

TSE: 2603



Evergreen Marine Corp. 2019 Investor Conference



Challenge • Innovation • Teamwork

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Outline



- 1. Company Overview**
- 2. Financial Results**
- 3. Container Shipping Outlook**
- 4. Business Strategy**





1. Company Overview

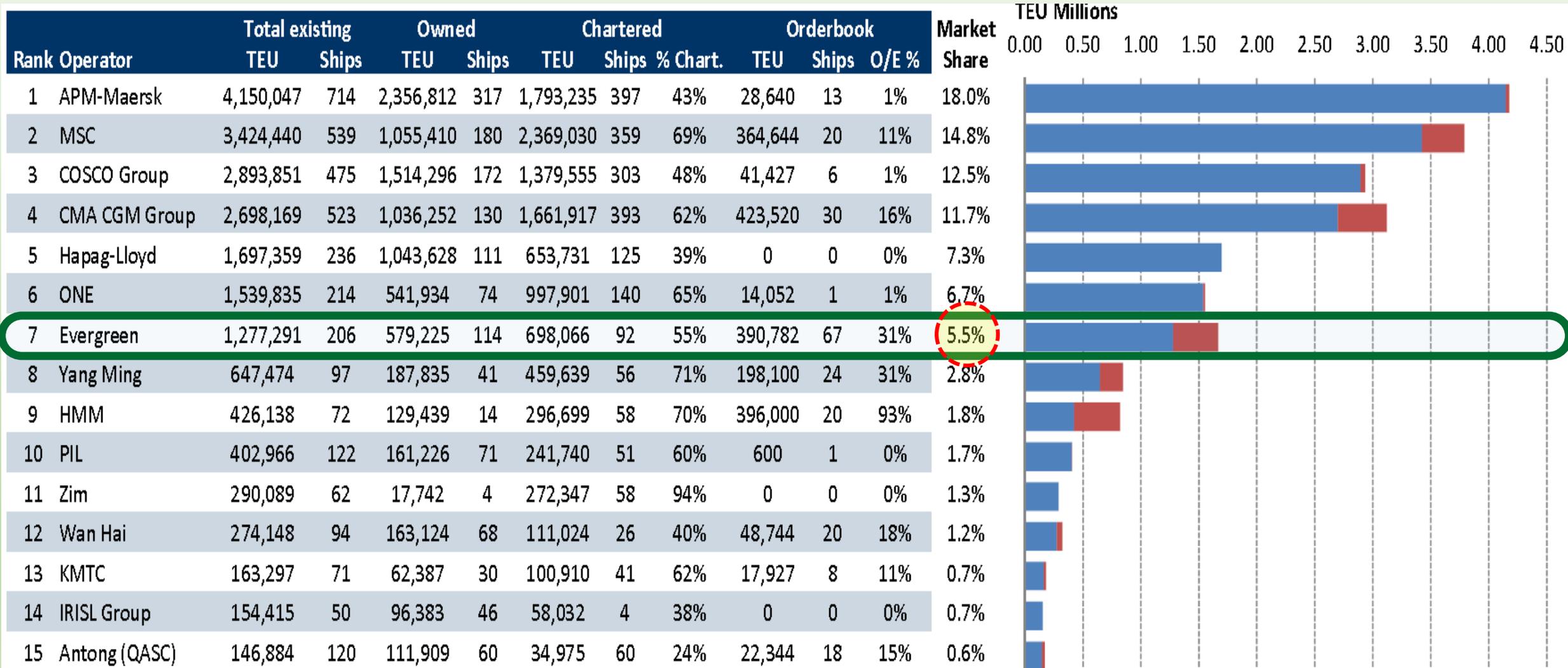


**Evergreen Line Ranked
7th in Capacity**

**Intensive Service
Network**

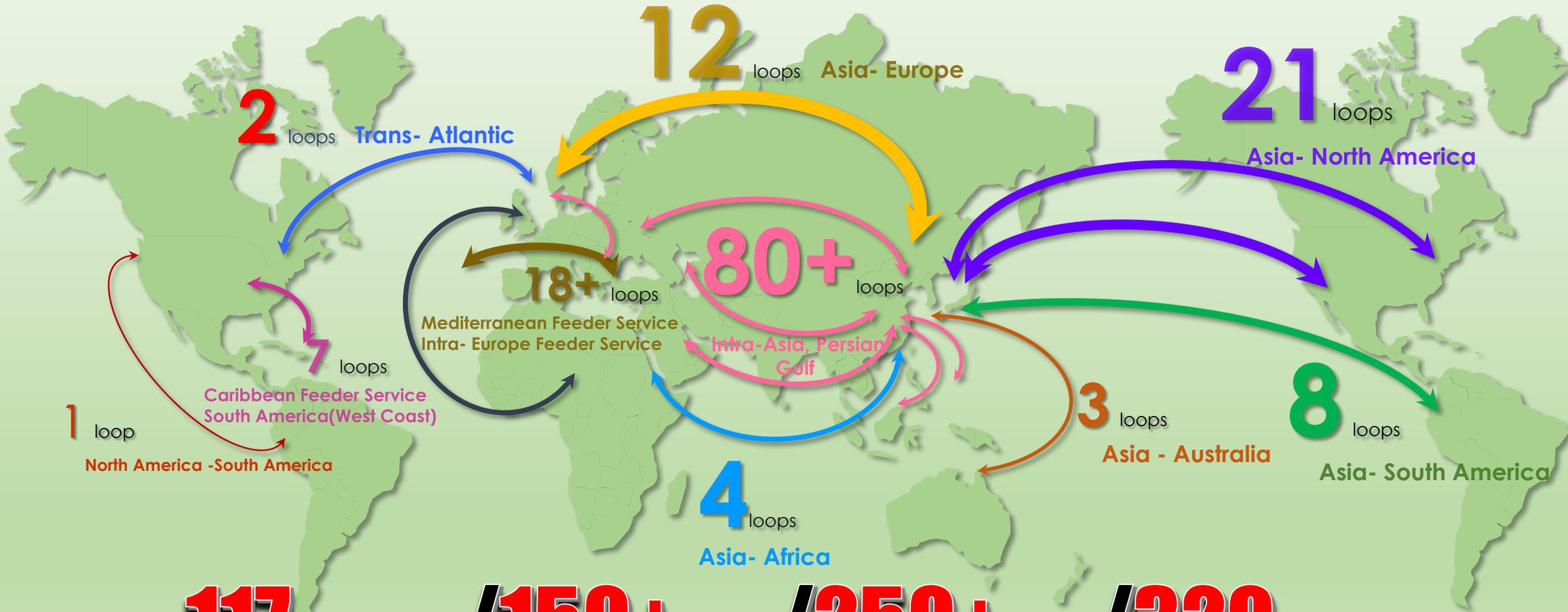
**Continuous Fleet
Renovation**

Evergreen Line currently ranked 7th in Capacity



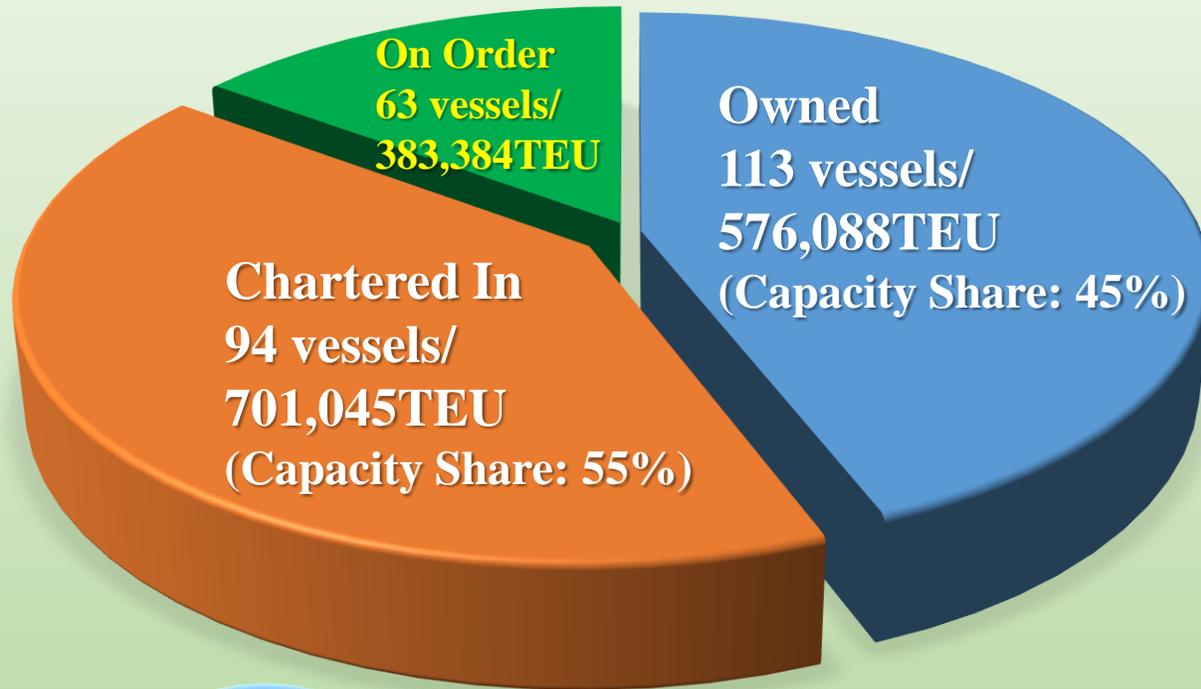
Source : Alphaliner Monthly Monitor Report July 2019

Intensive Service Network

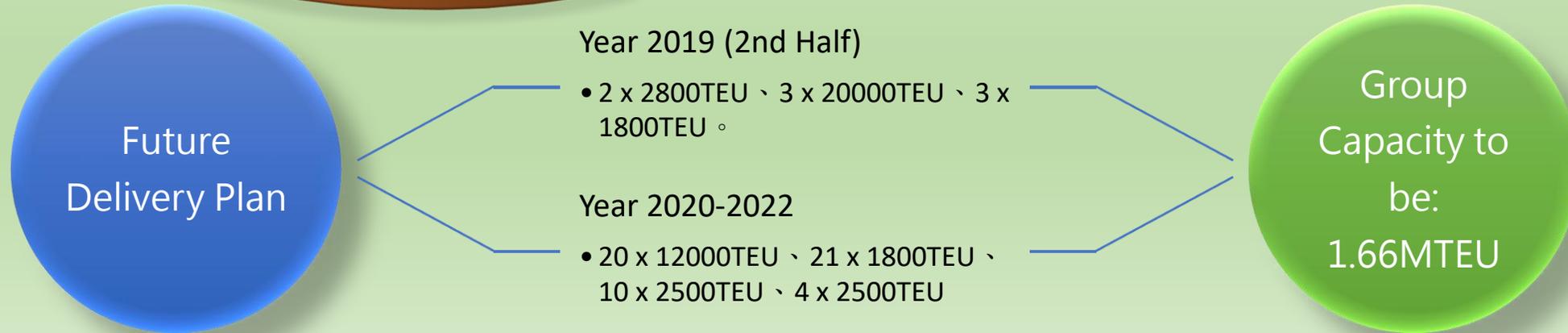


117 Countries / **150+** loops / **250+** Ports / **320** offices

Continuous Fleet Renovation



Evergreen Group Capacity
207 vessels/ 1,277,133TEU
(Up to 20190701)





2. Financial Results

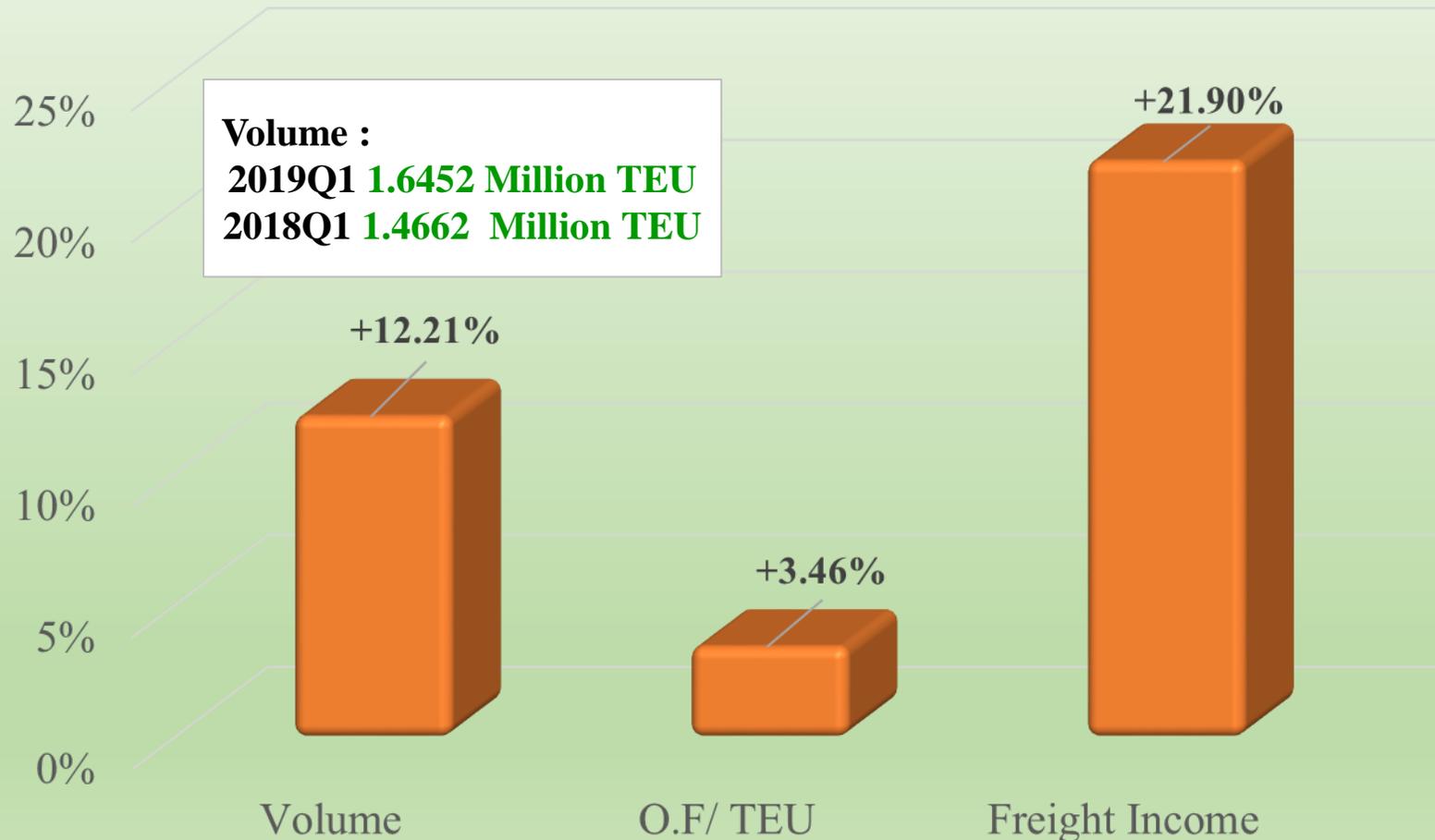


Steady Growth in Revenue

Hovering Burden of Fuel Cost

Better YoY Profit Margin

Consolidated Operating Revenue Analysis (2019Q1 vs. 2018Q1)

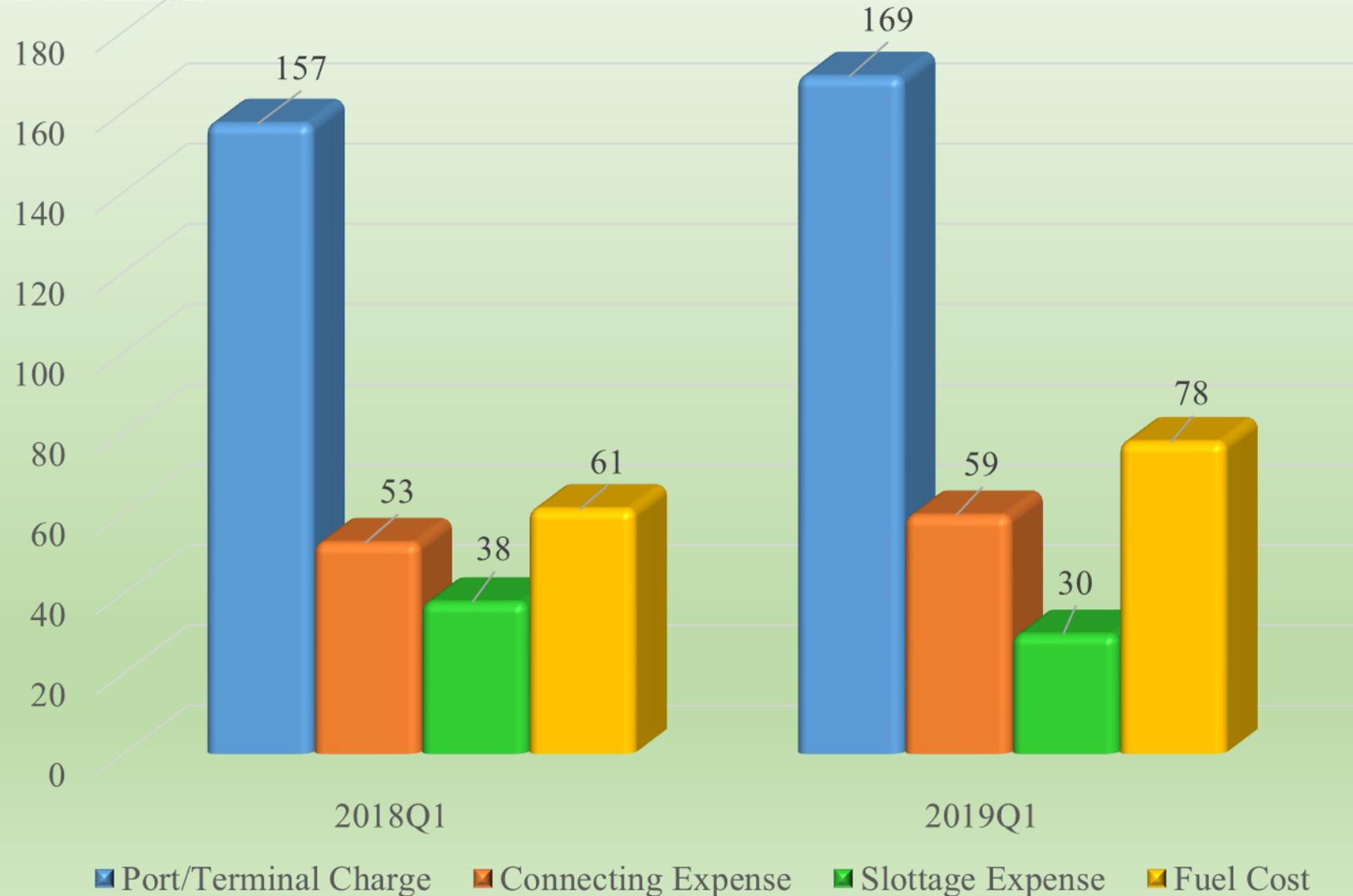


- ◆ The Volume increased by 12.21%.
- ◆ Average O/F Rate (USD/ TEU) increased by 3.46%.
- ◆ Marine Freight Income increased by 21.90%.



Consolidated Main Operating Costs Analysis

NT \$ 100 Million



◆ 2018Q1 V.S. 2019Q1

- The Volume increased by 12.21%.
- Port/ Terminal Charge increased by 7.49%.
- Connecting Expense (transshipment/ logistic) increased by 12.99%.
- Slottage Expense decreased by 21.21%.
- Fuel Cost increased by 27.38%.



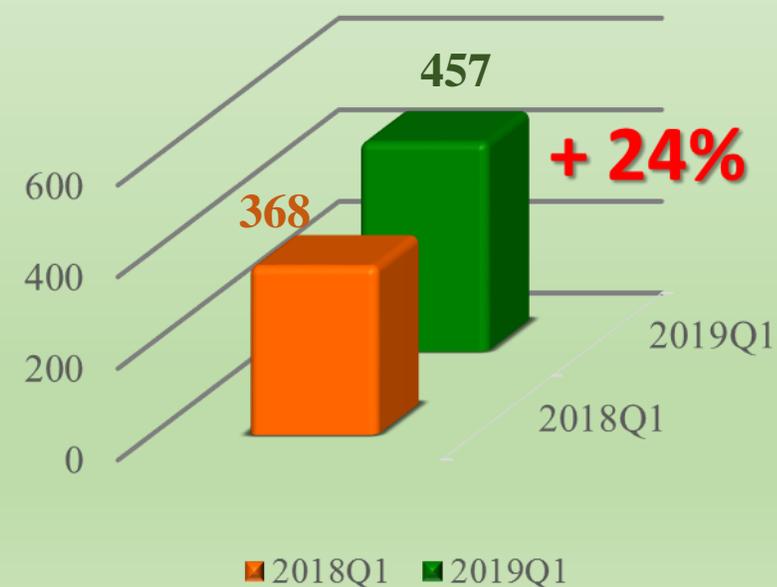
Consolidated Income Statement

Unit: NT\$ Millions

Item	2018Q1	2019Q1	Growth %
Operating revenue	36,840.69	45,697.05	24%
Gross Profit (Loss)	909.15	3,424.76	277%
Operating Income (Loss)	(22.60)	1,303.08	5,866%
Net Income (Loss)	15.88	463.91	2,821%
Profit(Loss), attribute to owners of the parent	137.26	559.57	308%
EBITDA	2,341.55	6,869.42	193%
EPS	0.03	0.12	

Unit: NT\$ 100 Millions

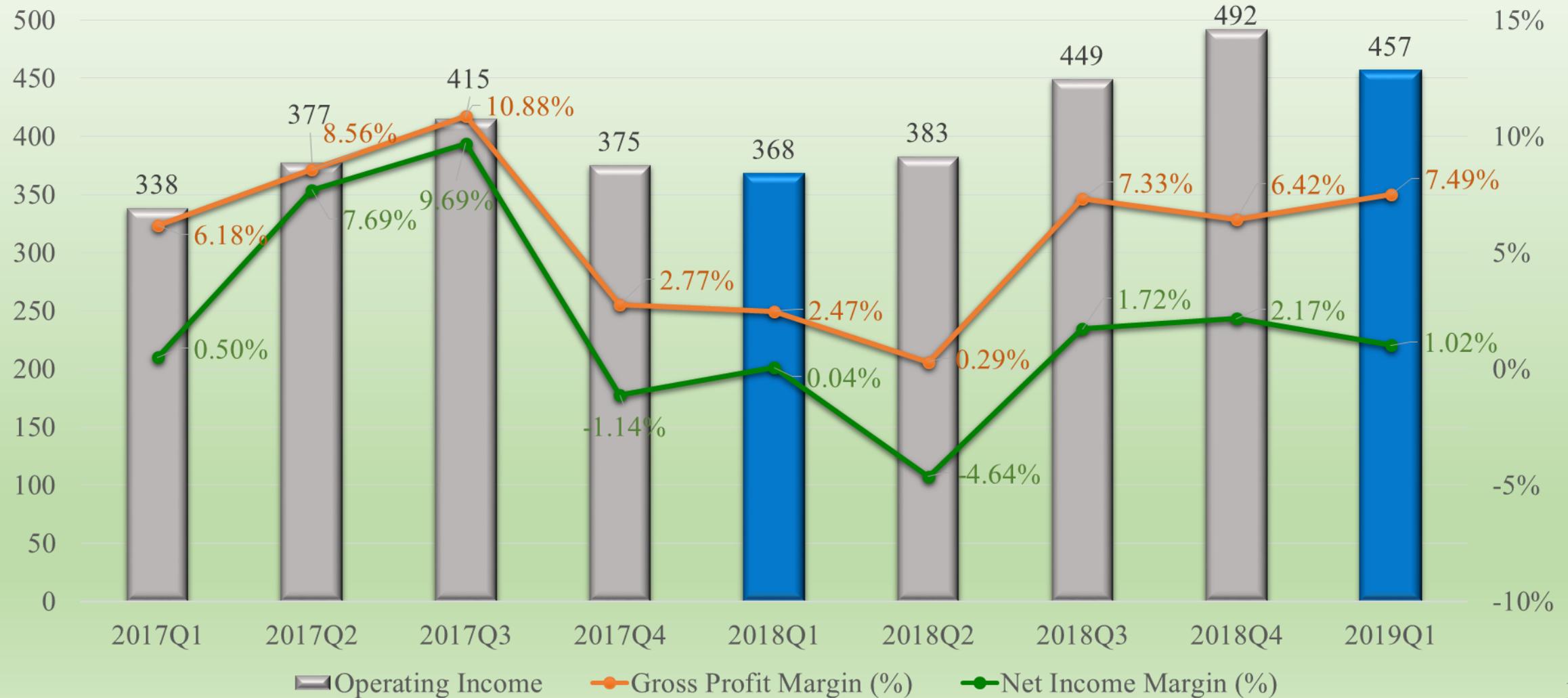
Operating Revenue of EMC



Consolidated operating income, gross profit margin and net income margin



NT \$ 100 Millions





3. Container Shipping Outlook



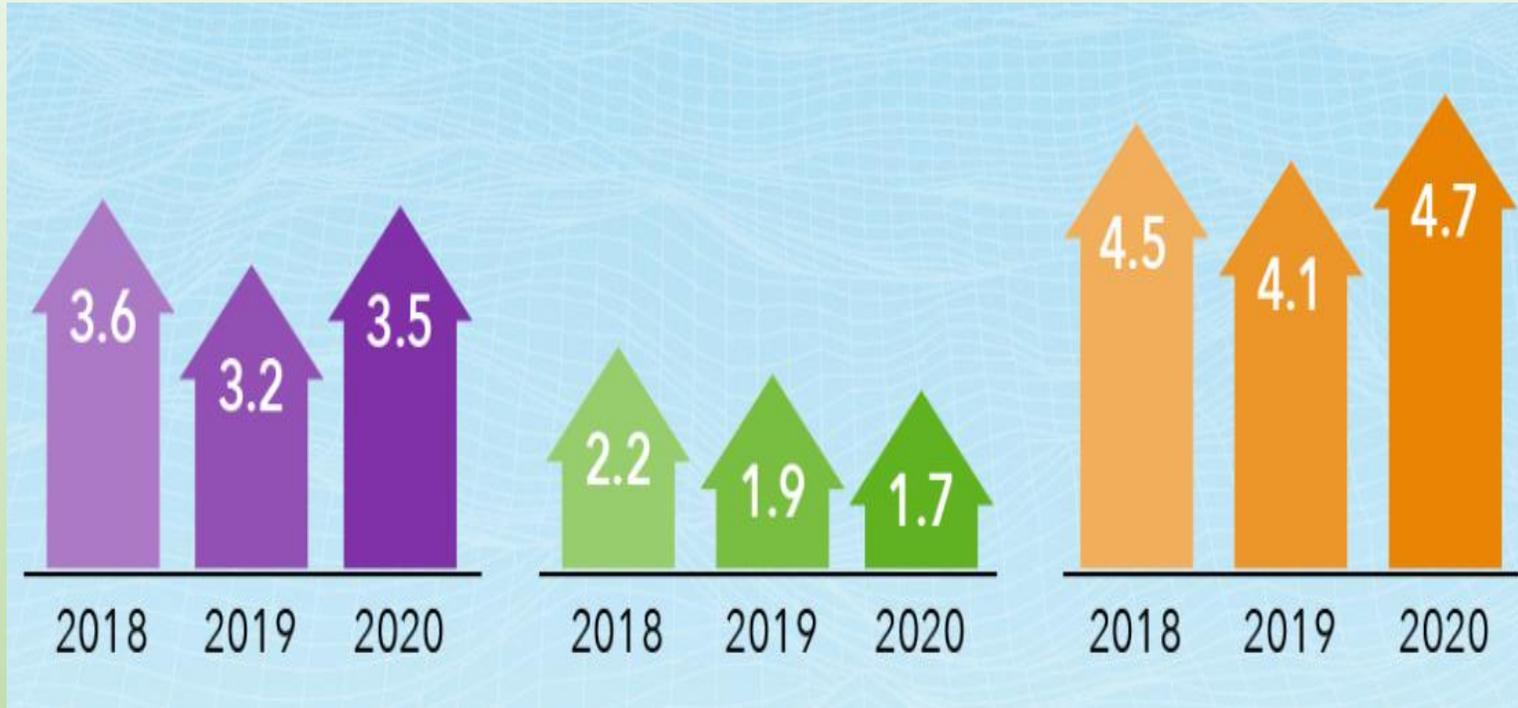
Moderate Growth in World Economy

Narrowing Gap between Supply and Demand

IMO2020 Low Sulfur Regulations



Moderate Growth in World Economy



World Economy

Advanced economies

Emerging Market and developing economies

IMF latest World Economic Outlook:

- World GDP growth Forecast:
2019 3.2%
2020 3.5%

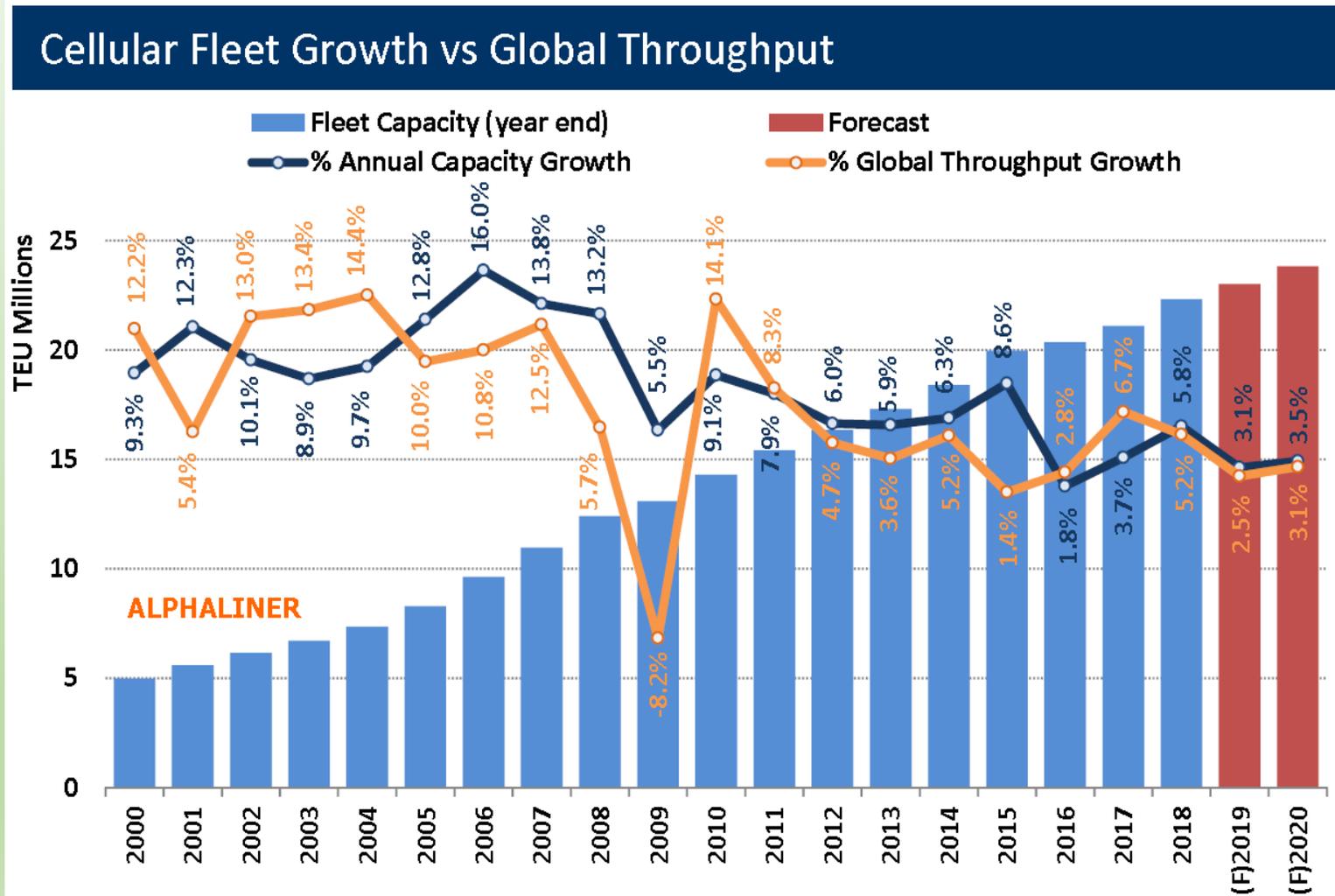
Forecast of economic growth rate of the world's leading economies:

- U.S.A.: 2019 2.6%, 2020 1.9%
- Euro Area: 2019 1.3%, 2020 1.6%
- China: 2019 6.2%, 2020 6.0%

Source : 2019.07 IMF – World Economic Outlook



Narrowing Gap between Supply and Demand



Alphaliner forecasts 2019 market volume growth slightly lower than total capacity growth rate.

Demand 2.5% vs Supply 3.1%



Estimated 2020 market volume growth will get closer to total capacity growth

Demand 3.1% vs Supply 3.5%

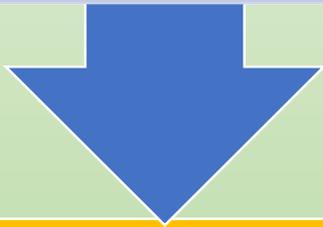
Source : Alphaliner Monthly Monitor Report July 2019



IMO2020 Low Sulfur Regulations

IMO 2020 Regulations

From January 2020, the IMO will ban ships from using fuels with a sulfur content above 0.5%. (0.1% cap has been implemented in Emission Control Areas since July 2015.)

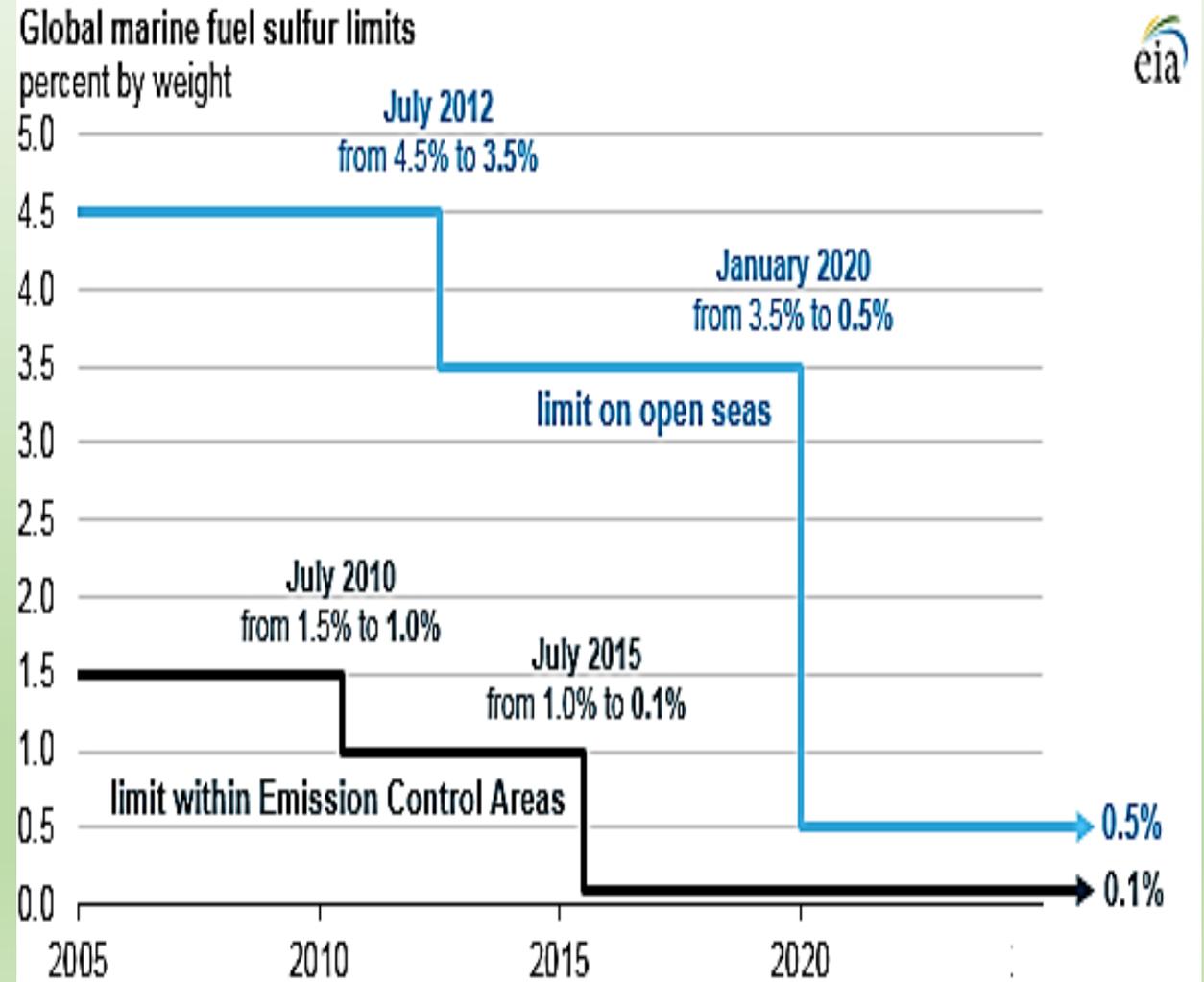


Shipping Lines' 3 Options:

Using 0.5% VLSFO

Using alternative energy, such as Liquefied Natural Gas (LNG)

Installing Sox scrubber





4. Business Strategy



Steer Along the Trade War

Build Ships with Scale/Fuel Economy

Install Scrubber to Save Earth and Cost

Enhance Cloud Shipping E-Service



Steer Along the Trade War

Far East to U.S.

China: **volume** drops 5.2%, **share** drops 4.3%

SE Asia: **volume** adds 21.5%, **share** adds 3.4%

2014 – 2018 share: 68.97%

2018 (01-05) share: 68.49%

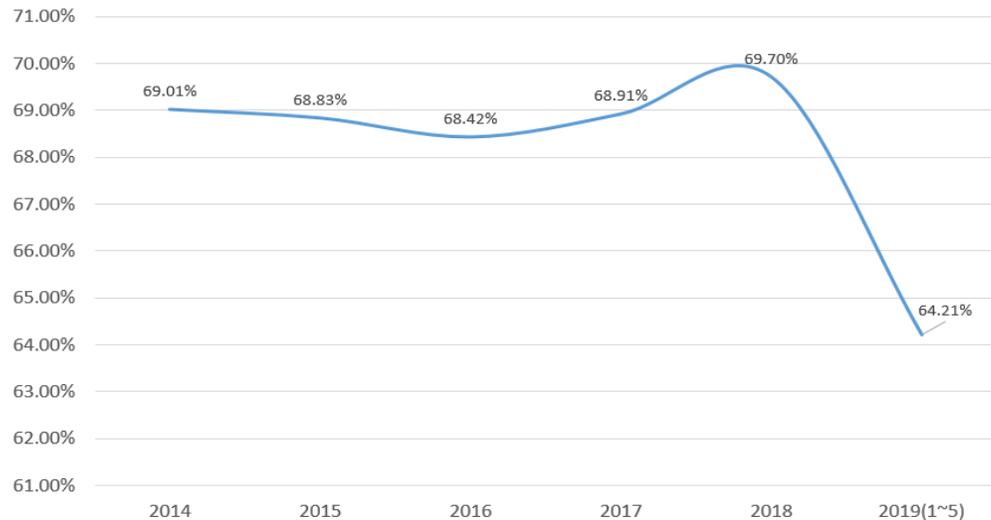
2019 (01-05) share: 64.21%

2014 – 2018 share: 15.76%

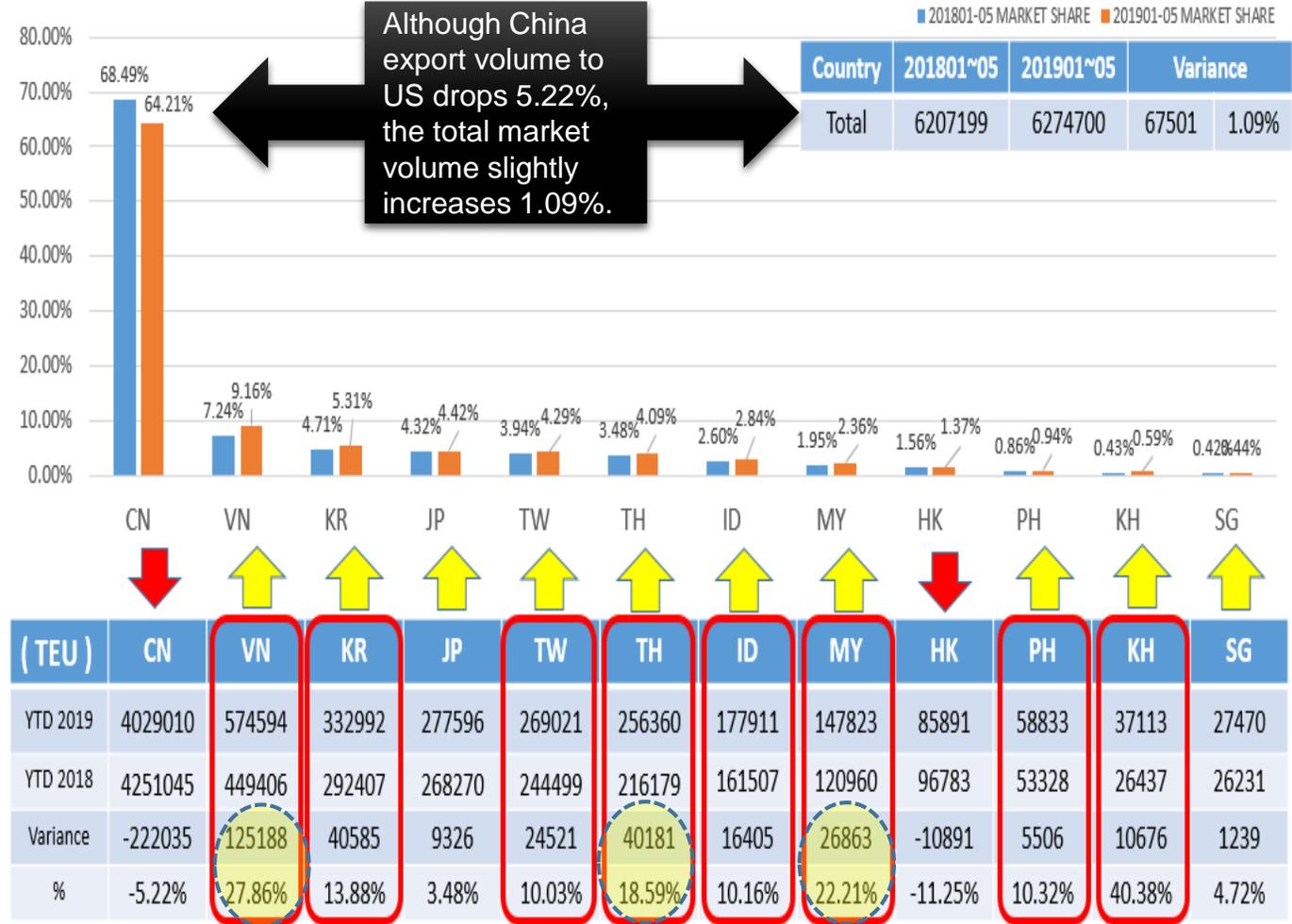
2018 (01-05) share: 16.98%

2019 (01-05) share: 20.40%

2014 - 2019(01~05) TPEB CN Market Share

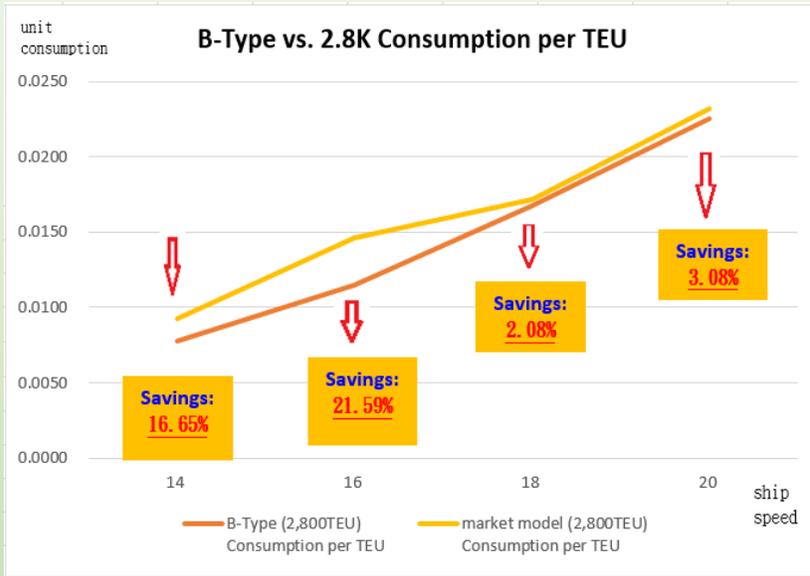


2018/2019 01~05 TPEB Market Share by Countries



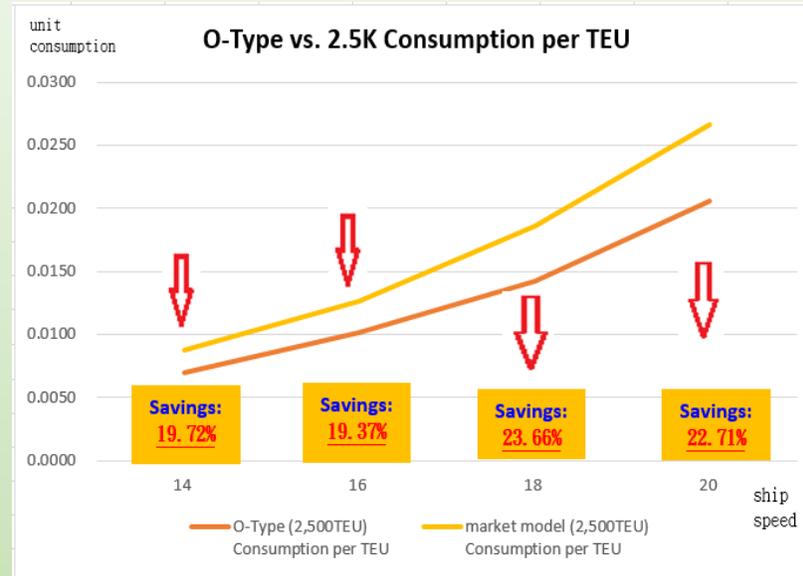


Building New Ships with Scale and Fuel Economy



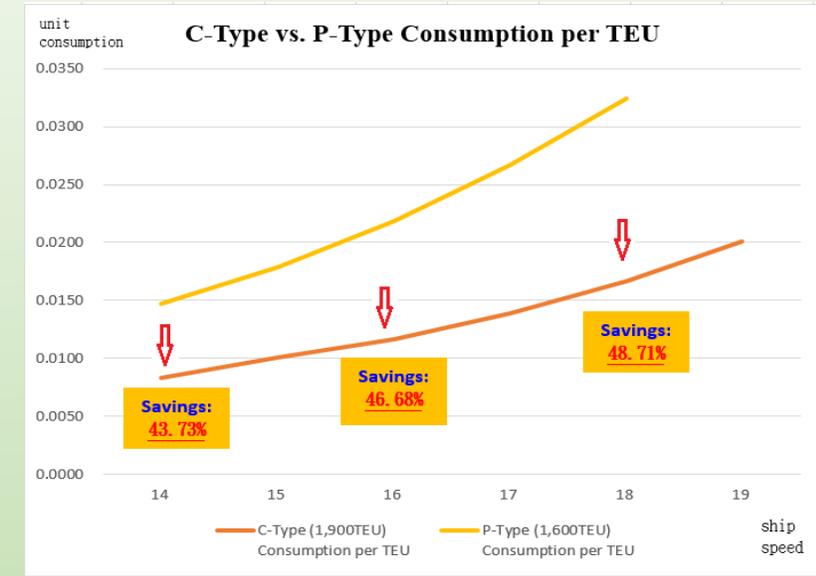
Evergreen B-Type Profile

- **Number: 20 vessels**
- LOA/Beam: 211m/32.80m
- Design Draft: 10.00m
- **Container Intake: 2,800TEU**
- Vessel Feature: Advanced wide beam design; max ship speed up to 21.8 Knots.
- Delivery Year: 2017 - 2019



Evergreen O-Type Profile

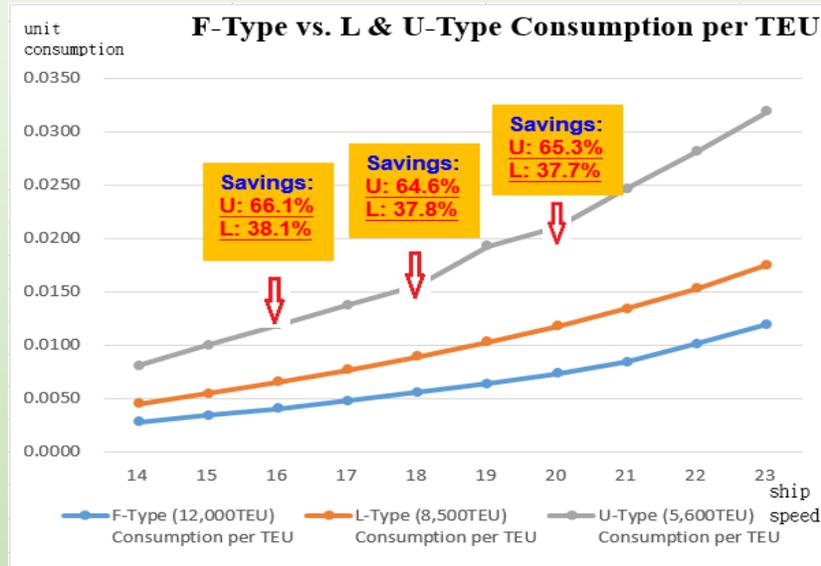
- **Number: 14 vessels**
- LOA/Beam: 194.90m/32.20m
- Design Draft: 10.00m
- **Container Intake: 2,500TEU**
- Vessel Feature: Advanced wide beam and shorter LOA design for shallower draft and length restricted ports in the intra-Asia trade; max ship speed up to 20 Knots.
- Delivery Year: 2021 - 2022



Evergreen C-Type Profile

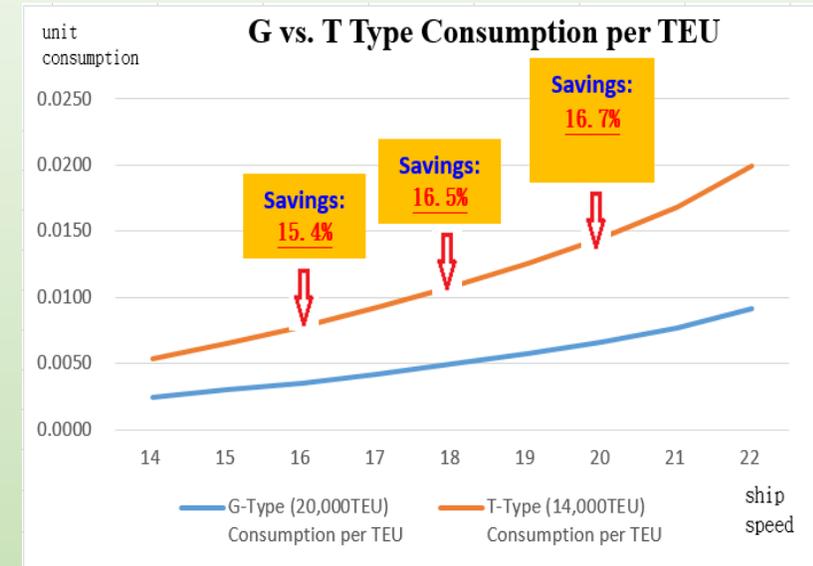
- **Number: 24 vessels**
- LOA/Beam: 171.90m/28.40m
- Design Draft: 8.50m
- **Container Intake: 1,900TEU**
- Vessel Intake: Bangkok-max design for shallower draft with better loadability; max ship speed up to 20 Knots.
- Delivery Year: 2019 - 2022

Building New Ships with Scale and Fuel Economy



Evergreen F-Type Profile

- Number: 20 vessels
- LOA/Beam: 333.90m/48.40m
- Design Draft: 13.00m
- **Container Intake: 12,000TEU**
- Vessel Feature: Ship hull design adopts a twin-island concept which enhances navigation visibility and loadability, and can pass through the Panama Canal; max ship speed up to 23 knots.
- Delivery Year: 2020 - 2021



Evergreen G-Type Profile

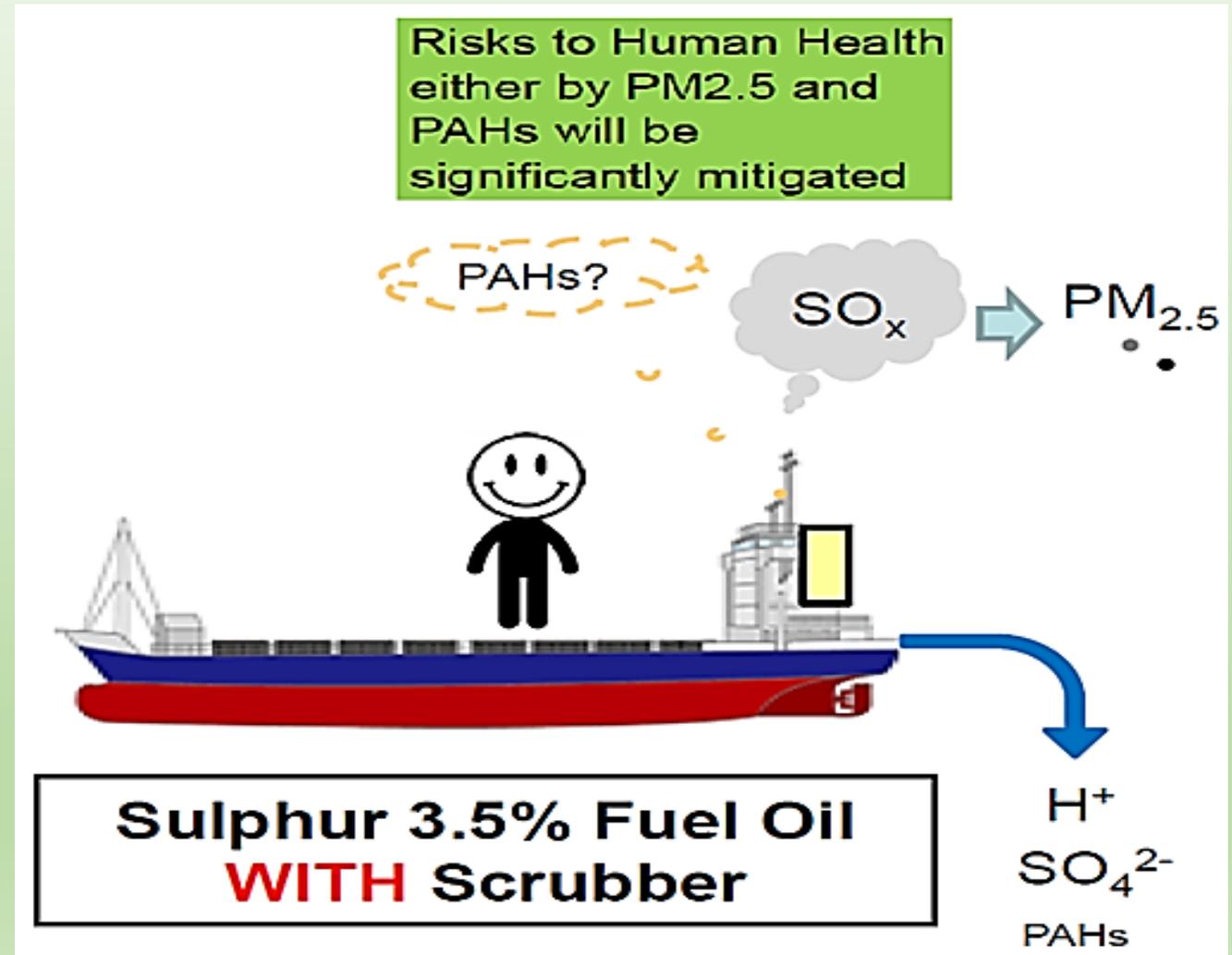
- Number: 11 vessels
- LOA/Beam: 400.00m/58.80m
- Design Draft: 14.50m
- **Container Intake: 20,000TEU**
- Vessel Feature: ship hull with optimized design that requires minimum ballast water to maximize loadability; max ship speed up to 22.8 Knots.
- Delivery Year: 2018 - 2019



Install Scrubber to Save Earth and Cost

Open-looped scrubber is already scientifically certified of no adverse impacts on environment by “CSA (Clean Shipping Alliance)”, “Danish Ministry of the Environment” and “Japanese Ministry of Land, Infrastructure, Transportation and Tourism”.

To meet the requirement of upcoming 2020 Global Sulphur Cap, Evergreen will install approved exhaust gas cleaning scrubbers on major fleet ships to clean the emissions.





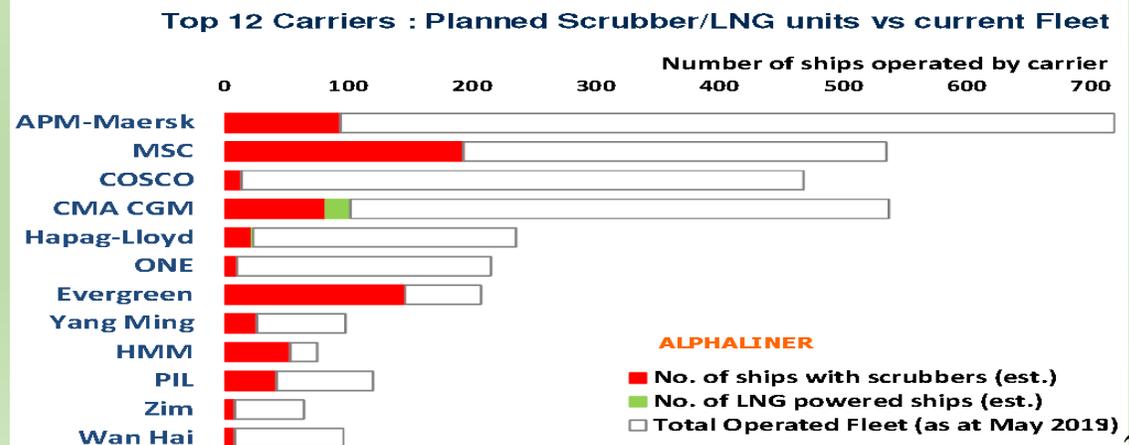
Install Scrubber to Save Earth and Cost

Evergreen's Plan on Scrubber Installation

- Owned: incumbent x 60 + newbuild x 12
- Chartered: incumbent x 21 + newbuild x 46
- Totally 139 vessels (53 of which will be completed before January 1st, 2020.)

Other Liners also in Pursuit

- Alphaliner: by end of May 2019, totally 844 container ships (8.09 mTEU) have or are about to install scrubbers, representing 16% of global container fleet or 35.7% of its capacity.
- (MSC:200, CMA:100+, Maersk: 70+, HMM: 50+, PIL: 40+, COS:23, HPL: 22, YML: 20, ONE:10, WHL:8)



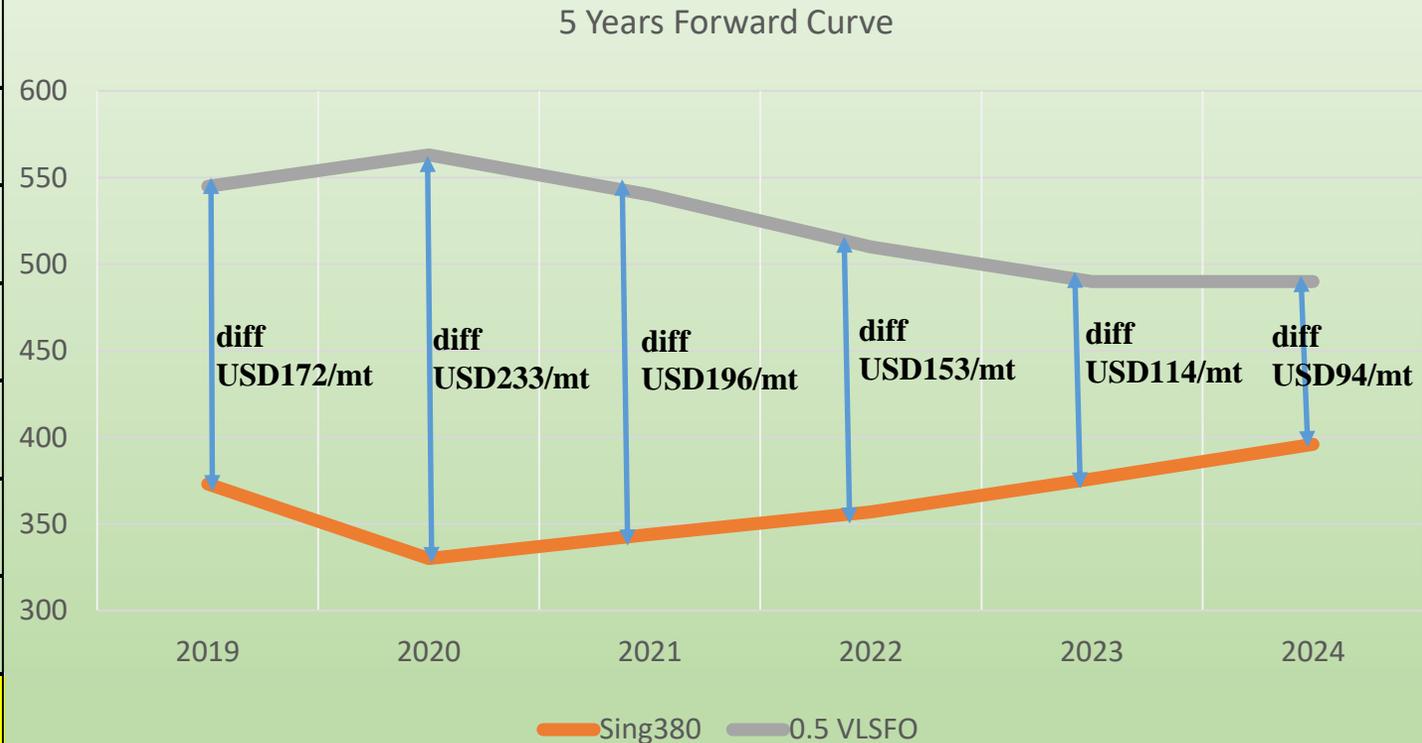


Install Scrubber to Save Earth and Cost

Estimated average price gap (during 2019 – 2024) between HSFO and 0.5%VLSFO could be \$160/Ton, so vessels equipped with scrubbers can continue to use cheaper HSFO to save fuel cost.

Year	Sing380	0.5 VLSFO	Diff.
2019	\$373	\$545	\$172
2020	\$330	\$563	\$233
2021	\$344	\$540	\$196
2022	\$357	\$510	\$153
2023	\$376	\$490	\$114
2024	\$396	\$490	\$94
Avg.	\$363	\$523	\$160

based on Brent USD65/barrel



Source : World Fuel Service



Enhance Cloud Shipping E-Service



Digital Container Shipping Association (DCSA) is formed and participated by 9 major container shipping lines to set up standardization of international container shipping by communicating with governments and authorities to streamline the international shipping process and digitalization.

DCSA is approved by concerned authorities in EU, US, and China, to be operated from July 2019, aiming to create common information technology standards, such as port codes and B/L process for digital platforms, to ensure interoperability through standardization and make the industry more efficient for both customers and shipping lines.

Evergreen Line as one of the 9 members of DCSA, is committed to creating more convenient shipping environment and conditions for cargo owners.



Thank You!

<http://www.evergreen-marine.com>

