

# Yang Ming Marine Transport Corp. 2021 Online Investor Conference



2021.04.07

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# Outline

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



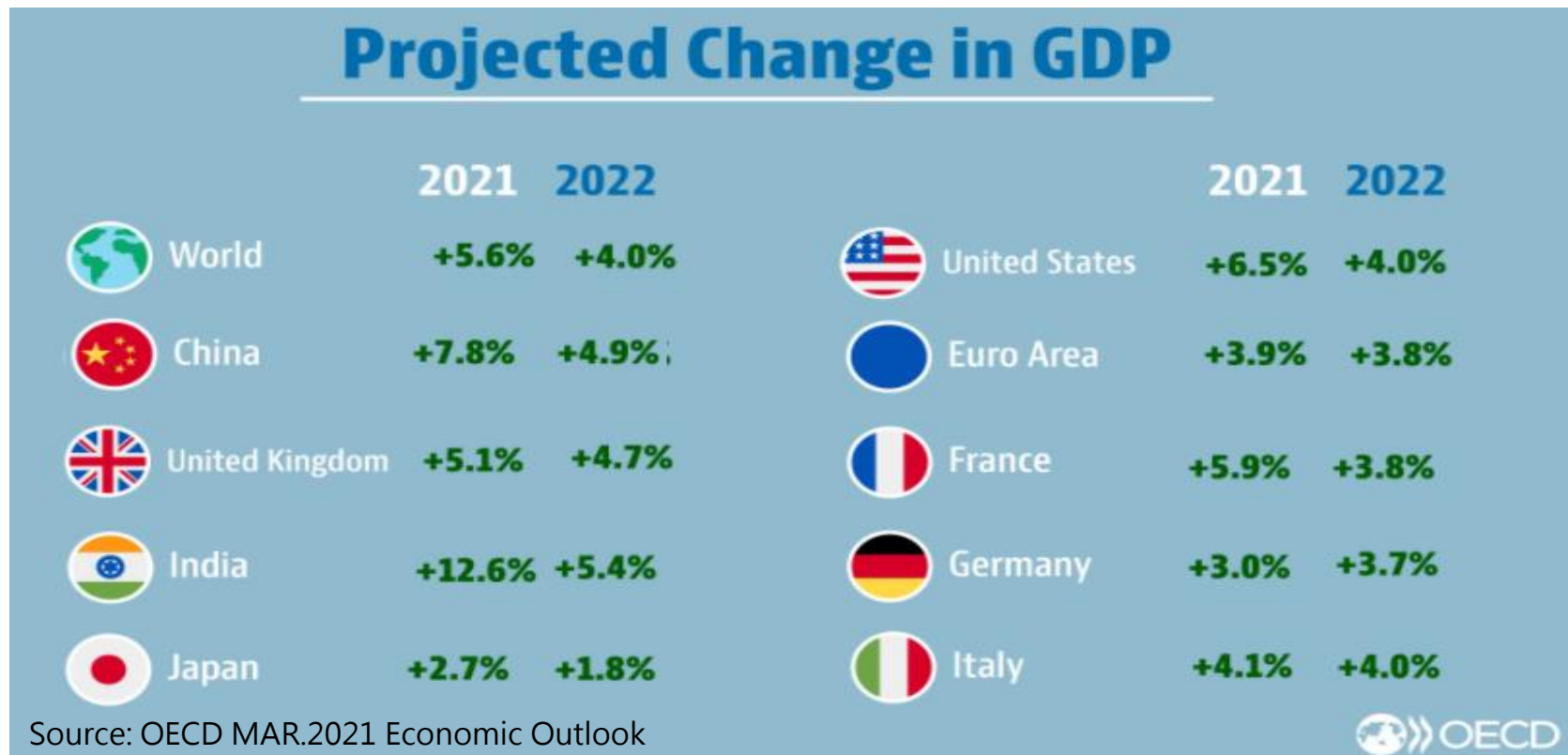
# Container Shipping Overview



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# Economic Outlook

- Global GDP growth is projected to be 5.6% in 2021 and 4% in 2022. Global economic prospects have improved markedly, helped by the gradual deployment of effective vaccines, announcement of strong fiscal stimulus in the US. Governments must speed up vaccine production, roll out vaccines globally and should adjust fiscal support as the health situation evolves.



# Supply and Demand

## 2021 supply and demand forecast

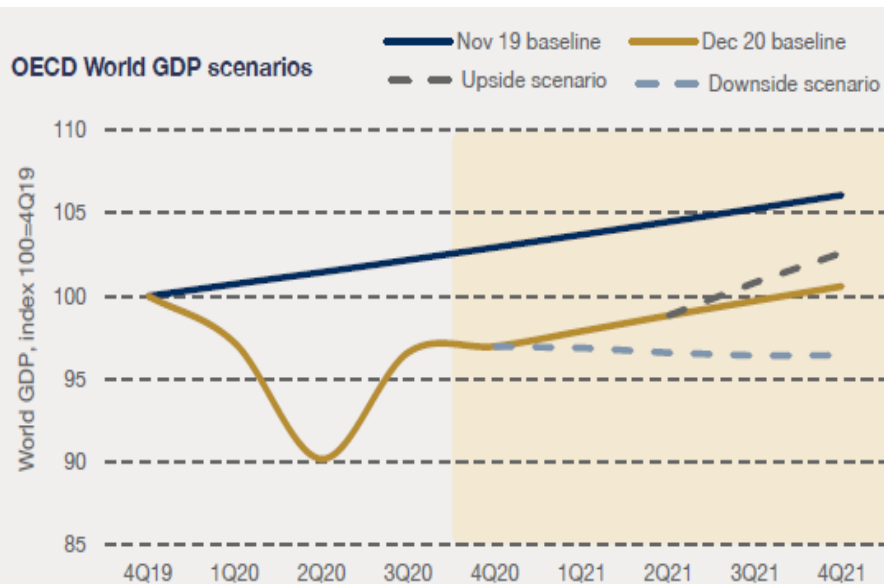
- Drewry, and Clarksons research forecast demand will exceed supply with a rebound in port handling activity in 2021. Nevertheless, the overall development will be influenced by the evolving measures to contain COVID-19 and the progress of vaccination campaigns. It is anticipated that the supply-demand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

		2019	2020(F)	2021(F)	2022(F)
Alphaliner	Supply	4.0%	2.6%	3.7%	2.9%
	Demand	2.6%	-1.4%	3.4%	3.2%
	<b>Gap</b>	<b>1.4%</b>	<b>4.0%</b>	<b>0.3%</b>	<b>-0.3%</b>
Drewry	Supply	4.0%	2.6%	4.5%	1.8%
	Demand	2.1%	-2.1%	8.9%	5.0%
	<b>Gap</b>	<b>1.9%</b>	<b>4.7%</b>	<b>-4.4%</b>	<b>-3.2%</b>
Clarksons	Supply	4.0%	2.9%	3.8%	1.5%
	Demand	1.7%	-1.1%	5.4%	3.2%
	<b>Gap</b>	<b>2.3%</b>	<b>4.0%</b>	<b>-1.6%</b>	<b>-1.7%</b>

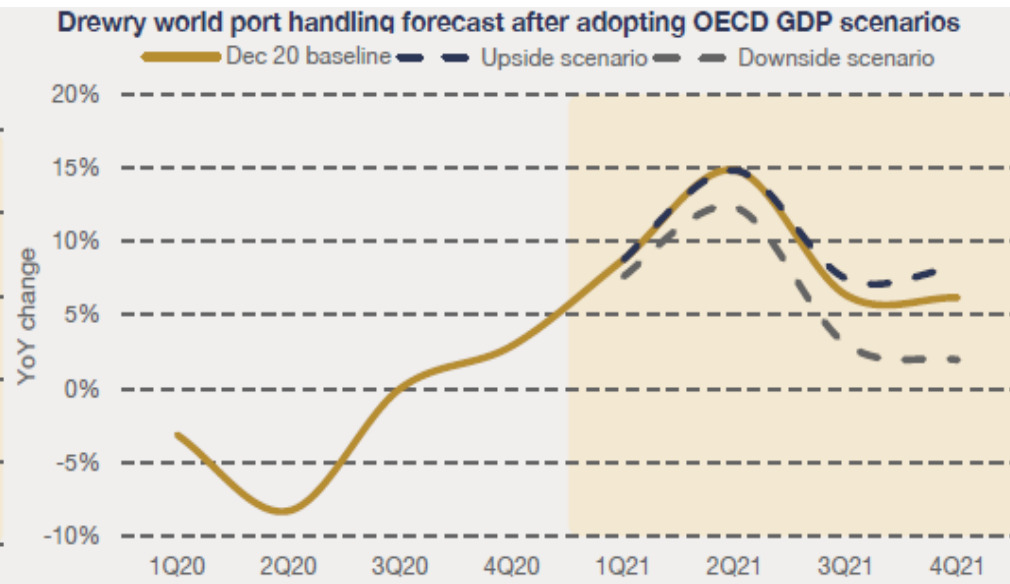
Source: Alphaliner Monthly Monitor, Mar. 2021; Drewry Container Forecaster 4Q 2020; Clarksons Container Intelligence 1Q 2021.

# 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 9.7%, from the baseline 8.9%. The downside scenario would trim the growth forecast to 6%.



Source: OECD Economic Outlook, December 2020

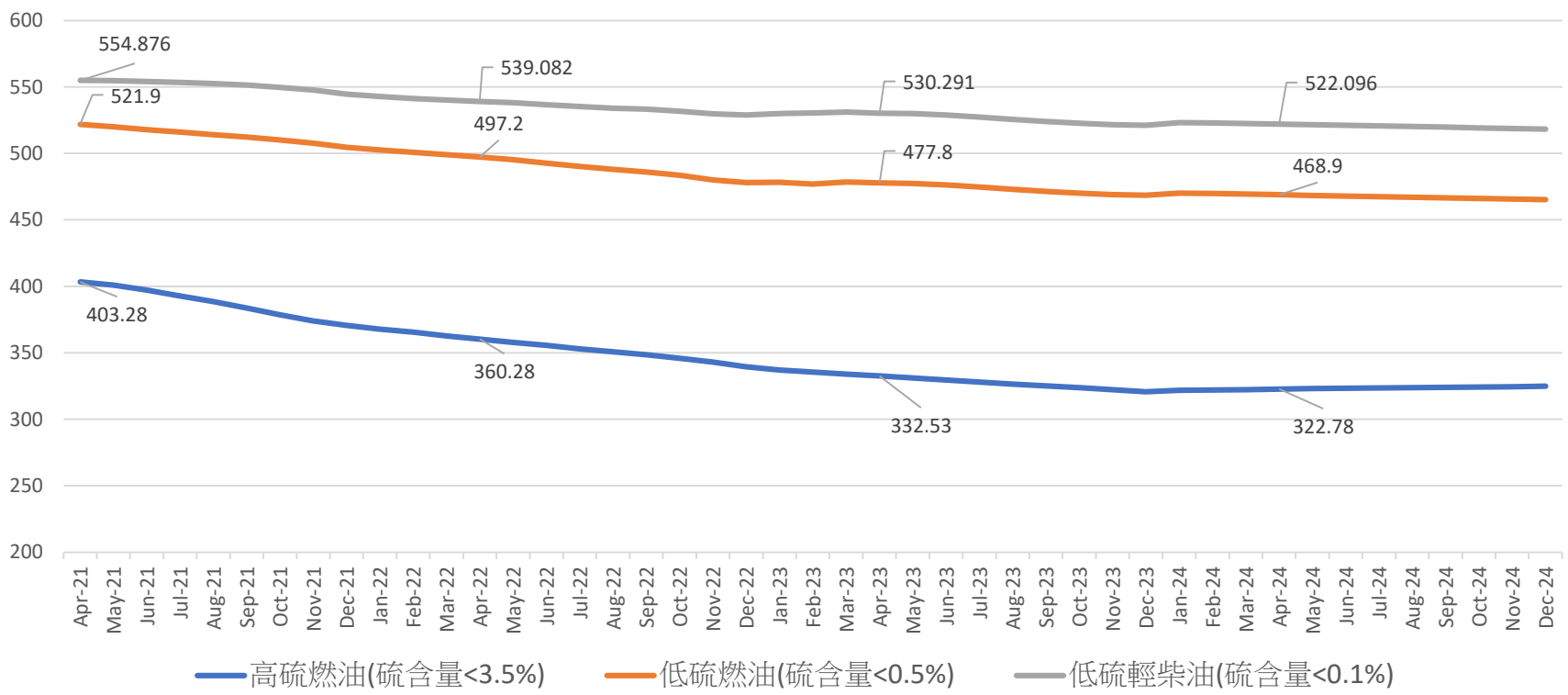


Source: Drewry Maritime Research, OECD Economic Outlook, December 2020

Source : Drewry Container Forecaster 2020Q4.

# 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 quarter of 2021, and as a result, Current spot price has been higher than Future Price. More universal and effective vaccinations will continuously be the key of economy development and Futures Price.



\*Source: MAR 11, World Fuel Services Corporation



# Business Information

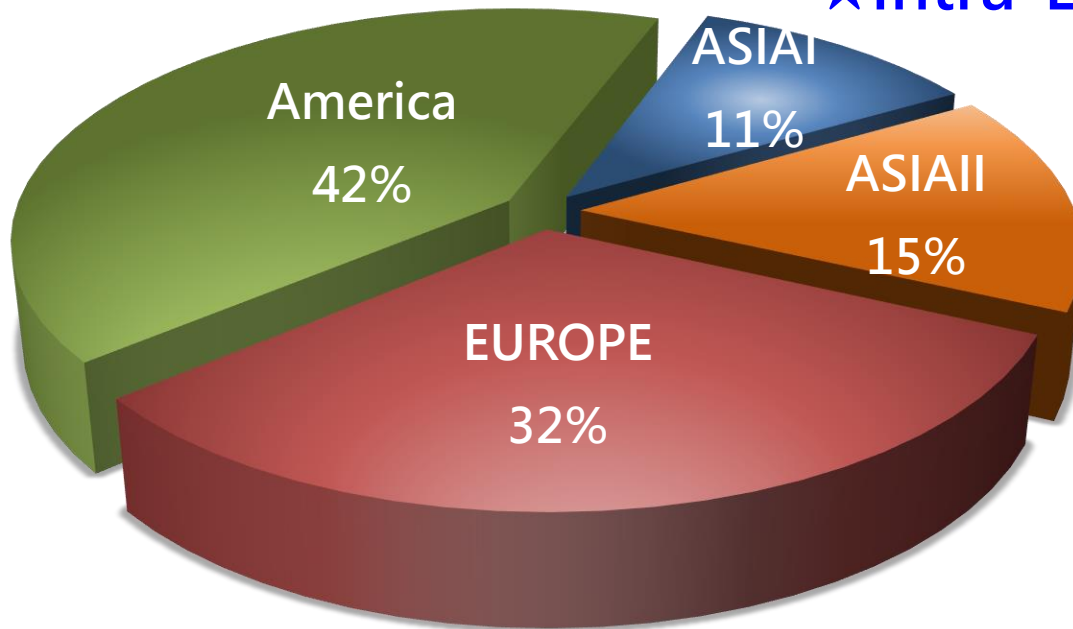


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# The Proportion of Consolidated Operating Income

★AWE、PSW、PNW

★Intra-East Asia



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

★NCP、MED、TA、IEU

Data interval:202001~202012

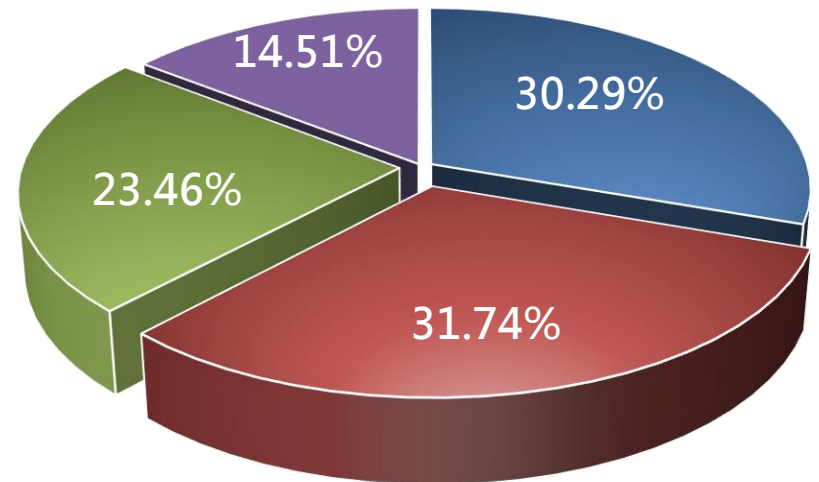
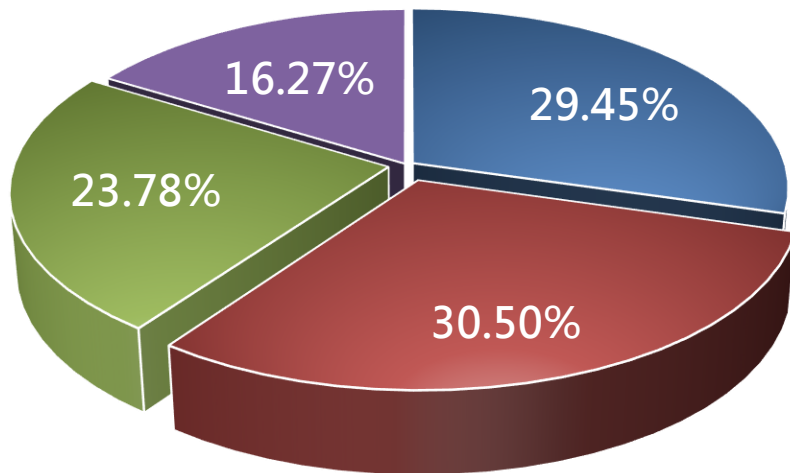
# Lifting Volume Analysis - Lifting Volume in Year 2020 decreased by 7% YOY

201901~12 : 5.43 million TEU

202001~12 : 5.07 million TEU

■ America ■ Europe ■ Asia I ■ Asia II

■ America ■ Europe ■ Asia I ■ Asia II



# Market Share and Rank

- As of 5<sup>th</sup> March 2021, YM' s market share is ranked 9<sup>th</sup> in the world.

Rnk	Operator	TEU	Share	Existing fleet	Orderbook
1	Maersk	4,121,447	16.9%		
2	Mediterranean Shg Co	3,869,196	15.9%		
3	COSCO Group	3,032,648	12.5%		
4	CMA CGM Group	2,996,010	12.3%		
5	Hapag-Lloyd	1,744,541	7.2%		
6	ONE (Ocean Network Express)	1,607,007	6.6%		
7	Evergreen Line	1,308,557	5.4%		
8	HMM Co Ltd	729,395	3.0%		
9	Yang Ming Marine Transport Corp.	627,267	2.6%		
10	Zim	412,547	1.7%		
11	Wan Hai Lines	326,335	1.3%		
12	PIL (Pacific Int. Line)	263,085	1.1%		

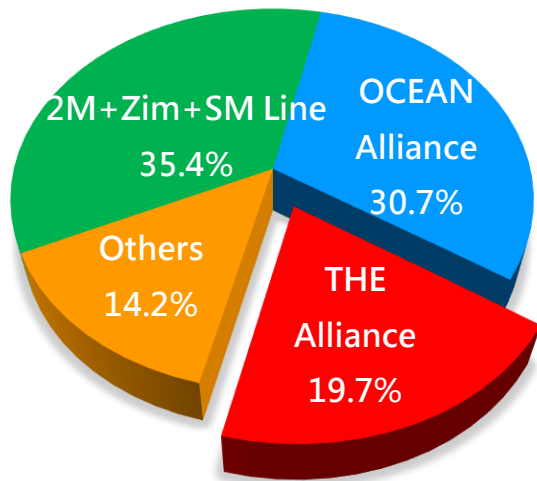
Source: Alphaliner, 5<sup>th</sup> Mar 2021.

# Trade Capacity Breakdown by Alliance

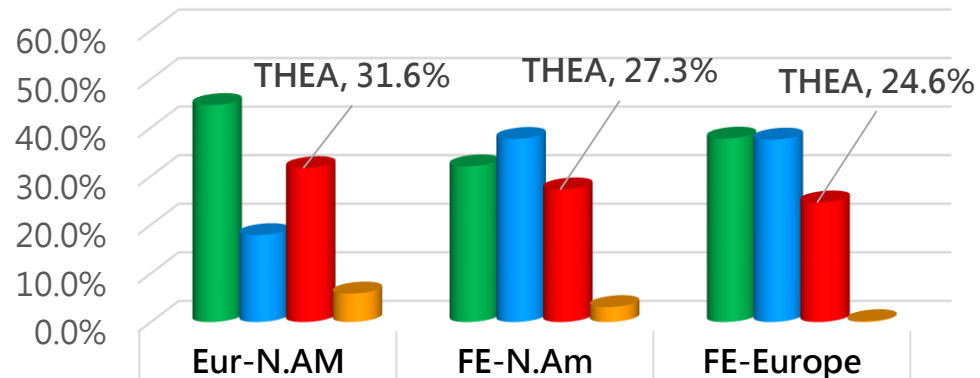
relative balanced on trade capacity

- THE Alliance accounts for 19.7% of global ship capacity, about 4.7 million TEU.
- 2M+Zim+SM Line occupies the highest proportion of global ship capacity, about 35.4%. OCEAN Alliance and THE Alliance share 30.7% and 19.7% 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%-31%.

Capacity Share by Alliance



E-W Trade Capacity Share by Alliance



	Eur-N.AM	FE-N.Am	FE-Europe
2M+Zim+SM	44.6%	32.0%	37.7%
OA	17.9%	37.7%	37.5%
THEA	31.6%	27.3%	24.6%
Others	5.8%	3.1%	0.2%

Source: Alphaliner Top 100 Report & East-West Capacity by Carriers (as per Mar 5 2021)

# Financial Results

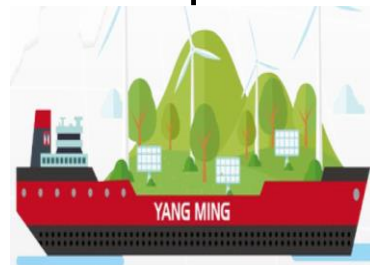


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# The Proportion of Consolidated Operating Revenue of Yang Ming Group



**Logistics**  
**3.80%**



**Bulk**  
**1.46%**



**Container Shipping**  
**94.46%**

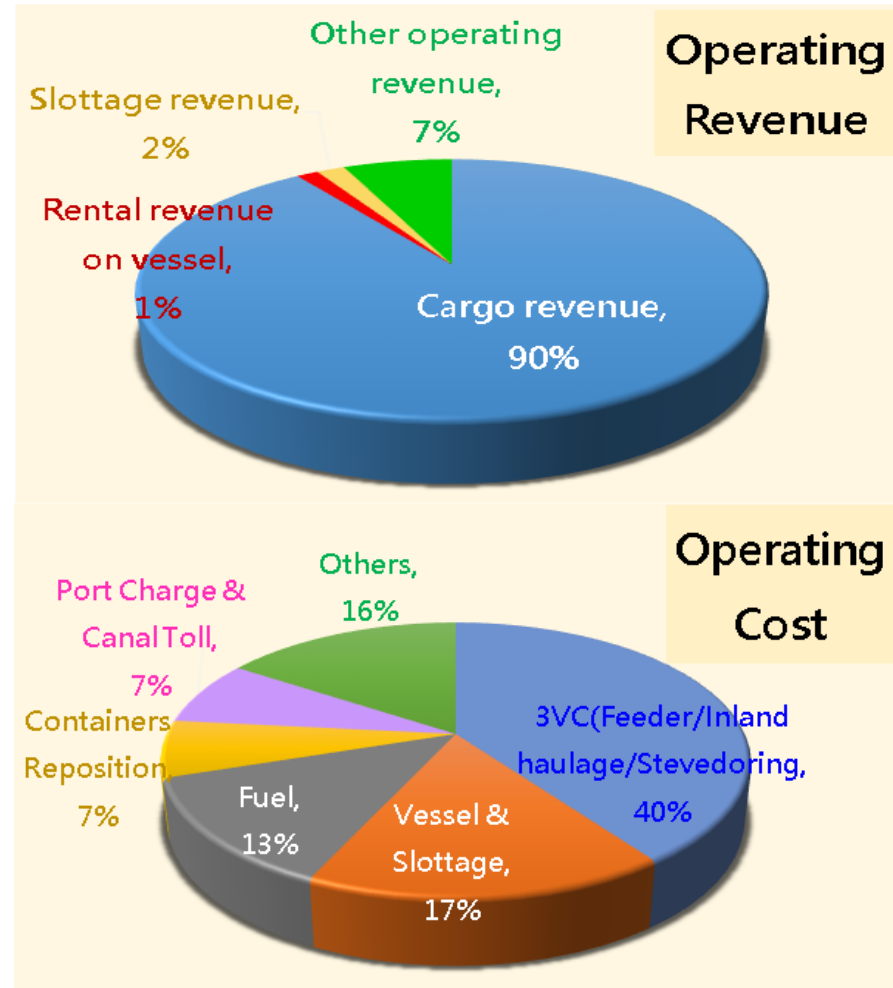


**Wharf**  
**0.19%**

# Consolidated Income Statement 2020

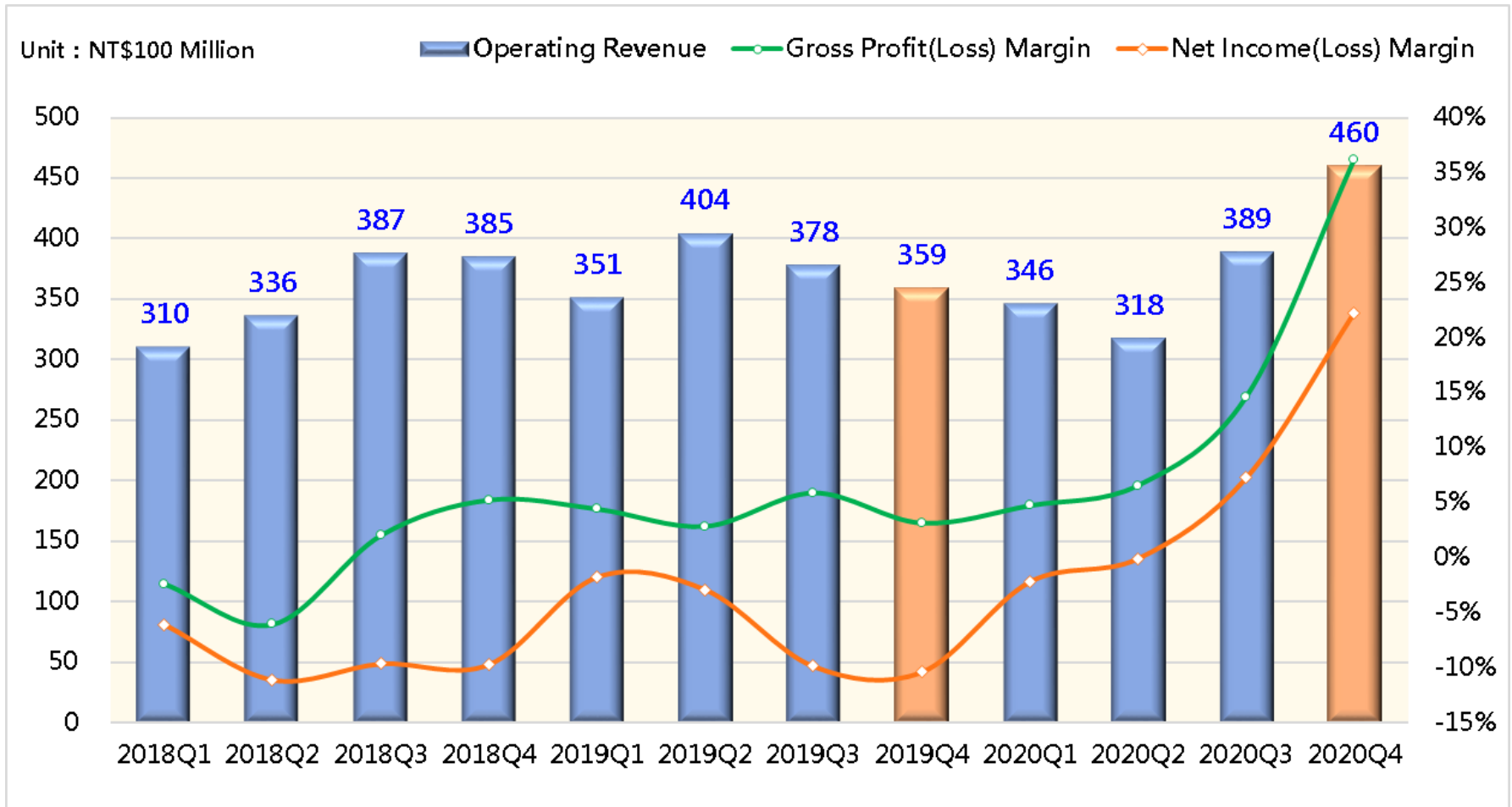
Unit : NT\$ Million

Items	2020
Operating Revenue	151,277
Gross Profit	26,084
Operating Income(Loss)	19,460
Net Income(Loss)	12,187
Profit(Loss),attribute to owners of the parent	11,977
EPS	4.51

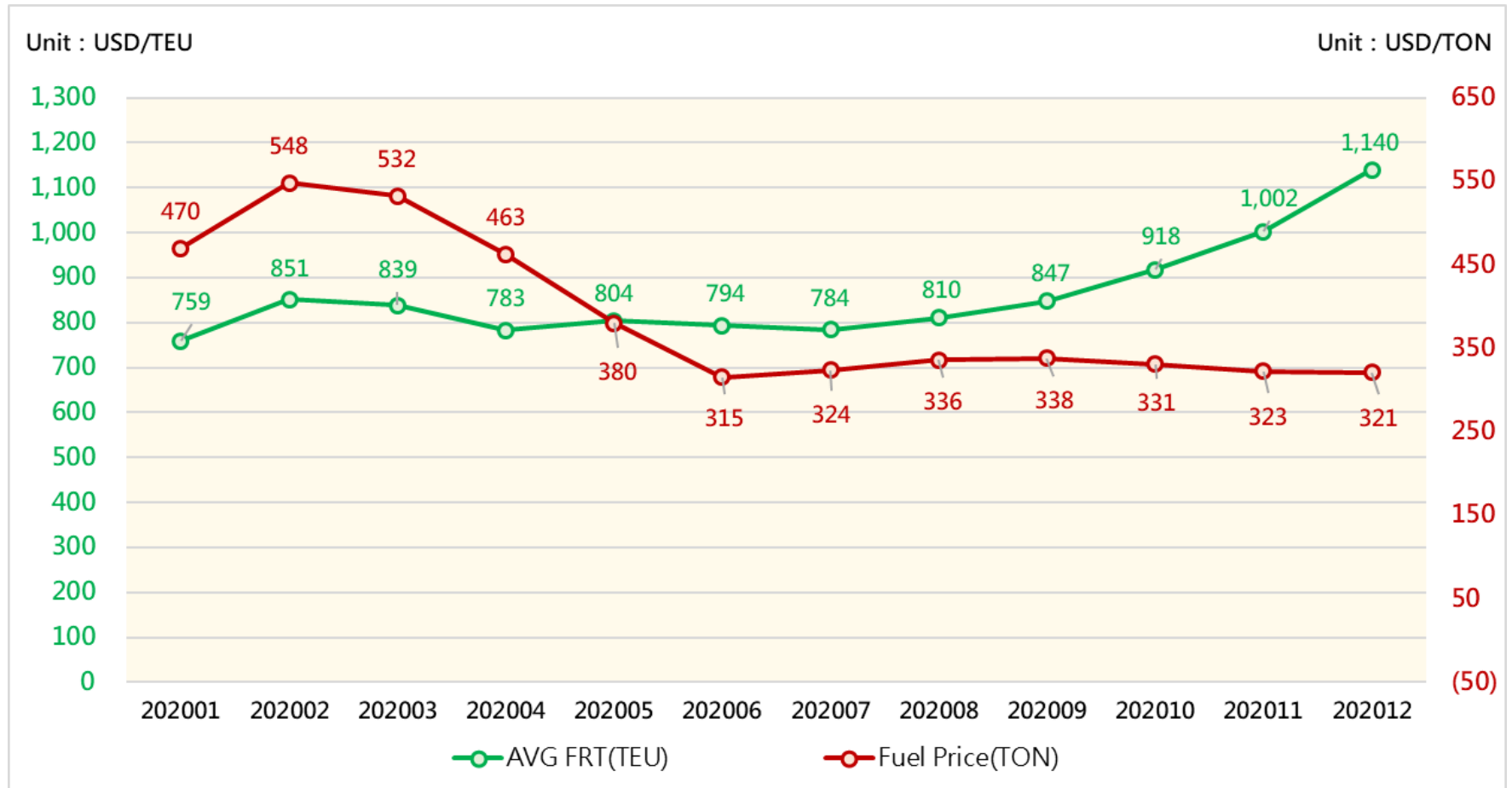




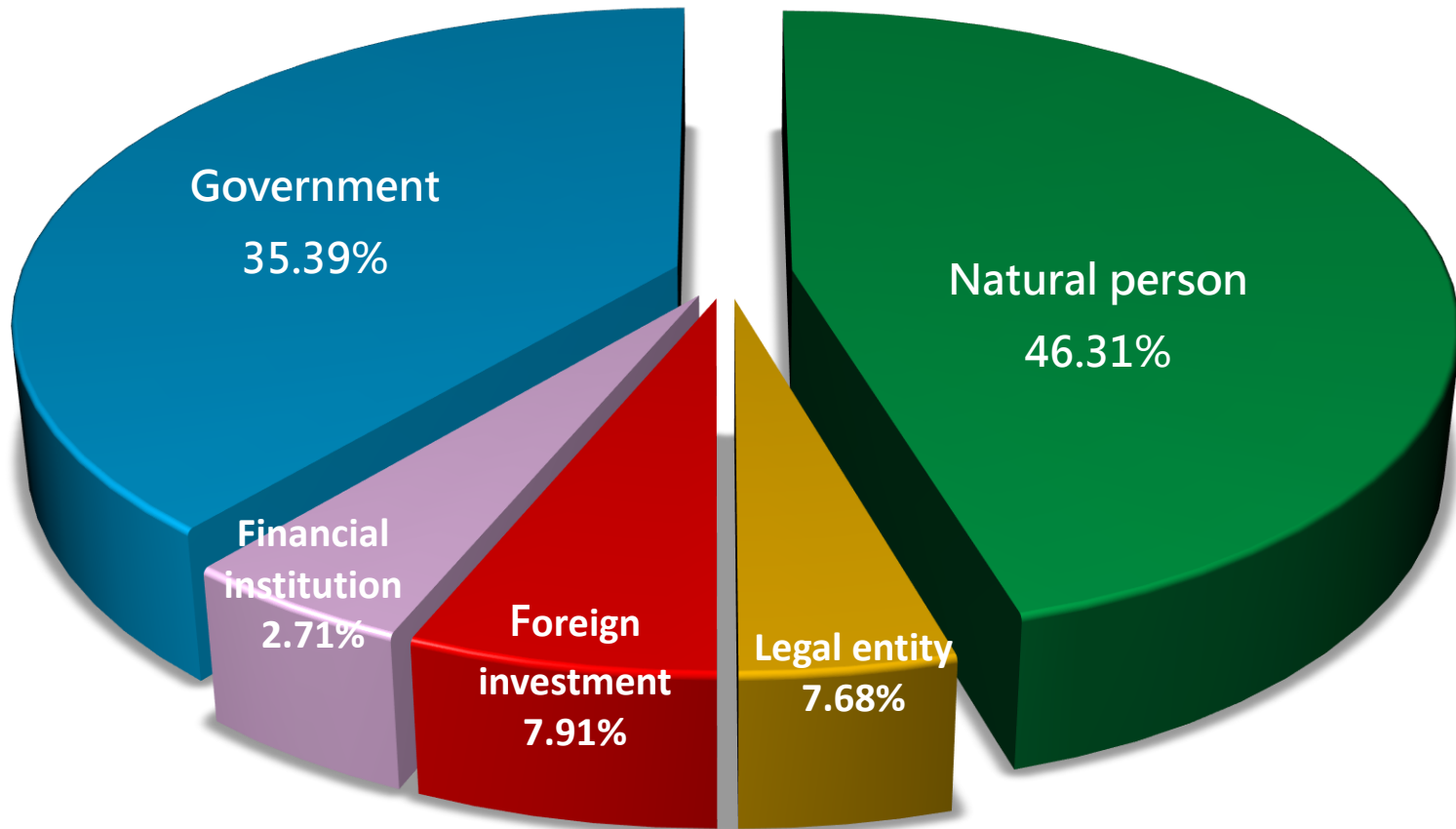
# Consolidated Operating Income, Gross Profit(Loss) Margin and Net Income(Loss) Margin



# Consolidated Operating FRT rate and Fuel price



# Structure of Shareholders



Note : The latest closing date was March 16,2021,and the company 5<sup>th</sup> secured convertible bond has converted into 730,769 thousand common stock shares.

# 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

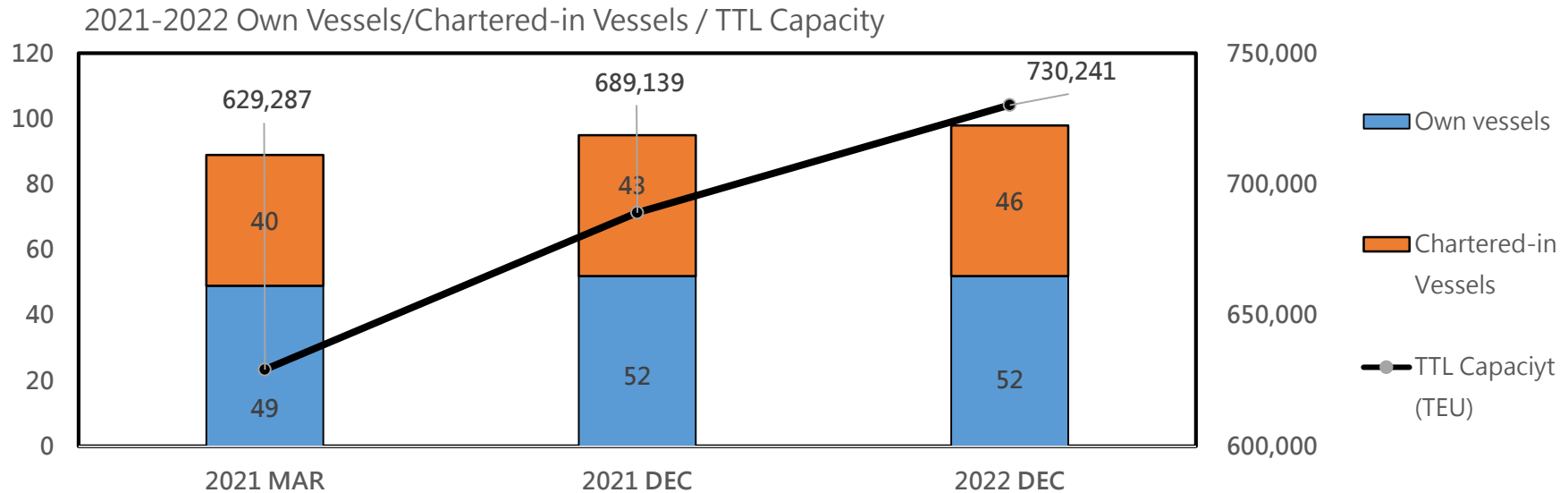
- Strengthen current joint service cooperation on South America/ISC/Middle East/Red Sea/Australia trades.
- Pursue opportunities to develop niche markets so as to enhance competitiveness.

## 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 31<sup>st</sup> MAR 2021, there are 89 vessels in Yang Ming's fleet, and total capacity is 629,287 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 and 2022.

# 2021 Future Prospects

Q2

The market rate in Q2 will be at relatively high level as the situation of equipment shortage and port congestions continues in the short term. However, countries in Ramadan period might lead to slightly drop in freight rate and volumes.

Q3-Q4

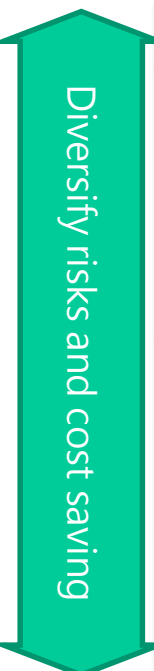
Under the unusual market circumstances, below factors should be taken into account while forecasting the H2 performance:

1. Pandemic is under control.
2. Oil price is stabilized.
3. The S/C renewal rates in TP trade is more promising than last year.

Overall, we still anticipate the prospect of Y2021 is profitable as global demand and supply will remain balanced in post-pandemic era.

# Solutions for Environmental Regulations

## Diversify risks and cost saving

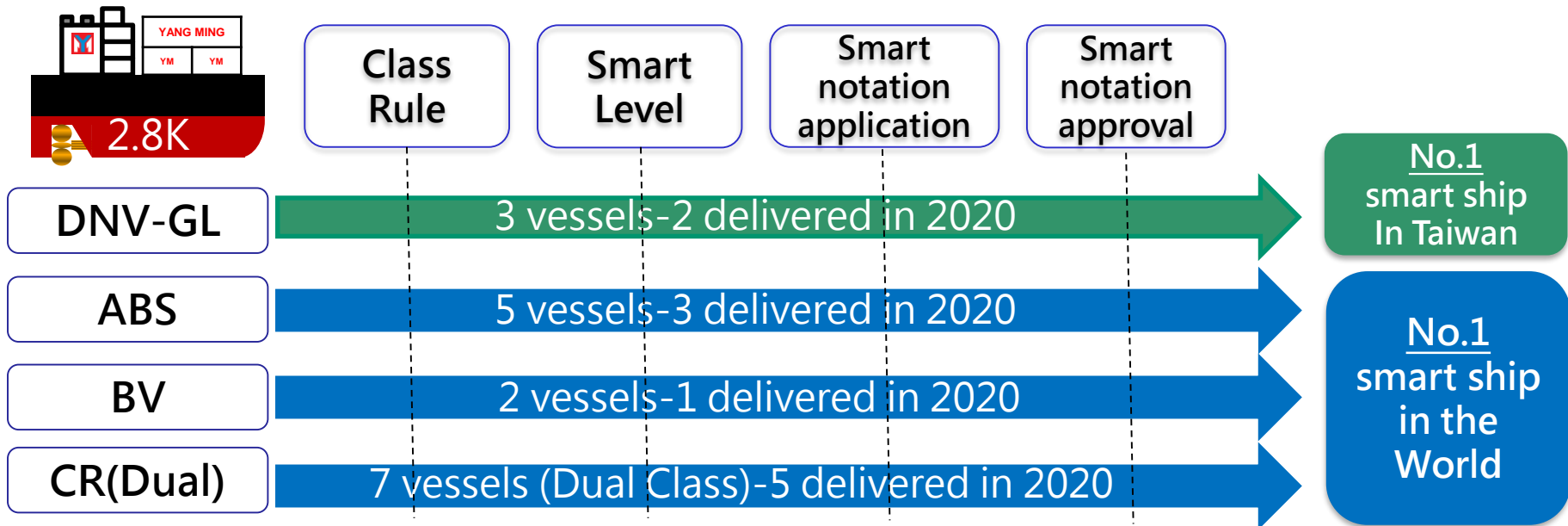


Main solutions for IMO 2020	ECA	Open sea	Remark
LNG (non-fossil fuel)	Both adoptable		It will be taken into consideration as a long term solution for next generation' s newbuilding plan after a comprehensive feasibility simulation and economic benefits is fully evaluated.
ULSFO/LSMGO (S<0.1%)	0.1%	0.5%	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

