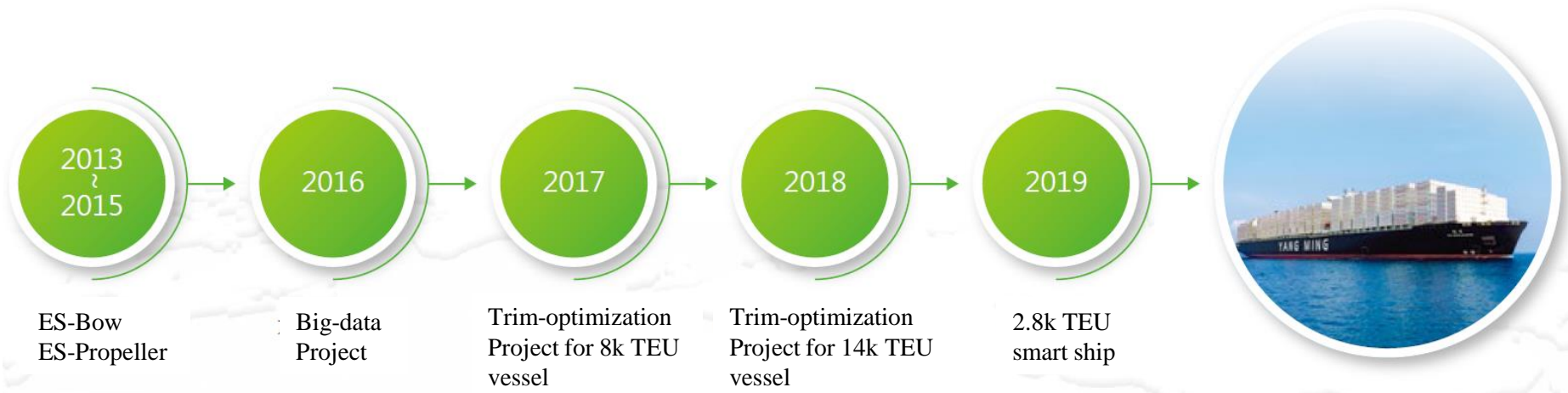
- To comply with the IMO2020 Sulphur Cap taken effect from 1st January 2020, YM's operating fleets have initiated a few corresponding measures to well prepare ourselves for the regulation since 2018. The main purpose is to reduce the overall operating and fuel costs by choosing different solutions to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



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

- 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 1st December 2019, in order to reasonably pass on the additional cost to our customers and maintain operational and financial stability.

Smart ship notation - 2800 TEU Container ship



Improvement Strategy for Agency

- Setting up own agency in those countries with good volume and profit

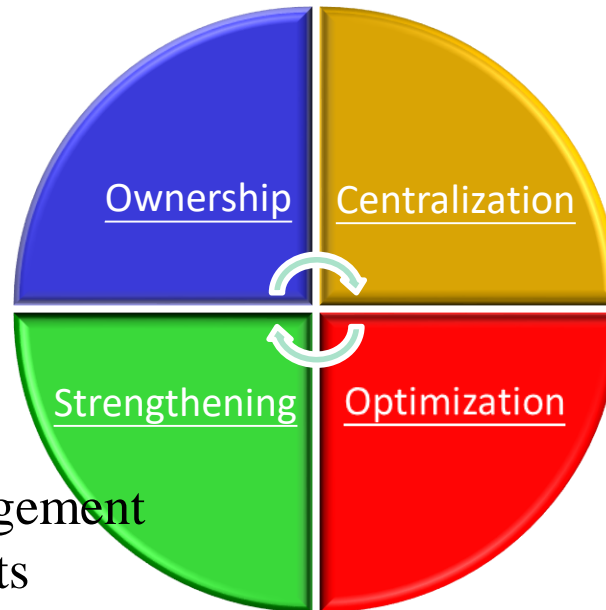
Year 2019: Set up PT. Yang Ming Shipping Indonesia

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

