

Wan Hai Lines

2022 Second Quarter Update

因為萬海  世界很近
WE CARRY, WE CARE.

Disclaimer

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- The company's finance, business and Q&A made in this presentation could be different from the future actual results. This may be due to various factors including but not limited to market demand, changes in policies and regulations and overall economic conditions, and other factors or risks beyond the Company's control.
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Outline

- Company Overview
- Performance Update
- Appendix
- Q&A



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Company Overview

Global Service Network

WHL	As of June 30, 2022	As of June 30, 2021	Change
Owned Ships	100	82	+18
Chartered Ships	52	64	-12
Total Fleet	152	146	+6
Operated capacity(TEU)	429,140	413,296	+15,844



Intra Asia Services

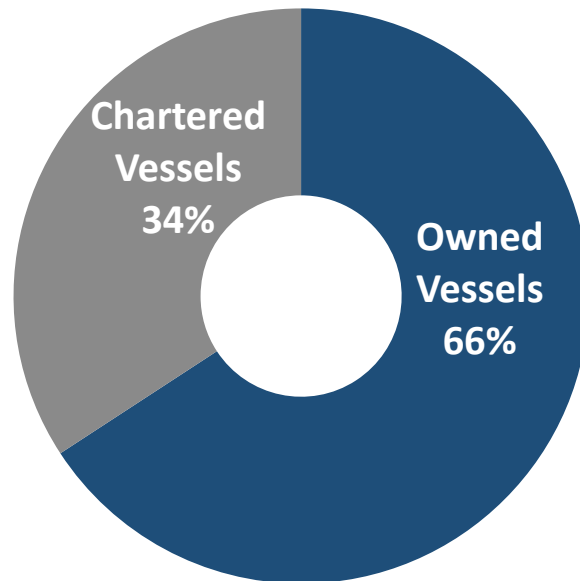
- **39** Dedicated Service Routes
- The **Best** in Service coverage and frequency
- **15%** of Intra Asia Market Share
- **59%** of Lifting Volume

(As of June 30, 2022)

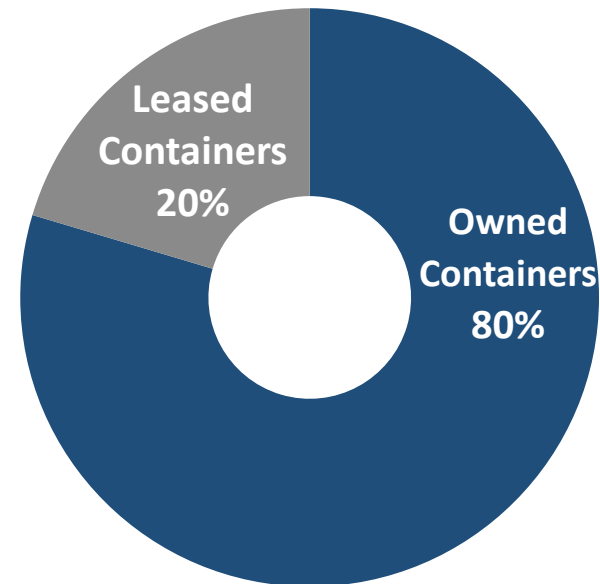


High Percentage of Owned Vessels/Containers

Vessels(Ships)



Containers(TEU)



- Operating high percentage of owned vessels (66%) and owned containers (80%) to control fixed cost effectively.

(As of June 30, 2022)

Strategic Highlights

- **Mitigating operation cost**
 - Low fixed cost structure
 - Competitive handling costs driven by significant cargo volumes in key terminal hubs
- **Comprehensive service network**
 - Intra Asia network leverages high-growth, multi-directional cargo volumes
 - Long-haul volumes fueled by China exports and regional feeder network
- **Yield Management**
 - Well diversified customer base
 - Direct service network
 - Volume growth nourished by Port-to-port cargoes

Newbuild Vessel Orders



ES LTD.

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Shipyard	Size (TEU)	Total amount	Delivery
JMU (Japan)	8 x 3,055	USD 334M	2020-21
Wenchong	12 x 2,038	USD 316M	2021-22
JMU (Japan)	12 x 3,013	USD 565M	2022-23
Hyundai Heavy Industries	5 x 13,200	USD 562M	2023
Samsung Heavy Industries	4 x 13,100	USD 445.6M	4Q22-1Q23
Samsung Heavy Industries	4 x 13,100	USD474M ~USD500M	2Q23-1Q24
NSY/JMU (Japan)	12 x 3,055	JPY 60.84Bn ~JPY 64.80Bn	3Q23~2024
Samsung Heavy Industries	5 x 13,100	USD659M ~USD700M	2024
CSBC CORPORATION, TAIWAN	4 x 2,940	USD212M ~USD220M	2023

Newbuild Delivery Schedule

Delivery Year	2021	2022	2023	2024	Total
No. of Ships	11	12	24	14	61
Size (TEU)	7 x 2,038 4 x 3,055	4 x 2,038 6 x 3,013 2 x 13,100	6 x 3,013 4 x 3,055 4 x 2,940 5 x 13,100 5 x 13,200	8 x 3,055 6 x 13,100	
Capacity (TEU)	26,486	52,430	173,558	103,040	355,514

Second-Hand Vessel Purchases

Delivery Year	No. of Ships	Capacity (TEU)	Size (TEU)
2021 Delivered	12	66,764	1,000~2,000TEU : 1 4,000~5,000TEU : 3 5,000~6,000TEU : 1 6,000~7,000TEU : 4 7,000~8,000TEU : 3
2022 Delivered	8	19,687	1,000~2,000TEU : 5 2,000~3,000TEU : 2 5,000~6,000TEU : 1
	20	86,451	(As of Aug 31, 2022)

New Container Purchases



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Delivery	Containers (Teus)	Total amount
4Q20-1Q21	52,000	USD101M
2021	170,000	USD521M
2Q22	10,000	Undisclosed deal
Total	232,000	

Key Terminal Investments



1987 – Opened Pier 63 terminal in Kaohsiung

1996 – Opened Pier 31 terminal in Taichung

2003 - Opened Ohi-5 Terminal in Tokyo, Japan

2009 – Opened Taipei Port project with JV partners, Evergreen and Yang Ming Lines

2010 - Opened Caimep, Vietnam Port project with JV partners, SNP, MOL and Hanjin Transportation

2018-Opened Haiphong, Vietnam Port project with JV partners, SNP, MOL and ITOCHU

2019- Purchase Vietnam Da Nang Port Joint Stock Company stock (20%)

2023-Open Pier 79~81 terminals in Kaohsiung



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Performance Update-1H22

Income Statement Highlights

ITEMS (US\$M)	1H22	1H21	YoY
Operating Revenue	5,438.24	3,100.19	+75%
Gross profit	3,269.37	1,568.40	+108%
Operating Income	3,086.62	1,446.95	+113%
Profit,attribute to owners of the parent	2,479.60	1,205.55	+106%
EPS (NTD)	25.21*	12.00*	+110%

*Weighted average outstanding shares were 2.81 bn units as the base date of the capital increase was **July 26,2022**. When calculating EPS, the impact of stock grants has been retrospectively adjusted.

Financial Results (1H22 vs.1H21)

Revenue
5,438.24
USD\$M



Gross Profit
3,269.37
USD\$M



Net Profit
2,479.60
USD\$M



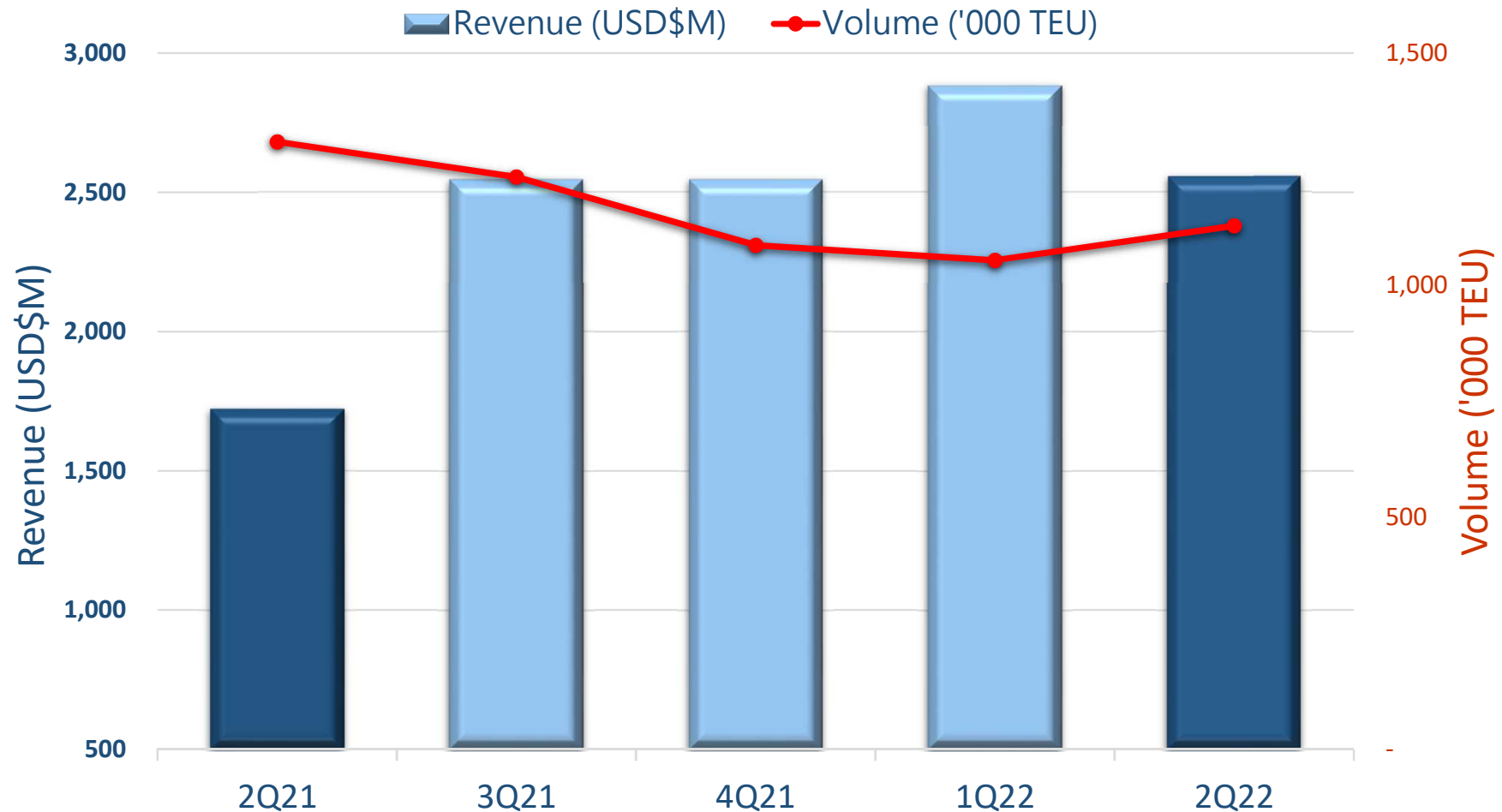
EPS*	
1H22	1H21
NT\$25.21	NT\$12.00

*Weighted average outstanding shares were 2.81 bn units as the base date of the capital increase was July 26, 2022. When calculating EPS, the impact of stock grants has been retrospectively adjusted.

Volume & Revenue-Quarterly

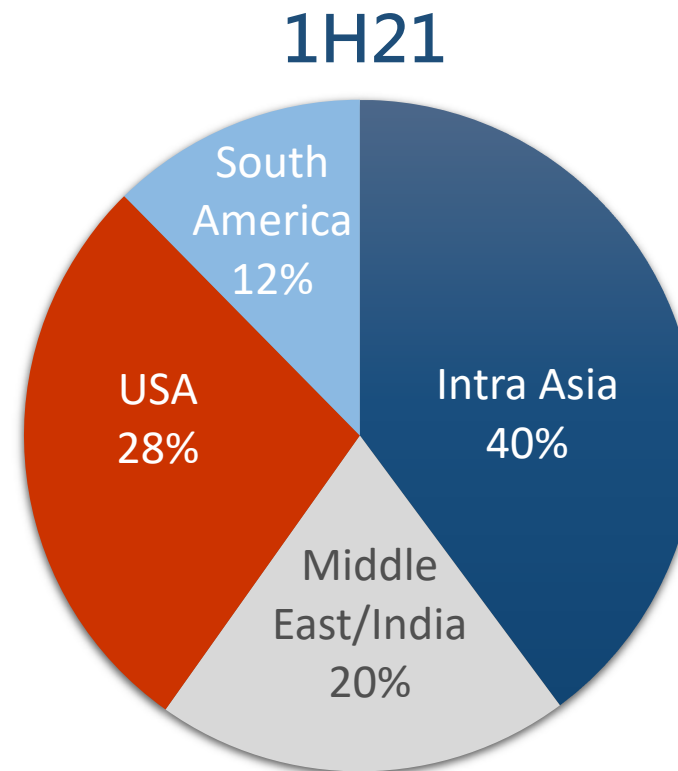
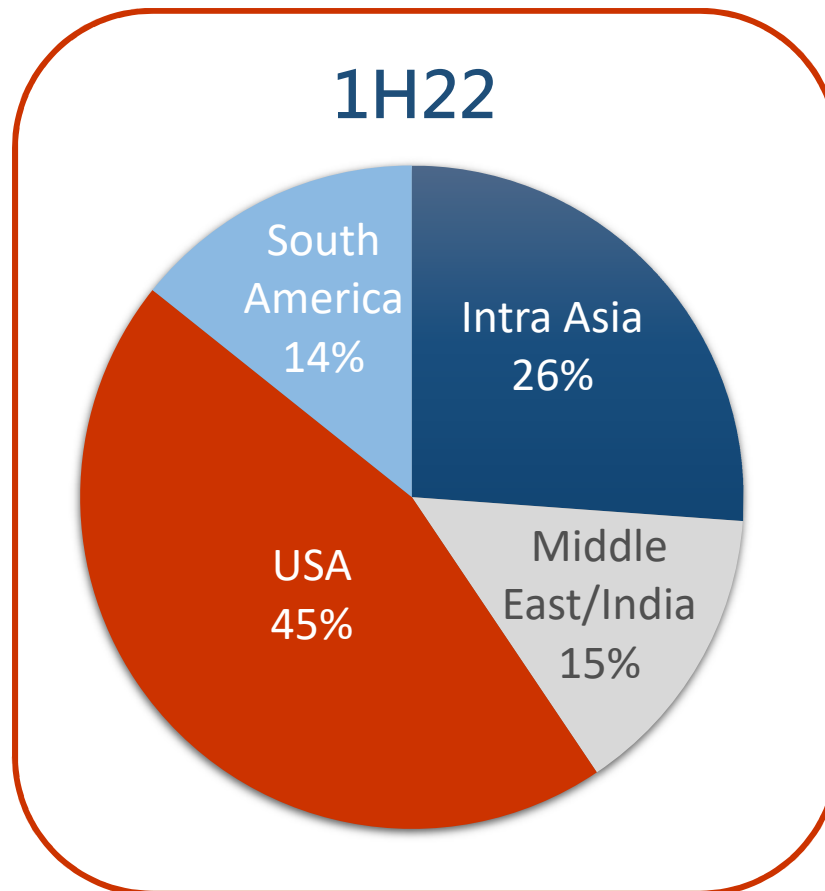
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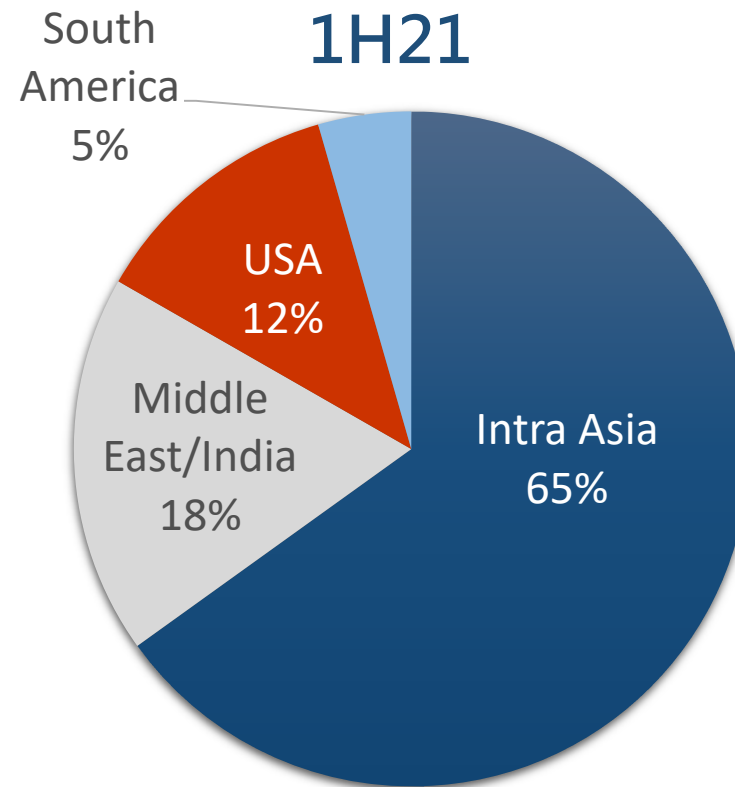
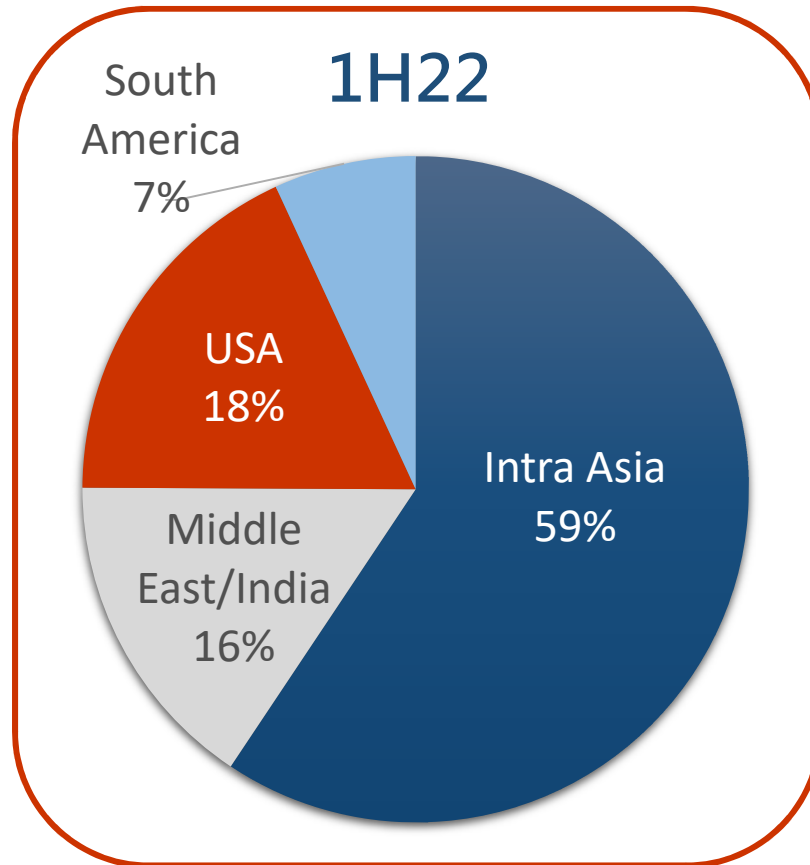
- 2Q22 Operating revenue YOY +48% (USD)
- 2Q22 Lifting Volume YOY -13%

Revenue Breakdown



- **USA+ South America accounted for 59% of 1H22 revenue**

Lifting Breakdown



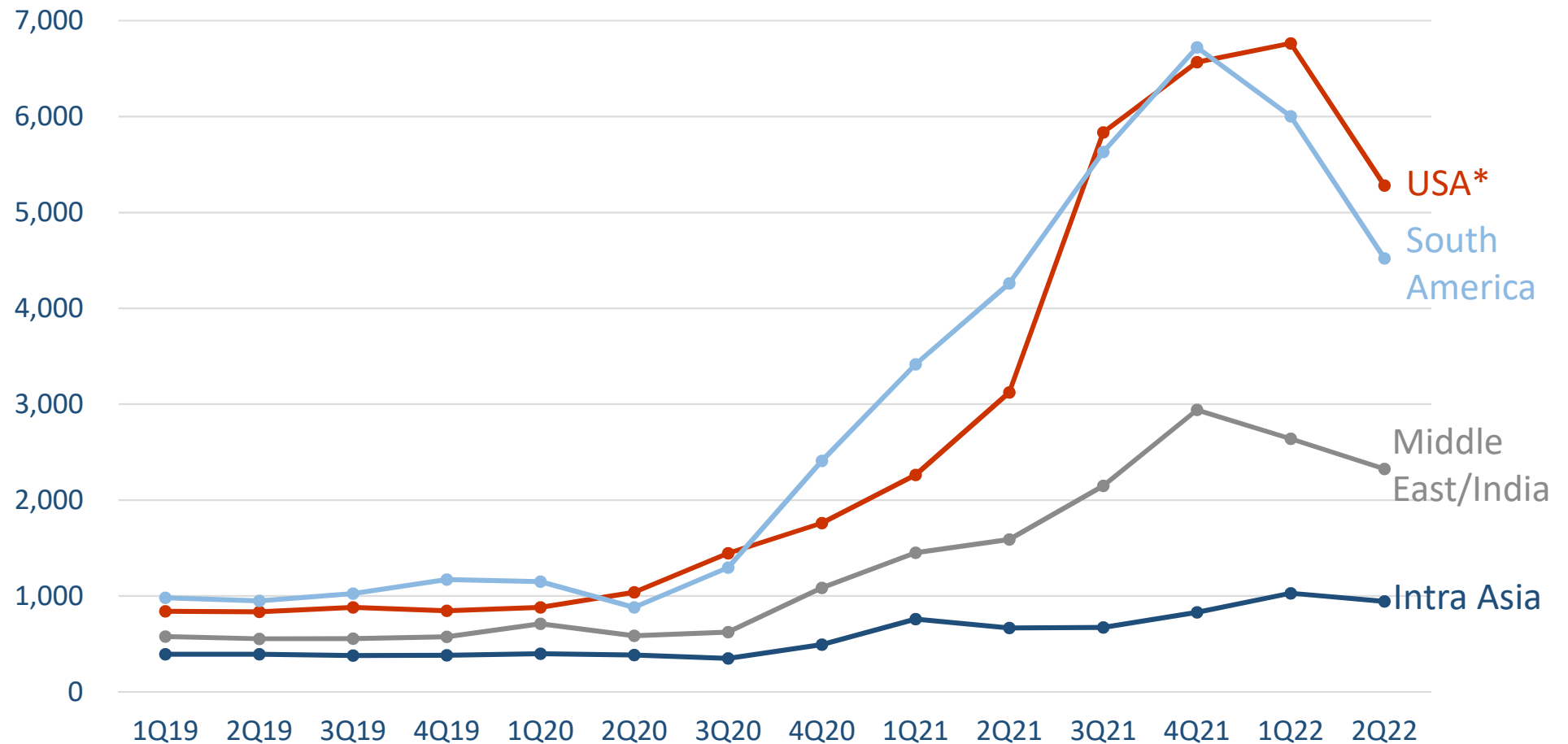
- **USA+ South America accounted for 25% of 1H22 lifting volume**

Freight Rate

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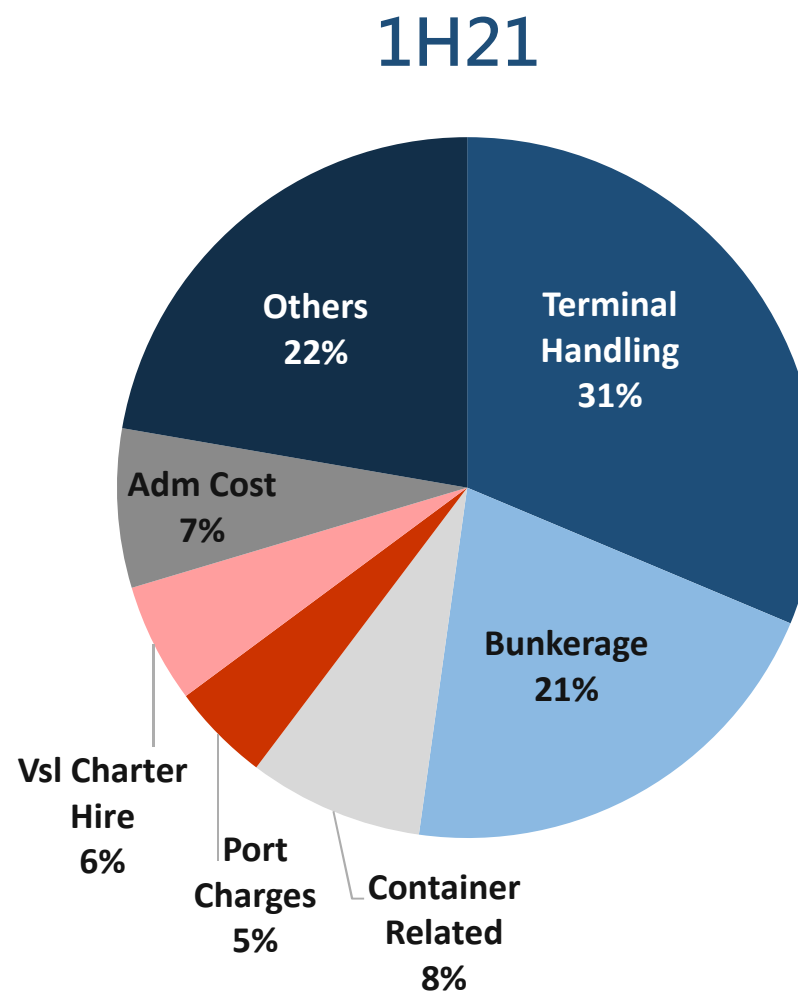
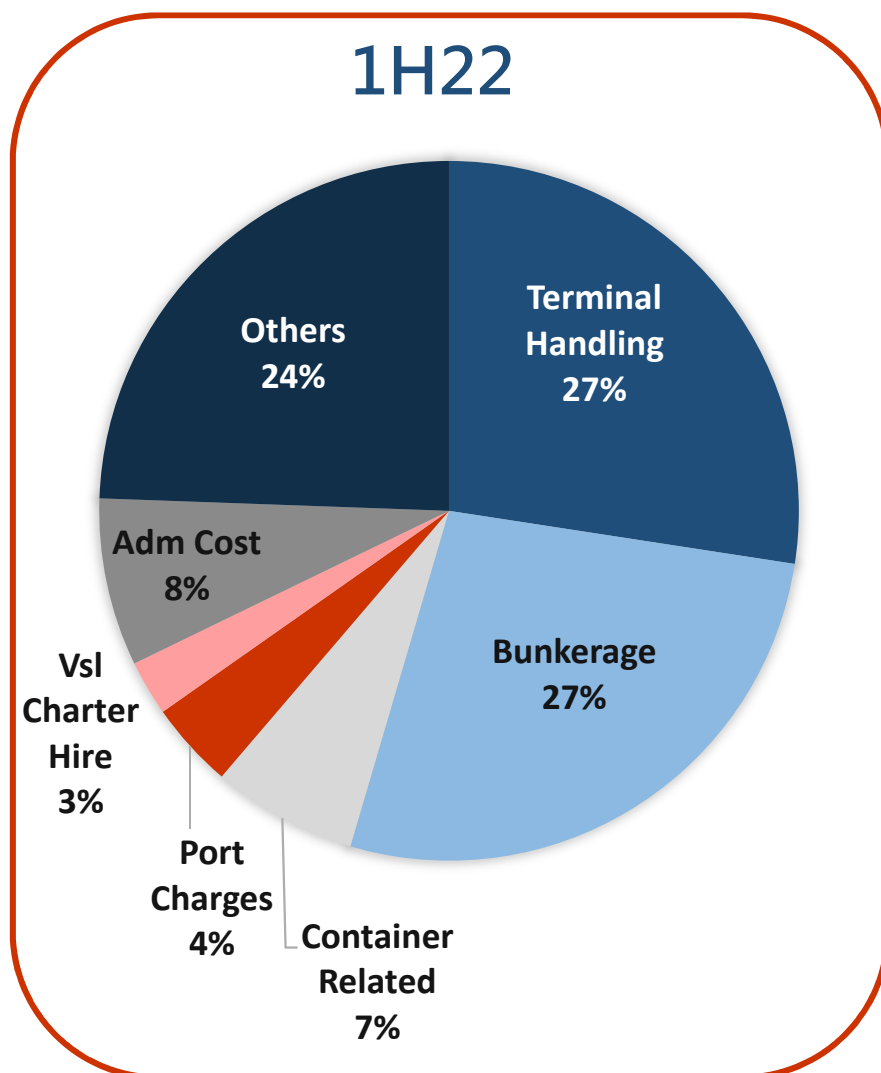
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USD/TEU



*Launch Wan Hai's first Asia - US east coast service branded as AA7 on June 18, 2021.
Additional one loop branded as AA9 was increased in Jan 2022.

Cost Structure



Remark: Others includes items such as WHL terminal, vessel related, crew expenses, slottage and commission

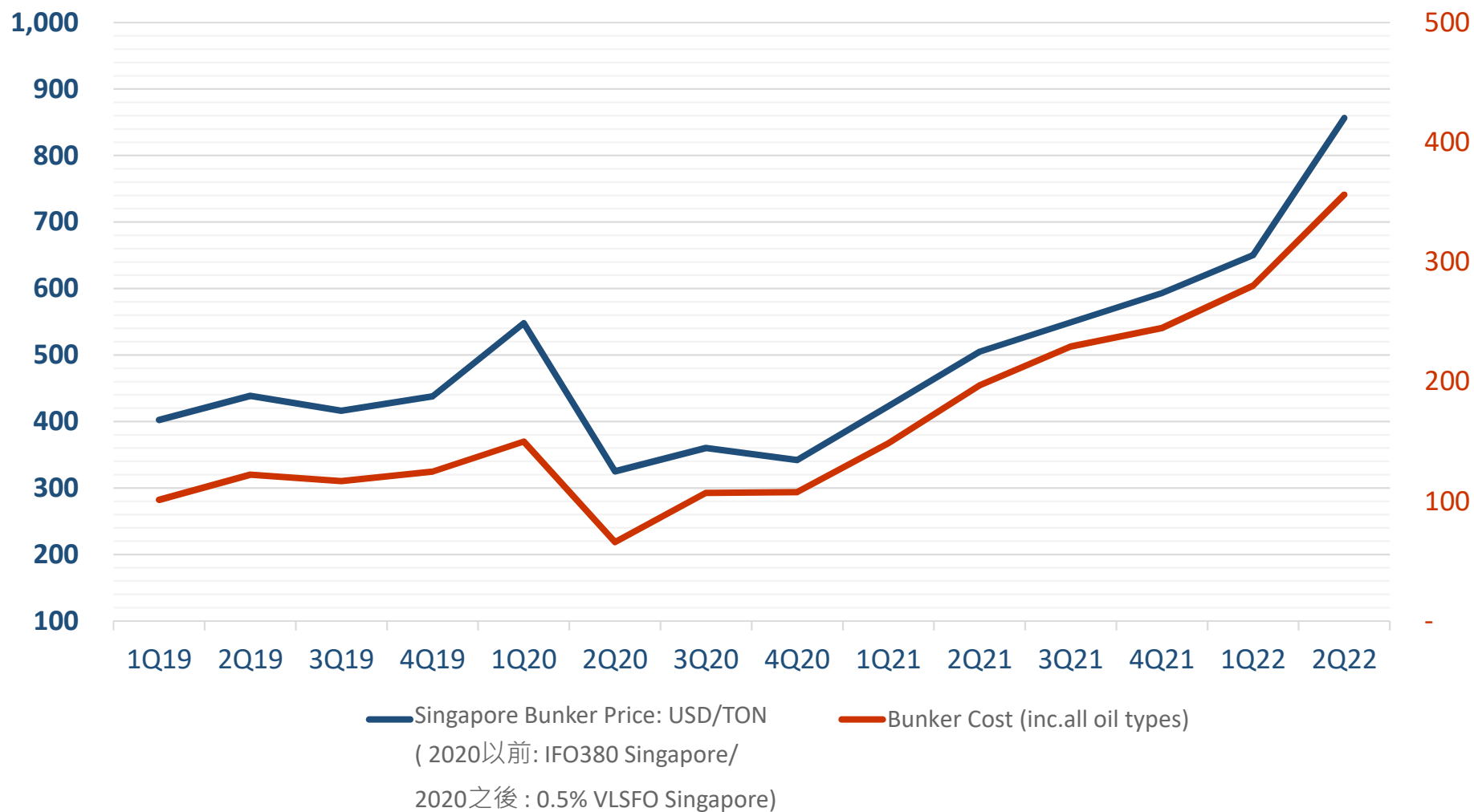
Bunker Costs

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Singapore Bunker Price:
USD/TON

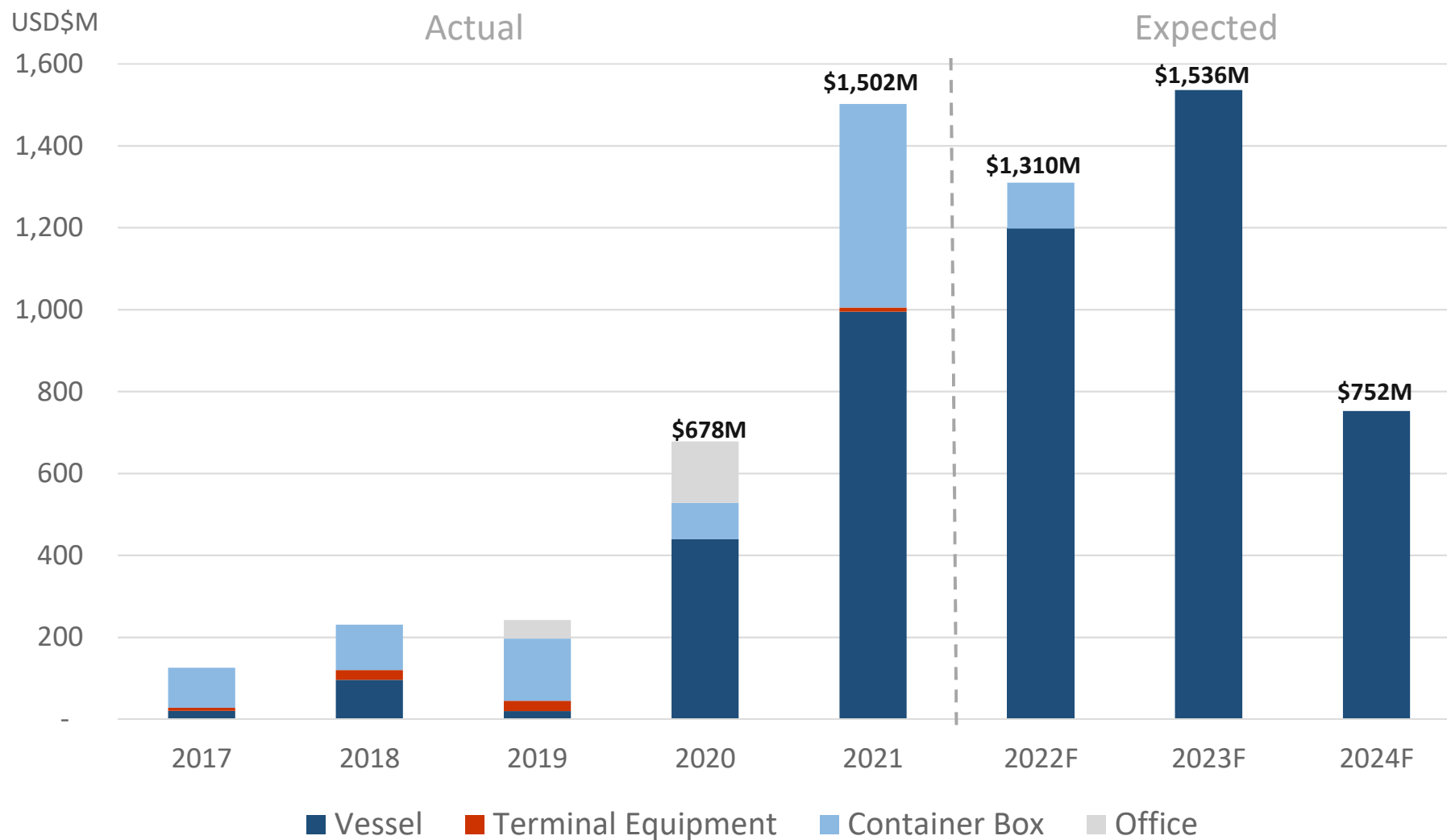
Bunker Cost : USD \$M



Capital Expenditures Schedule

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Appendix: Sustainability Strategy and Action

2021 Sustainable Performance: Environmental Protection

WAN HAI LINES LTD.

100%

Wan Hai's owned ships use low sulfur fuel oil (LSFO)

30%

Reduction in carbon intensity in 2021 (compared to 2008)

62.22%

Owned ships equipped with ballast water treatment system

92.65%

Water used for washing containers recycled at the Taichung Terminal

1,219,100_{kWh}

Electricity generated by the solar panels at Taichung Terminal in 2021

0 cases

Leakage or release of hazardous substances

3.6 years

Average age of owned containers

78%

Reefer containers use low consumption refrigerators

32,000 views

"The Guidebook of Marine Debris 2.0", a project from the collaboration between Wan Hai and RE-THINK

With 2008 as the base year, Wan Hai has set a target for a carbon intensity reduction of 50% by 2030 and 70% by 2050. In 2021, the company had achieved a reduction of 30%.

Reduction of Carbon Intensity Target



2021



2030



2050



Environmental Protection and Energy Saving



Wan Hai is aware of the shipping industry's impact on the global environment and is committed to improve the efficiency of the ship's equipment to lower energy consumption and minimize the impact on environment.

Our strategies for environmental protection and energy efficiency include but are not limited to: Voyage plan optimization; Ballast water management optimization to protect marine life and avoid ecological pollution; Utilization of high-performance paint to improve fuel efficiency and lower greenhouse gas (GHG) emissions; Ship replacement plan with modern and efficient design; Installation of Alternate Marine Power (AMP) on new and existing ships; 100% utilization of low-sulfur fuel oil for owned ships to minimize sulfide emissions and avoid discharging acidic wash-water with high concentration of contaminants into the aquatic ecosystem.

Wan Hai also participate in the Clean Cargo Working Group (CCWG) and Getting to Zero Coalition to exchange information and technology to promote energy saving and carbon reduction. Additionally, the company voluntarily participates in the "Protecting the Blue Whales and Blue Skies" program by reducing vessel speeds in the Santa Barbara Channel region and along the California coast (U.S. West Coast).

Marine Environmental Protection— Low Sulfur Fuel Oil has Been Used for ALL Our Fleet

- In January 2020, the IMO had set a limit of 0.5% on sulfur contents in fuels for marine transport. Many vessels continue to use high-sulfur fuel in combination with exhaust gas cleaning system (EGCS or scrubbers) to meet IMO requirements.
- Scrubbers, which are installed in the funnels, or exhaust stacks, of ships, use seawater to spray or “scrub” the sulfur dioxide pollutants from engine exhausts. Most vessels use an open-loop system, meaning that instead of holding wash-water in a tank to be disposed of at dedicated port facilities, the ships directly discharge the acidic wash-water, which is up to 100,000 times more acidic than seawater.
- Aside from being acidic, scrubbers contain heavy metals that can accumulate in marine food chains. The Swedish Environmental Research Institute found that wash-water from North Sea ships had “severe toxic effects” on zooplankton, which cod, herring and other species feed on. Meanwhile, a Belgian study found that scrubber discharges contain high concentrations of metals such as nickel, copper and chromium, which harm marine ecosystems.
- Roughly 10 billion tonnes of scrubber wash-water are discharged into oceans annually, according to a report by the International Council on Clean Transportation (ICCT).

Wan Hai attaches great importance to marine environmental protection. We have chosen to reduce sulfur oxide emissions by switching to high-cost low-sulfur oil for its entire fleet instead of installing scrubbers.

Wan Hai had started its fuel tank cleaning project in 2019. By 1 January 2020, our entire fleets runs on low-sulfur fuel oil.

Response to IMO Requirement

In June 2021, amendments to the International Convention for the Prevention of Pollution from Ships (MARPOL) to require all ships to calculate their Energy Efficiency Existing Ship Index (EEXI) and Carbon Intensity Indicator (CII) were passed in MEPC 76. Ships will get a rating of their energy efficiency (A-E), if the ship obtains an E rating, immediate corrections will be required. The amendments are expected to enter into force on 1 November, 2022, with the requirements for EEXI and CII certification coming into effect from 1 January 2023.

Wan Hai's new-buildings will have an Energy Efficiency Design Index ratings above requirements.

Topic	Explanation	Our Reaction
Energy Efficiency Existing Ship Index(EEXI)	To submit EEXI technical files to class verification for the International Energy Efficiency Certificate (IEEC) reissuing. (EEXI is a one-time certification)	1. If the existing ship does not meet the requirements of EEXI, the main engine would be refitted to reduce load, limit engine power and reduce fuel consumption. 2. New ships that meet the Energy Efficiency Design Index (EEDI) requirements will gradually replace less efficient ships.
Carbon Intensity Indicator (CII)	From 2023, the CII requirements will take effect and the ship is then given an annual rating ranging from A to E. Underperforming ships need to make a correction plan and list it into the ship energy efficiency management plan (SEEMP).	1. Voyage Optimization: formulate the optimal voyage according to the characteristics of the route, reasonably control the ship speed and improve the efficiency. 2. Smart Monitoring of Ships: A. Fuel efficiency optimization: monitor the ship's real-time conditions to avoid excess fuel consumption. B. Use meteorological navigation software to provide real-time weather information for ships to choose the best route and maximize efficiency. 33. Modification and energy-saving equipment using for existing ship : a. The refitted ship's main propulsion diesel engine adopts a new electronic oiler system b. Modified high-efficiency fuel injection valve execution main engine DERATING c. Retrofit main engine exhaust valve ECO CAM d. Turbo Charger Cut Out System e. Full Balance & Twisted Bulb Rudder with Skeg and high performance propeller f. Using Low Friction & High Performance Energy Saving Anti Fouling Paint to improve sailing efficiency g. Regular propeller polishing and hull cleaning

We Carry, We Care

- **Concerns For Human Rights**

Wan Hai complies with Labor Acts to protect employee legal rights and benefits. Establishing adequate management procedures, which are adopted and revised promptly under laws and policies promulgated by the government. Wan Hai places a great emphasis on human rights and the prohibition of child labor, forced labor, and discrimination. We also ensure equality and fairness are fully embodied in our human resource policies, as well as employment and hiring conditions. Wan Hai is passionately committed to creating a safe and equal working environment.

- **Employee Benefits and Training**

Wan Hai has meticulously arranged diversified training courses to encourage employees to acquire new knowledge and experiences, and broaden their professional horizons. We also provide diversified career development opportunities and encourage job rotation to enhance the depth and breadth of employee professional knowledge. Horizontal and vertical job rotations allow employees to develop and become professional shipping managers. At the same time, we offer competitive salary and benefits, so that employees can focus on their job and professional career development.

- **Charity**

Wan Hai Charity continuously pays attention to major disasters abroad. The Charity has also promoted poverty relief and social welfare support in Taiwan, through long-term involvement in social welfare, to fulfil our corporate responsibility in helping local communities. The COVID-19 outbreak in Asia raised global concern, resulted in a large number of confirmed cases, overwhelming the already overburdened healthcare system. Responding to the severe shortage in medical resources, Wan Hai donated medical supplies to help 112 public hospitals in Taiwan and Southeast Asia to fight the pandemic. We donated to Médecins sans frontières (Doctors without Borders) to help with assisting vulnerable groups in urgent need of medical care from COVID-19 in 76 countries. In addition, Wan Hai is concerned about access to clean water sources, water usage and people's health in Africa. We collaborated with Step30 International Christian Care Association and Love Binti in the "Wells for African Villages Project" to dig 25 wells in 7 countries.

Sustainability

- In 2020, we obtained certification for ISO 45001 Occupational Health and Safety Management Systems.
- Awarded Outstanding Green Transport Development for 3 continuous years since 2019.
- In 2021, Wan Hai (Singapore) office received the Net Tonnage Contribution award, and Wan Hai 321 was certified as an eco-friendly vessel by the Maritime and Port Authority of Singapore.
- In 2021, we adopted the framework created by the Task Force on climate-related Financial Disclosures (TCFD) to manage Climate change risks.
- In 2022, we will implement ISO 14064.
- Continue to participate in and respond to corporate sustainability evaluation and external questionnaires: Participated in the Dow Jones Sustainability Index, EcoVadis, Carbon Disclosure Project (CDP), FTSE Russell sustainability Index, and was listed in "Taiwan Sustainability Index" and "TWSE RAFI Taiwan High Compensation 100 Index" for four consecutive years. Continue to improve the sustainable development through evaluation and questionnaire scores.

[For more information about ESG, please refer to the 2021 Sustainability Report on Wan Hai website](#)



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Q&A