Evergreen International Storage and Transport Corp. (EITC) 2020 Investor Conference

By：Chen, Yih-Jong, Chairman　　Date：Jul 24, 2020

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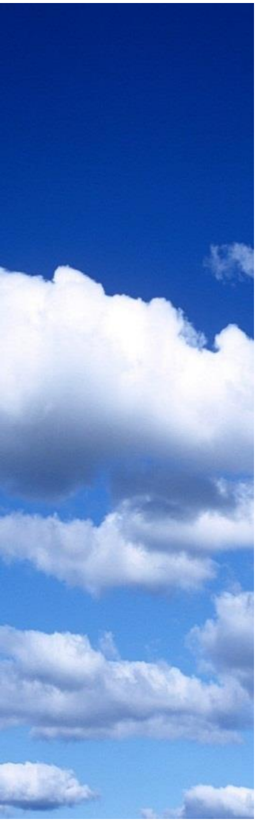
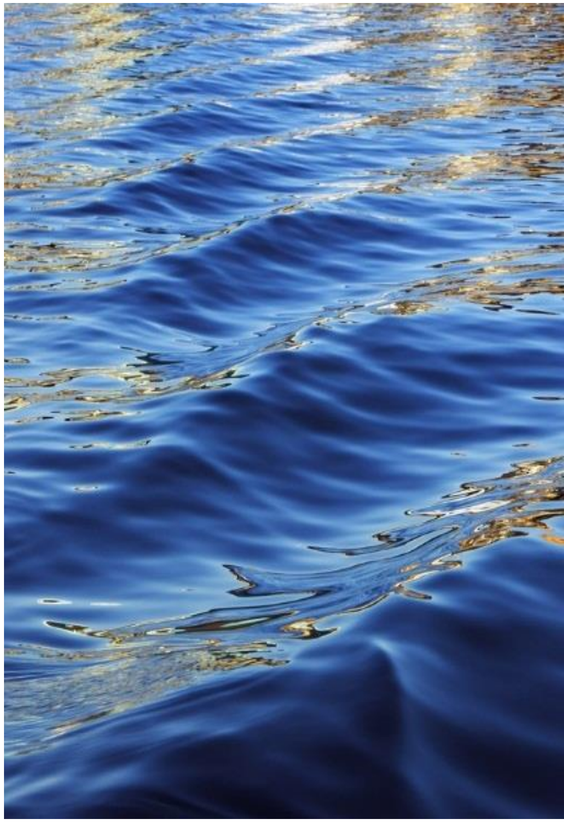
Summary

- 2020 First Quarter Operating Results
- Overview of Main Products, Services and Operations
- Business Outlook
- Corporate Operation Strategies

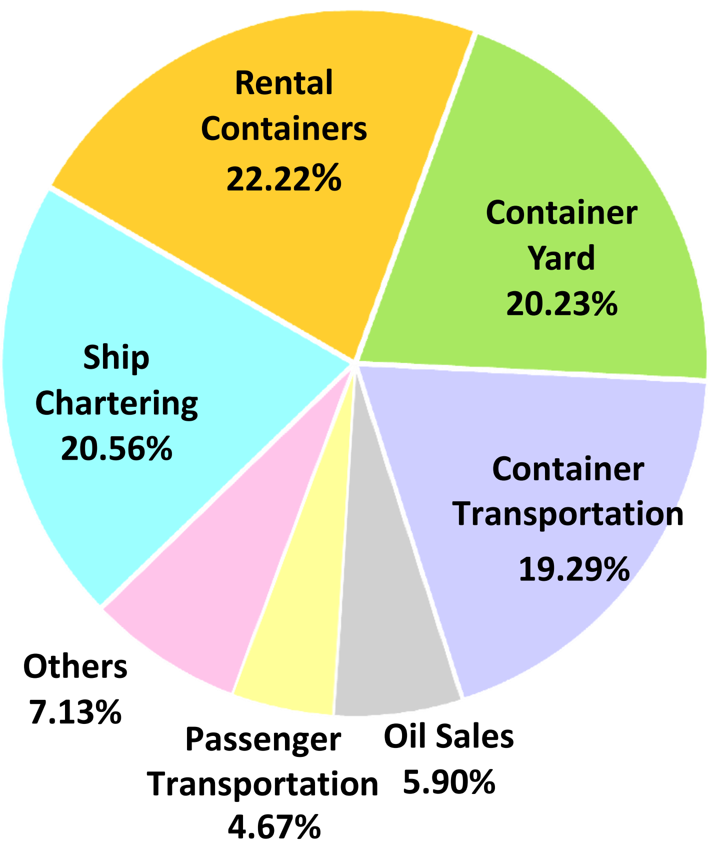


2020 First Quarter Operating Results

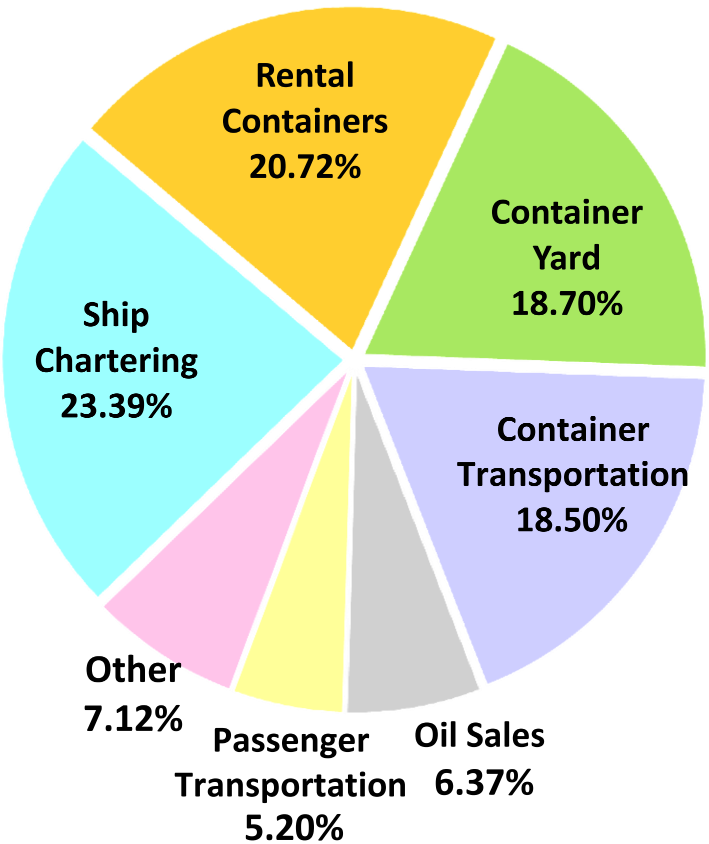


The Proportion of Consolidated Operating Income

2020Q1



2019Q1



Consolidated Income Statement

unit：NT$ Million

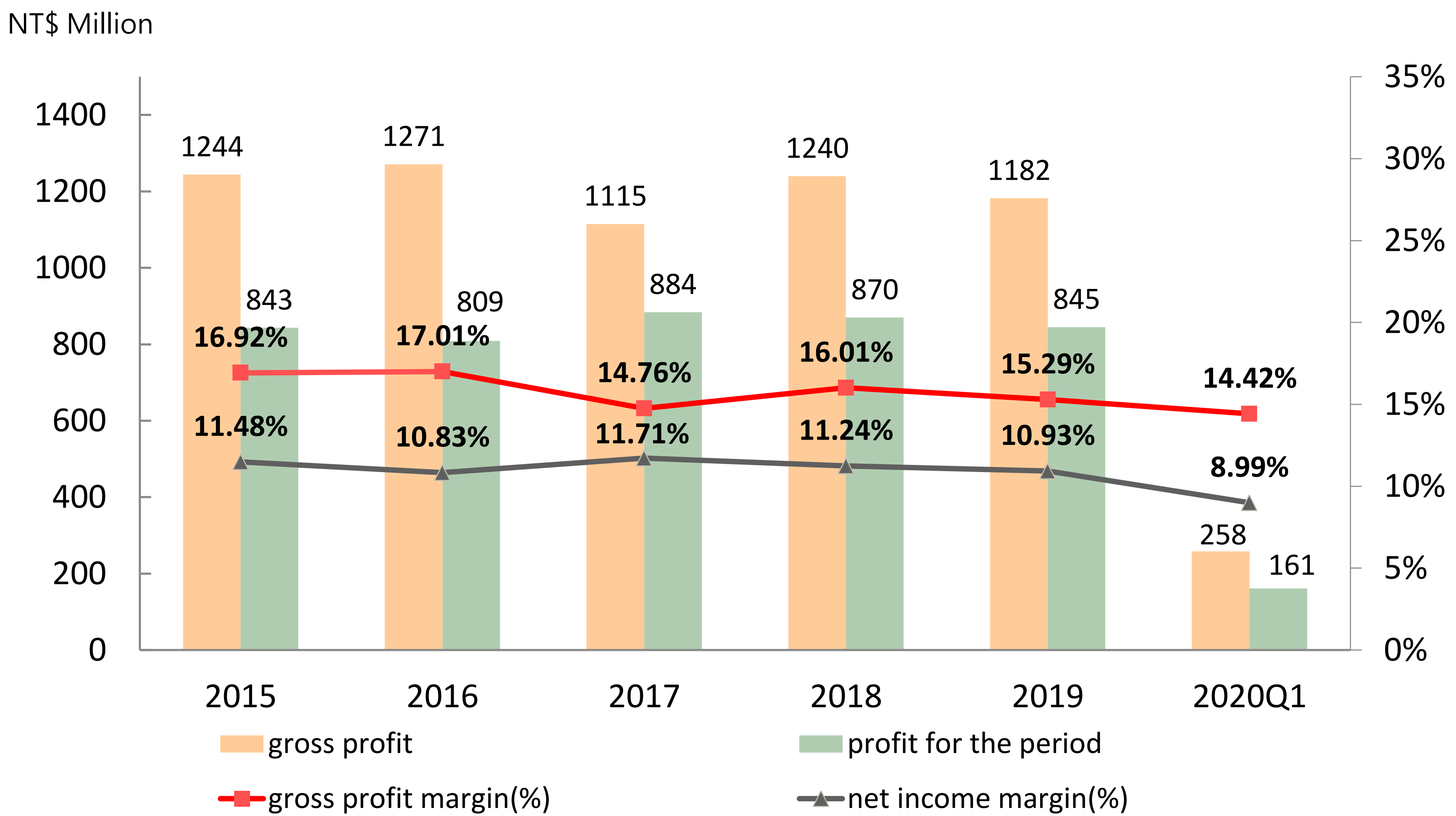
Items	2020Q1	2019Q1	%
Operating revenue	1,789	1,918	-6.7%
Gross profit	258	314	-17.8%
Operating profit	199	252	-21.03%
Profit for the period	161	194	-17.01%
Profit attributable to Owners of the parent	160	192	-16.67%
Earnings per share(NT$)	0.15	0.18	-16.67%

Consolidated Cash Flow Analysis

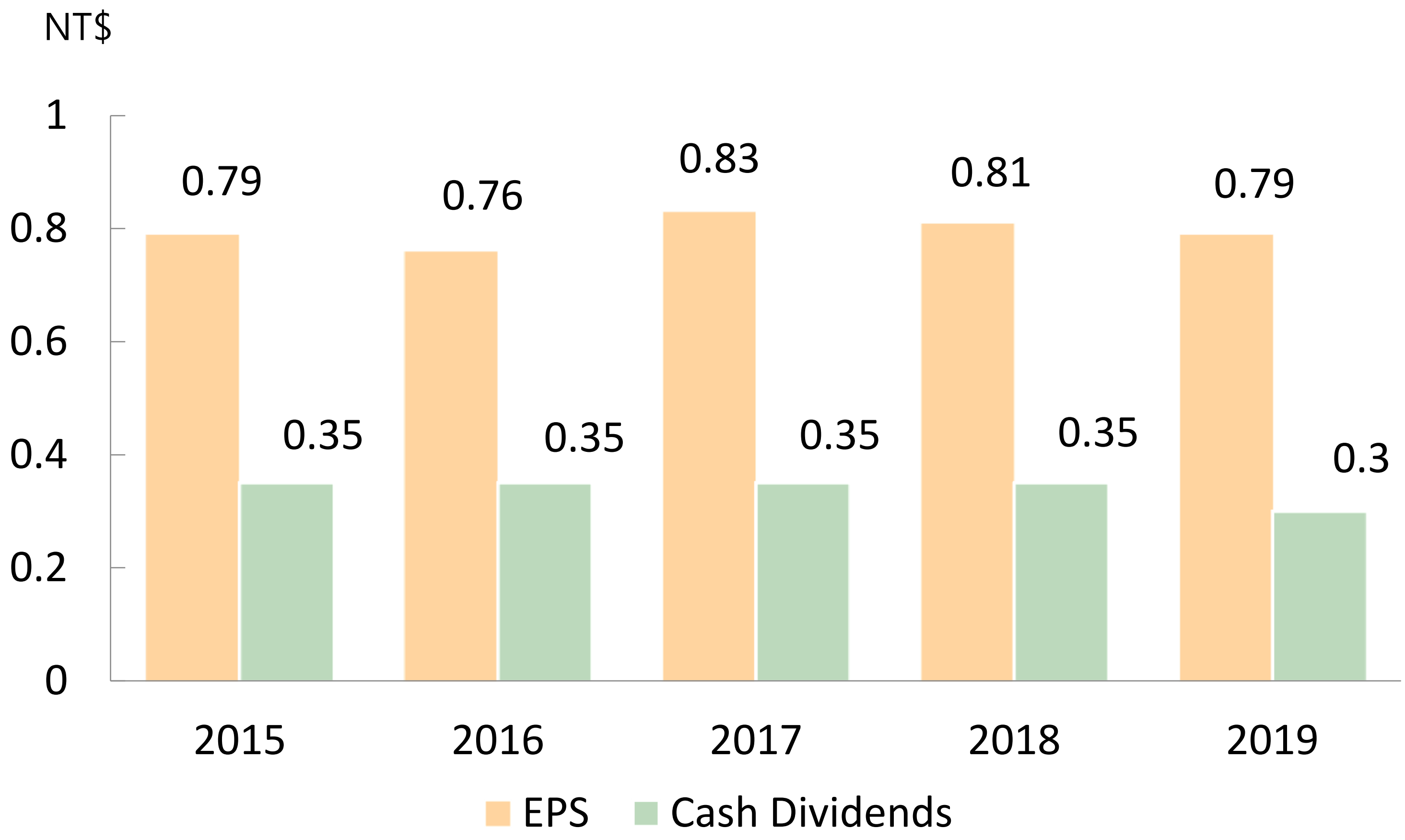
unit：NT$ Million

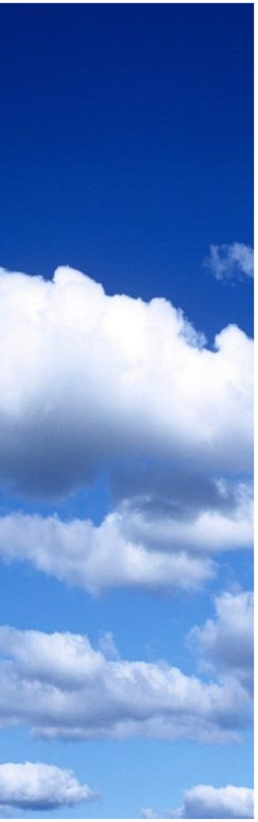
Items	2020Q1	2019Q1	%
Cash and cash equivalents at beginning of period	3,624	3,818	-5.08%
Net cash flows from operating activities	918	854	7.49%
Net cash flows used in investing activities	(139)	(185)	-24.86%
Net cash flows used in financing activities	(442)	(474)	-6.75%
Effect of exchange rate changes	20	10	100%
Net increase (decrease) in cash and cash equivalents	357	205	74.15%
Cash and cash equivalents at end of period	3,981	4,023	-1.04%

Consolidated Gross Profit Margin and Net Income Margin

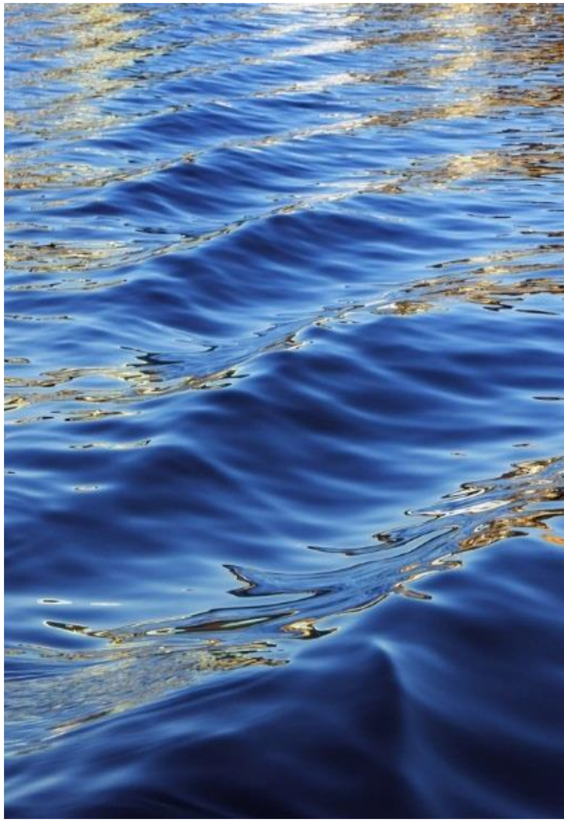


EPS & Dividend Distribution





Overview of Main Products, Services and Operations

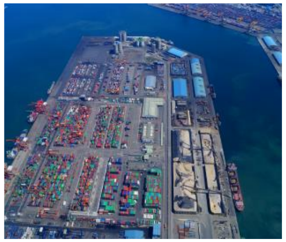


Main Products and Services

- Container Transportation Operations
- Inland Container Terminal Operations
- TCG Port Container Terminal Operations
- Ship Chartering and Container Leasing Operations
- Coach Operations
- Fuel Supply Operations

Container Transportation Operations

Inland Container Terminal Operations



TCG Port Container Terminal Operations

Ship Chartering and Container Leasing Operations

Coach Operations

Fuel Supply Operations

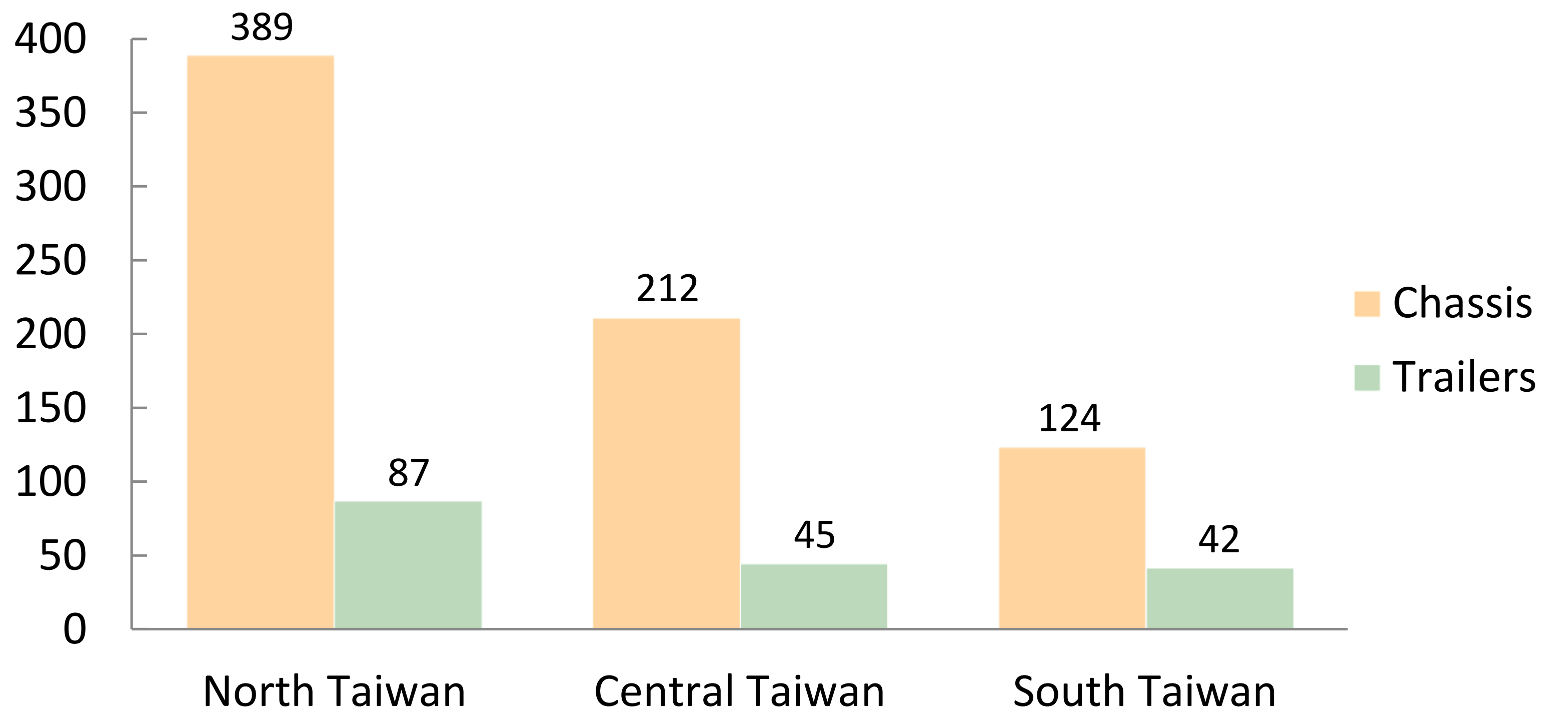
Container Transportation Operations (1)

- The company deploys fleets of trailers and chassis in north Taiwan, Taichung and Kaohsiung to provide premium, convenient container transportation service to customers in the marine shipping industry and other private companies.

Container Transportation Operations (2)

Fleet deployment：174 trailers and 725 chassis. Please refer to the chart below for fleet deployment information.

Fleet deployment for container transportation operations



Container Transportation Operations (3)

Industry Overview

- Many shipping companies now move cargo along the “blue way” route, which has reduced the demand for north-south transshipment services; short-distance road operations have become the main haulage service.
- Capacity oversupply of global carriers makes adjustment of freight charges for container transportation service providers difficult.
- There is a high demand for drivers in the transportation industry. However, recruitment is more challenging than in other industries.
- Emissions standards for diesel trucks have become more strict due to amendments to the Air Pollution Control Act.
- Since 2020, the Company's fleet has been fitted with regularly maintained driving vision assistance systems to enhance the road safety of these large vehicles.

Container Transportation Operations (4)

Core Operational Strategies

- The Company has adjusted manpower allocations to seek more business from import/export companies and large-scale retail logistics centers for its haulage services.
- The Company has outsourced some business activities after taking into account sales performance and human resources availability.
- The Company adjusts transportation service rates promptly to reflect reasonable operation costs.
- The Company has continued to rejuvenate its vehicle fleet to lower fuel expenses and maintenance costs while enhancing service quality.
- The Company has optimized the vehicle dispatch system and uses GPS satellite navigation to cut time of manual operations, improve vehicle dispatch efficiency, and reduce the empty delivery cost.

Inland Container Terminal Operations (1)

- The Company's Shichih Container Terminal and Taoyuan Container Terminal are close to industrial parks and freeway interchanges.
- They offer shipping companies and shippers convenient import/export container and cargo services and warehouse leasing services.
- The Company also provides CFS handling services at the Port of Kaohsiung’s Container Terminal 4 and 5.

Inland Container Terminal Operations (2)

Industry Overview

- Aggressive business-seeking by container port operators and adoption of “on-dock” practices (port clearance) by carriers has impacted inland container terminal business.
- Importers and exporters have either decreased orders or postponed shipments due to the impact of the COVID-19 pandemic and decline of domestic demand.
- In recent years, some domestic container terminal operators have transformed their businesses or quit the market. Consequently, market competition has become less intense and operating rate have stabilized.

Inland Container Terminal Operations (3)

Core Operational Strategies

- Multiple shipping companies, as our clients, will switch to the container depot in Taoyuan in the near future, and this will increase the amount of cargo stored at the depot.
- Our sales department has tried to convince freight forwarder to shift their CY-CY activities to Shichih container depot in order to increase its throughput.
- The Company has installed inbound container warehousing and constant temperature warehousing equipment in Shichih and Taoyuan container depots, and actively solicited clients for our constant temperature warehousing services, effectively enhancing business performance.
- The company has conducted a comprehensive review of our charges and warehouse space leasing rates to reflect reasonable operation costs.

TCG Port Container Terminal Operations (1)

The container yard at wharf #32 and wharf #33 offers cargo handling, inbound and outbound container and cargo warehousing, and transshipping services for shipping companies and shippers.

TCG Port Container Terminal Operations (2)

Industry Overview

- TCG Port Container Terminal mainly operates Intra Asia shipping lines and cross-strait routes for serve carriers. Currently, the Company has business relationship with 30 carriers, including 10 customers of direct call service and 20 customers of slot exchange or slot purchase services.
- Business of major lines and blue way has grown in recent years.
- In 2019, the number of containers handled at shipside increased 8.9% from 2018.

  In the first quarter of 2020, the number of containers handled at shipside increased 6.5% from the first quarter of 2019.

TCG Port Container Terminal Operations (3)

Core Operational Strategies

- The Company has leased more wharf berth from the Port of Taichung, Taiwan International Ports Corporation, to accommodate bigger ships.
- The Company is the first wharf operator in the Port of Taichung to provide simultaneous dual container loading and unloading services, which can significantly reduce turnaround time of ships and lower operations cost for carriers.
- The Company plans to purchase 2 rail-mounted gantry cranes in 2020 to increase operational efficiency of shipside and container yard operations.
- The Company has installed a solar power system for its container terminal at the Port of Taichung to support the government's energy transition policy. The capacity is 266.57KW. On average, the system can generate about 29,526 kWh and reduce carbon emissions by about 15,737 kilograms per month for environmental protection and improvement of air quality.

Ship Chartering and Container Leasing Operations

- The Company and its subsidiaries have 14 full container ships, which are all chartered to marine shipping companies for liner services.
- Since the Company entered the container leasing market in 2014, it has made a stable profit. In 2020, the Company will continue to increase investment in new dry containers with a total capacity of 26,000TEU. As of Q2, it has completed procurement of new dry containers with total capacity of 9,700TEU.

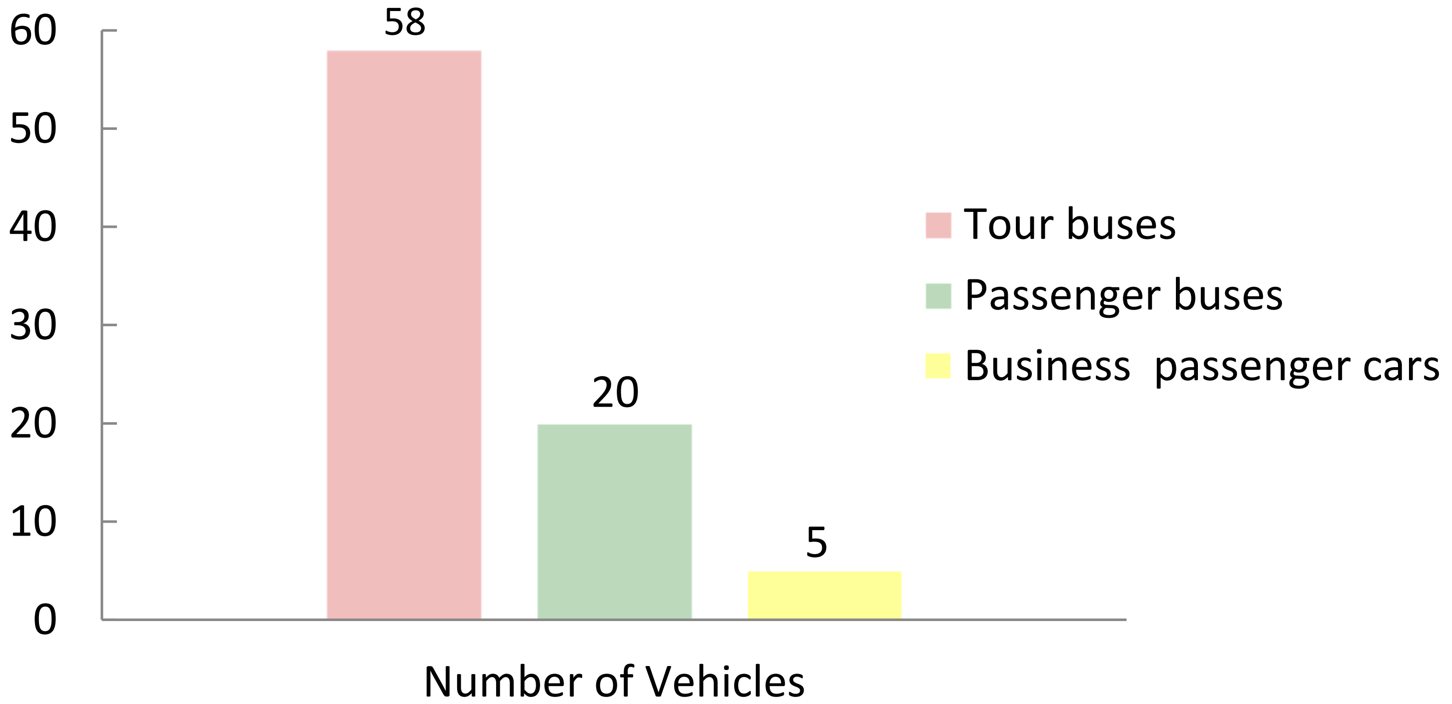
Coach Operations (1)

- The Company has fleets of tour buses, regular passenger buses, and business passenger cars.
- It provides multiple transportation services, including shuttle bus services to corporate customers, and tour bus services.
- It also provides Highway passenger transportation services from Taoyuan International Airport/Nankan to Taipei.

Coach Operations (2)

Fleet deployment：83 vehicles. Please refer to the chart below for fleet deployment information.

Fleet deployment for coach operations



Coach Operations (3)

Industry Overview

- The Company's main business activities in coach operations is shuttle tour bus services, while passenger coach services represent an insignificant part of the operations.
- The reduced number of Mainland Chinese visitors in recent years has not made a strong impact on the Company.
- The launch of the Airport MRT has had some impact on companies providing highway passenger transportation services to/from Taoyuan International Airport.
- The COVID-19 pandemic has made a major impact on coach operations of the Company.

Coach Operations (4)

Core Operational Strategies

- The Company has rejuvenated its fleet on a regular basis, increased the number of wheelchair-accessible vehicles, enhanced road safety, and maintained the high quality of its services.
- The Company has enhanced the brand image of Evergreen Bus services with the launch of an official website.
- The Company has adjusted the frequency of Highway bus services and incorporated well-known web portals and public information systems for promotion of our highway passenger bus services.
- The Company has installed 4G digital tachographs on all of its buses to monitor vehicle status, assure driving safety, facilitate investigation of customer complaints, and provide evidence in case of traffic accidents.
- The Company has actively engaged the tourism industry and canvassed airport pick-up and drop-off business as well as coach services for school trips.

Coach Operations (5)

Pandemic Countermeasures

- The Company has reduced the frequency of airport passenger bus service 5201 since April 1.
- The Company has reduced cost and manpower of the aforementioned bus service at the airport.
- The Company's shuttle bus service provider has cut rates since May 1, 2020 to help the Company reduce the impact of COVID-19.

Fuel Supply Operations (1)

In I994, the Company opened Evergreen Gas Station, a gas station providing all kinds of CPC gasoline and diesel products to the public, near the Nankan Interchange in Taoyuan.

Fuel Supply Operations (2)

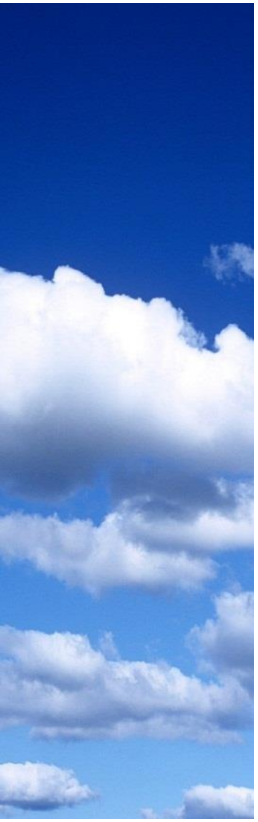
Industry Overview

- The Company's gas station is at an excellent location with busy traffic thanks to the adjacent freeway interchange, and therefore has a certain competitive edge.
- Competition among domestic gas stations is fierce and they are faced with the challenge of an increase in electric vehicles due to environmental awareness.
- In recent years, other gas stations with peripheral services like car washes have launched near our gas station. Their presence has impacted the sales performance of our gas station.

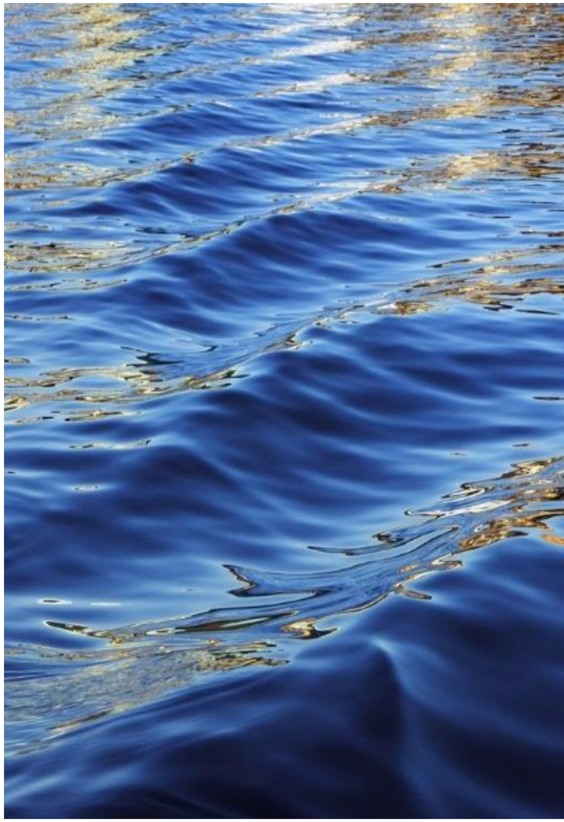
Fuel Supply Operations (3)

Core Operational Strategies

- The Company has actively solicited contracted customers for its gasoline service (including customers from other departments of the Company and customers enticed through horizontal alliances).
- The gas station offers discounts for self-service gasoline to attract more customers and reduce manpower needs.
- The Company pursues a plan to transform our gas station into a multi-service gas station through a cross-industry alliance.
- The Company has diversified its products and services, installed a Diesel Exhaust Fluid filling machine, and started to sell canned Diesel Exhaust Fluid.
- The Company plans to install an automatic carwash in the gas station to increase its competitiveness with car washing service at discount price to its customers.



Business Outlook



Business Outlook

- Market and sales overview
- Short-term business development
- Long-term business development
- Impact of COVID-19 pandemic

Market and Sales Overview(1)

- May statistics from Alphaliner, a France-based liner shipping information provider, show that：
  - The industry's capacity increased 671,000 TEU, or 2.9%, over 2019.
  - Cargo volume is forecast to fall by 8.8%.
  - Idle capacity is nearly 2.65 million TEU.
  - The shipping market continues to experience oversupply, making it hard for downstream container depots and container transportation services providers to increase charges.
- Ship and container leasing and the container shipping business are closely linked to the global economy. Shipping companies can quickly increase capacity with ship and container leasing and reduce potential operating losses by adjusting for need of fleet and containers.

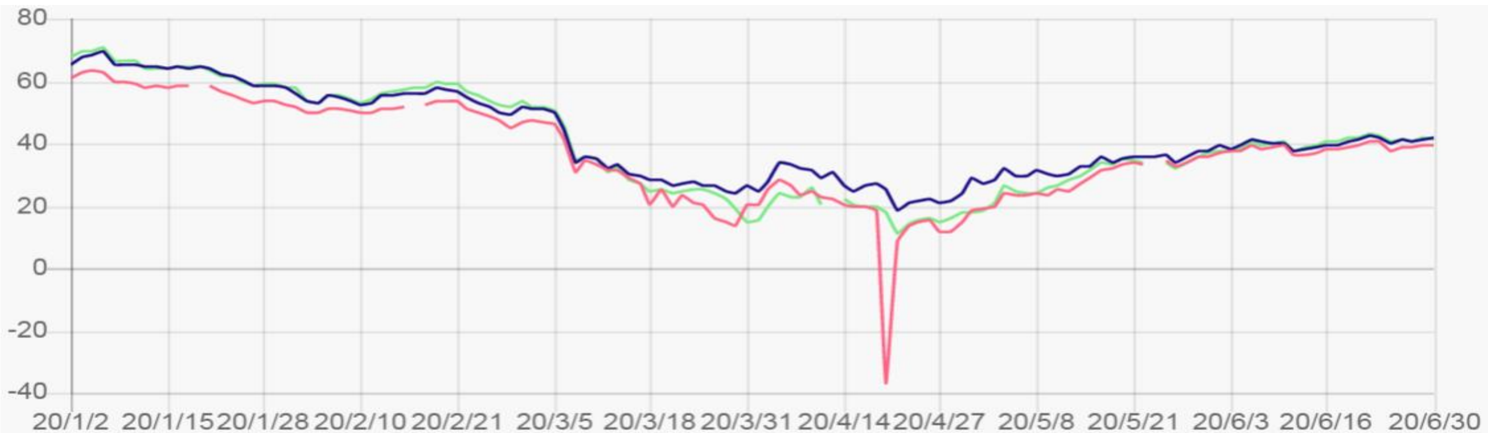
Market and Sales Overview(2)

- On average, international oil prices have remained at a low level due to reduced oil production of OPEC and its allies, reduced market demand, and developments in the international community.
- This has reduced the pressure on our operations caused by the COVID-19 pandemic.

Chart of International Oil Price Fluctuation

Brent Dubai WTI

USD/Barrel



Year/Month/Day

Source: Reuters

Market and Sales Overview(3)

- According to the forecast of many marine shipping experts, global trade and the shipping market are expected to make a V-shaped recovery in the future as the COVID-19 pandemic comes gradually under control.
- As the COVID-19 pandemic spreads around the world, international trade and shipping are also undergoing dynamic changes. The pandemic continues to create enormous uncertainties for the future development of the international marine shipping market and global trade.
- We shall remain alert to the challenges of a second wave of the pandemic and its effects on the global and local market.

Short-term Business Development

- Seek high-value business such as import, constant-temperature and bonded warehouse storage as well as actively increase the utilization rate of inbound/outbound (CY) container storage area.
- Bring two gantry cranes into service at TCG Port Container Terminal to lower maintenance costs, improve operational safety, increase the terminal operating efficiency and improve service quality.
- Develop inbound/outbound CY container haulage business and increase truck dispatch efficiency through creation of a container truck matching platform and optimization of vehicle dispatch efficiency by integrating company vehicle / external vehicle transportation capacity.
- Introduce e-ticketing and barrier-free vehicles for highway passenger transportation and improve the brand image of Evergreen Bus by upgrading service quality.

Long-term Business Development

- Tap market momentum and integrate and activate the company's assets to create maximum income for the company.
- Implement the Dayuan Logistics development project and actively discuss cooperation opportunities with logistics-related service providers.
- Continue to invest in new machinery and equipment to maintain stable service quality and meet the needs of the market and customers.
- Strengthen talent training to raise the level of employee professional skills and service quality.
- Implement corporate governance, fulfill corporate social responsibility, and increase the company's overall competitiveness.

Impact of COVID-19 Pandemic (1)

- The COVID-19 pandemic has caused a global economic slowdown and reduced consumption spending.
- The initial impact of the pandemic on the manufacturing industry has gradually spread to the supply chain, causing an enormous impact on the global economy.

IMF Forecasts of Global Economic Growth

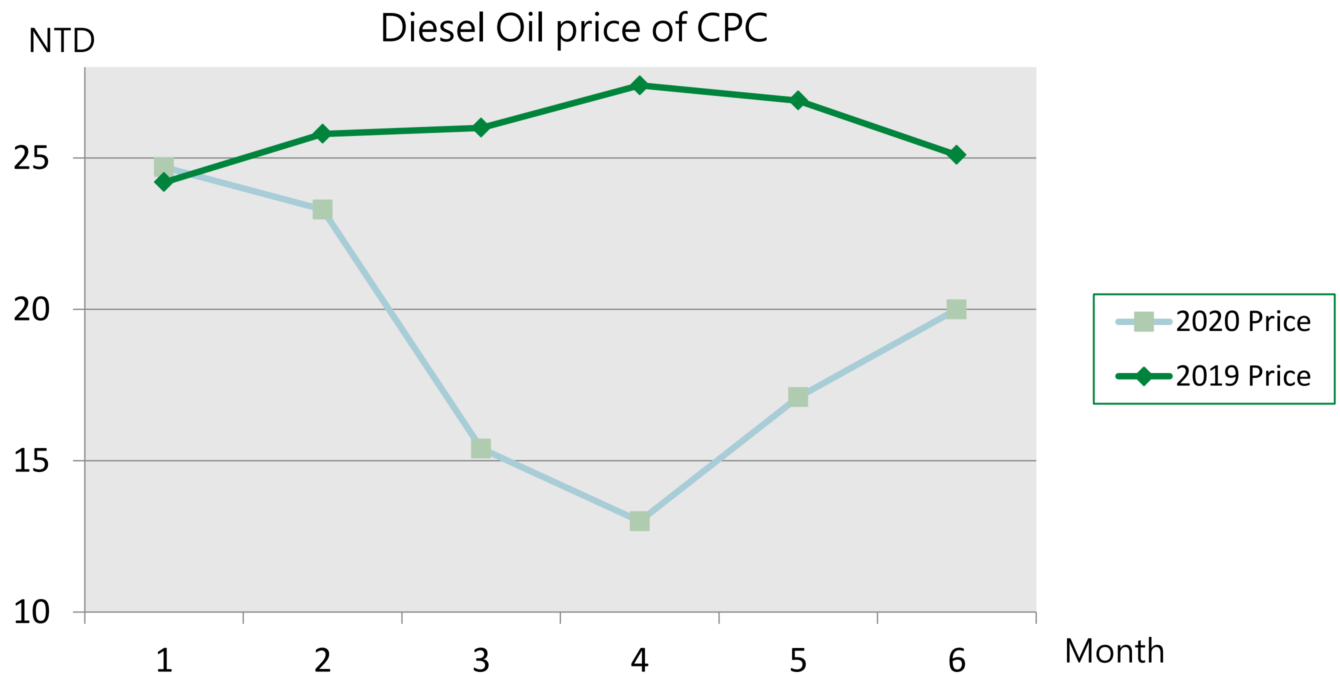
	2020	2021		2020	2021
Global	-4.9(-3.0)	5.4(5.8)	UK	-10.2(-6.5)	6.3(4.0)
US	-8.0(-5.9)	4.5(4.7)	Mainland China	1.0(1.2)	8.2(9.2)
Euro Zone	-10.2(-7.5)	6.0(4.7)	India	-4.5(1.9)	6.0(7.4)
Japan	-5.8(-5.2)	2.4(3.0)	Taiwan	Not mentioned (-4.0)	Not mentioned (3.5)

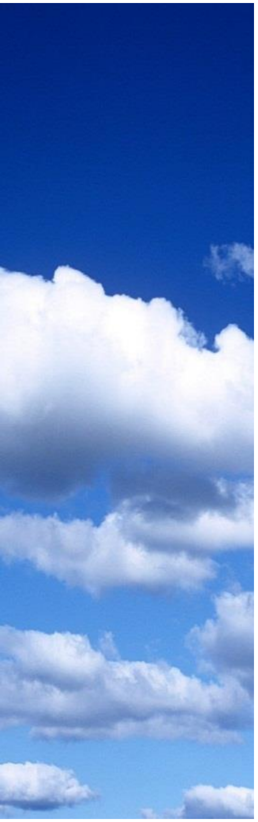
Notes:
1.The figures in the table are shown as percentages and those in parentheses are the forecasts made in April)
2.The source of information is the latest World Economic Outlook Update by the IMF.
3.According a forecast by the Taiwan Institute of Economic Research, Taiwan's economy will grow by 1.58% in 2020. The Directorate General of Budget, Accounting and Statistics of the Executive Yuan forecasts growth of 1.67% in 2020.

- According to a forecast by the IMF, the global economy is projected to contract by 4.9% in 2020 and grow 5.4% next year.

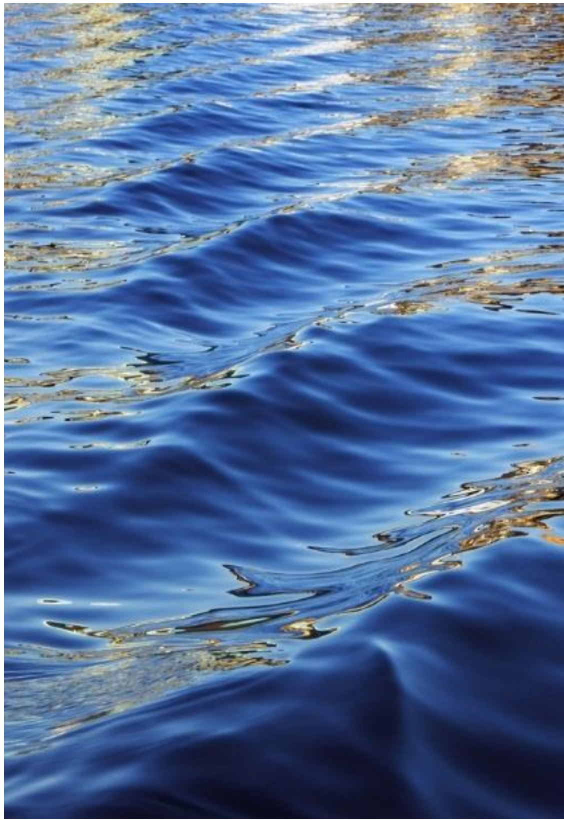
Impact of COVID-19 Pandemic (2)

- International crude oil prices have remained at low levels due to a price war between OPEC members and other oil-producing countries. Downward pressure comes from the COVID-19 pandemic and upcoming second wave of COVID-19 infections in different countries.
- Lower fuel oil prices compared with the same period last year has brought down the Company's operating costs.





Corporate Operation Strategies



Corporate Operation Strategies

- Business Philosophy
- Business Diversification
- Optimization of Cost Structure and Improvement of Business Performance
- Promotion of Environmental Awareness and Fulfillment of Social Responsibility
- Development of Dayuan Logistics Park

Business Philosophy

- With the integration of our inland container transportation, container warehousing and stevedoring operations, the Company will develop international logistics business and enhance cargo safety and operational efficiency through coordination of our first-class ship leasing, container terminal, warehousing and inland transshipment services in order to increase our competitiveness in the market.
- The Company continues to embrace our business philosophy of “Challenge, Innovation and Teamwork,” to offer services that put the customer first, pursue improvement of service quality, and project a professional and responsible attitude.

Business Diversification

Diversified business activities of the Company

- Container transportation
- Container freight stations
- Warehousing, logistics and leasing
- Container repair, cleaning, and leasing
- Ship leasing
- Container port stevedoring
- Highway bus services and tour coach services
- Gas station
- Vehicle maintenance and repair; contracted vehicle inspections

Optimization of Cost Structure and Improvement of Business Performance

- The Company attaches great importance to operational management and occupational safety measures.
- We reduce the chance of abnormal occurrences and prevent occupational accidents by phasing out old machinery and introducing new equipment.
- We have improved internal document processing with the integration of computer systems in different departments.
- We have created a safe work environment for employees and high-quality services that assure cargo safety through regular auditing.

Promotion of Environmental Awareness and Fulfillment of Social Responsibility

- The company has large tractor and coach fleets that fully comply with the government's environmental regulations.
- We purchase the latest Euro 6 rated environmentally-friendly passenger buses.
- We maintain carbon-reduction and energy-saving practices and improve air quality.
- We actively improve wastewater treatment and reuse in our facilities.
- We endeavor to reduce environmental impact and fulfil our corporate social responsibility.

Development of Dayuan Logistics Park (1)

- The Company invested NT$2,572 million in a project to turn our property in Dayuan into a first-class international logistics park in order to seize business opportunities created by development of the logistics industry.
- The project was launched to derive more benefits from the Company's land and increase our revenue.

Development of Dayuan Logistics Park (2)

- The park area is more than 28,000 pings (92,500 sq.m).
- The Company is building a 4-story modern warehouse for logistics services and a 7-story office building.
- The total floor area is about 40,000 pings (132,200 sq.m), including 35,000 pings (115,700 sq.m) of storage space.

Development of Dayuan Logistics Park (3)

One 4-story logistics warehouse building
(the 2nd floor is mezzanine)
The three floors are 9.9/7.3/7.3 meters high
(not including the mezzanine)
Clearance height of two warehouses are 8.6/6/6 meters
(not including the mezzanine)

All floors have driveways for entry and exit of container trucks

There is a driveway at both left and right sides

Container trucks can access all floors (one way)

Warehouse area is about 350,000 pings (1,157,000 sq.m) including mezzanine and unloading area

Usable area of the office is about 1,880 pings (6,200 sq.m).

Estimated investment amounts to about NT$2,572 million

Development of Dayuan Logistics Park (4)

- Buildings in the park meet green architecture standards due to adoption of environment protection policy.
- The logistics warehouses have big driveways that can allow 40-feet container trucks to access all floors in order to expedite cargo handling.

Development of Dayuan Logistics Park (5)

Adjacent to Taoyuan International Airport and only 15 kilometers from Taipei Port, the park is situated in an excellent location with an efficient transportation system. Both the Greater Taipei area and Taoyuan City are within a one-hour drive from the park, making it an ideal warehousing solution provider for logistics and retailing industries.

Development of Dayuan Logistics Park (6)

Current progress：

- Broke ground on February 18.
- Obtained approval of the Construction Management office for the construction project to commence work.
- The work of laying pile foundations started on April 20 and was completed at the end of June.
- As of Jul 21, 5.74% of construction work is complete.
- The construction project is estimated to be fully completed at the end of 2021.

Thank You