

Container shipping sector

Sino-US tariff easing already priced in

Key message

1. Trans-Pacific freight rates have surged as shippers rush for shipping space, triggered by temporary US-China tariff easing since May 14. Aside from a jump in spot rates, multiple shipping firms have also raised June rates.
2. We see no immediate need for inventory buildup via rush orders amid tariff easing, given ample US retail inventories and weak consumer confidence. We caution investors against over-expectation of rush shipping.
3. Based on booking volumes, we estimate that even if all shipments delayed during the high-tariff period were to resume, the resulting catch-up volume would account for less than 3% of the 2024 total shipping volume.

Event

Sino-US tariffs have been eased for 90 days since May 14, with levies on Chinese exports to the US cut to 30%, which comprises a 10% reciprocal tariff and a 20% fentanyl-related tariff.

Impact

Trans-Pacific freight rates surge on China-US tariff easing. On May 12, China and the US announced tariff easing, prompting shippers to rush for shipping space. Freight rates have surged as a result. Within two weeks of May 12, the Shanghai Containerized Freight Index (SCFI) had soared by 17.9%, while the World Container Index (WCI) for US West Coast and East Coast routes had risen by a respective 17.8% and 24.2%. In addition to the jump in spot rates, multiple shipping companies have announced rate hikes for June.

We caution investors against over-expectation of rush shipping demand, given ample US retail inventory & weak consumer sentiment. Based on import data, financial reports of major US listed retailers and logistics and warehousing indicators, we believe US retailers began building up inventories as early as 4Q24. Retailer inventories are at present at high levels. Moreover, the US Consumer Confidence Index has declined to its lowest level since the pandemic, indicating a weak outlook for consumption. Against this backdrop, we believe US retailers are not under urgent pressure to place emergency orders and build up inventories during the temporary tariff easing period. Therefore, we caution investors against over-expectation of a surge in additional orders or shipping demand due to the tariff reprieve.

Catch-up shipping volume less than 3% of 2024 level, even if all delayed shipments resume. Between March 31 and May 11, container bookings for Chinese exports to the US totaled just 521k TEU, representing a 40% YoY decline. On May 14, US tariffs on Chinese imports were temporarily reduced to 30%. Assuming this 30% tariff level is fully accepted and that the shortfall in shipments during the March 31–May 11 period is entirely recovered, the estimated catch-up volume would be approximately 347k TEU. This volume accounts for less than 3% of total exports from China to the US in 2024.

Stocks for Action

We had previously emphasized that a temporary easing of US-China tariffs would trigger a surge in shipping demand, driving up freight rates and creating near-term trading opportunities in container shipping stocks. With this catalyst now realized and high-dividend ETFs building positions, container shipping stocks have experienced significant near-term gains. During May 12–26, Evergreen Marine (2603 TT, NT\$253, N), Yang Ming Marine (2609 TT, NT\$82, N) and Wan Hai Lines (2615 TT, NT\$118, N) rallied a respective 16%, 14% and 33%, pushing up valuations to 0.8–1.2x our BVPS forecasts at end-2025F, all at the mid-to-high end of historical ranges. We believe container shipping plays have priced in tariff-easing positives. Considering already-high valuations and the poor outlook for 2H25F shipping demand, we are Neutral on the container shipping sector.

We maintain our Neutral ratings on Evergreen Marine, Yang Ming Marine and Wan Hai Lines, with target prices adjusted to NT\$255, NT\$84 and NT\$110, respectively.

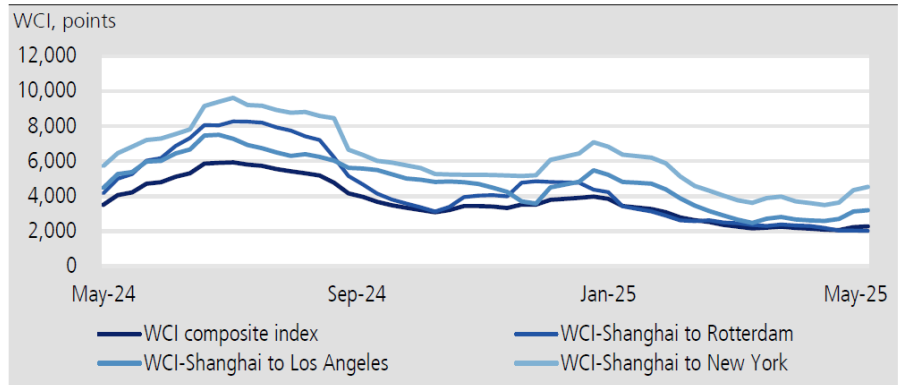
Risks

Tariffs; forex rates; port congestion; Red Sea shipping lane reopening.

US-China tariff truce spurs a sharp rise in Trans-Pacific freight rates

The US and China announced a temporary lowering of tariffs on May 12, triggering a wave of rush shipments and replenishment orders for goods that had previously been held back due to high tariffs. The surge in demand for warehouse slots among shippers has significantly pushed up freight rates. Within two weeks of May 12, the SCFI rose by 17.9%, while WCI US West Coast and East Coast routes increased by 17.8% and 24.2%, respectively. In addition to the spike in spot rates, several major carriers, including Mediterranean Shipping Co. (MSC; CH), CMA CGM (FR), Cosco (CN), Evergreen Marine and Wan Hai Lines, have announced rate hikes for June.

Figure 1: Trans-Pacific freight rates have surged since May 15



Source: Drewry; KGI Research

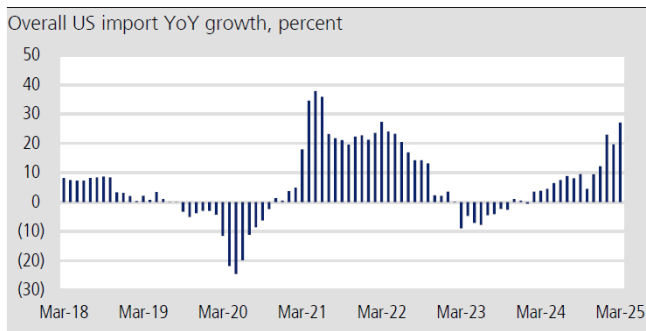
Additional vessel capacity expected starting June after route arrangements

During the period of high US-China tariffs, a large volume of Chinese goods could not be exported. In response, shipping lines reduced available capacity by implementing blank sailings and reallocating vessels to other routes. According to C.H. Robinson, capacity from Asia to the US West Coast dropped by 20-30%, while capacity to the US East Coast declined by 30-40% in the period. Since it takes 2-4 weeks to redeploy vessels, available capacity is expected to gradually increase starting early June.

We caution investors against over-expectation of shipping demand surge given high US retail inventories & weak consumer confidence

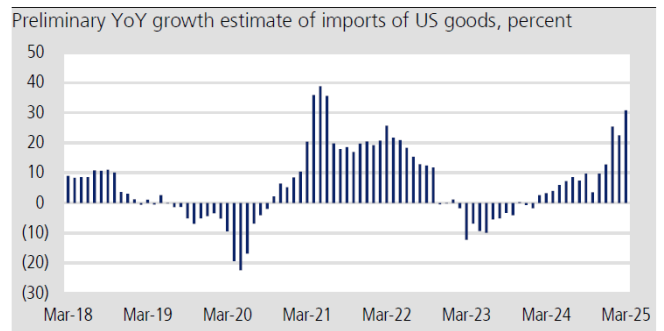
According to data from the Bureau of Economic Analysis and the US Census Bureau, the YoY growth rate of Chinese exports to the US has been rising steadily since 2024. As of March 2025, the import growth rate was nearing the second-highest level since the COVID-19 pandemic.

Figure 2: Overall US import YoY growth nears second-highest level since COVID-19 pandemic



Source: Bureau of Economic Analysis

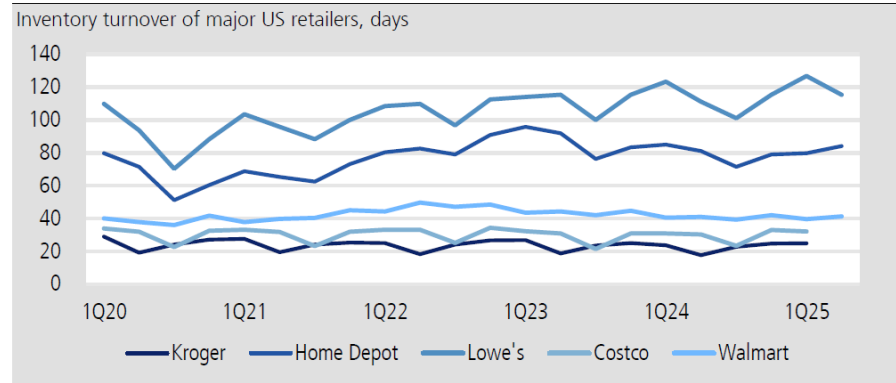
Figure 3: US goods import YoY growth rate nears second-highest level since COVID-19 pandemic



Source: United States Census Bureau

Based on the financial reports of major US retailers such as Home Depot, Costco, Walmart, Lowe's and Kroger, inventory turnover is currently above the middle of the five-year historical band, indicating no urgent restocking demand.

Figure 4: Inventory levels at major US retailers above middle of historical bands



According to the latest April report from the Logistics Manager's Index (LMI), a large volume of imported goods has been in storage since the beginning of the year. Both warehouse levels and costs have increased, reflecting a situation similar to pre-peak season inventory pull-in, seen annually from August to October.

Figure 5: Warehouse pricing surged starting 4Q24

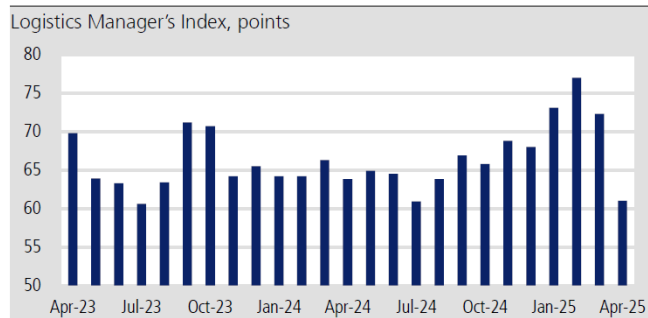
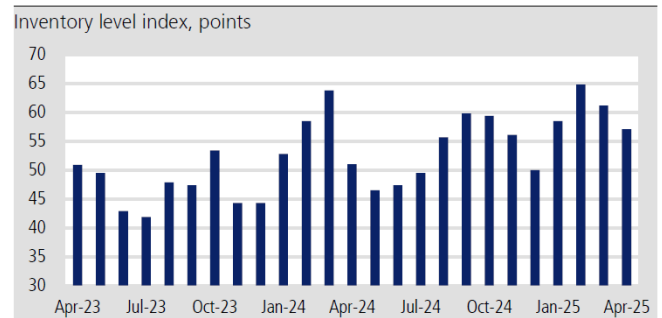
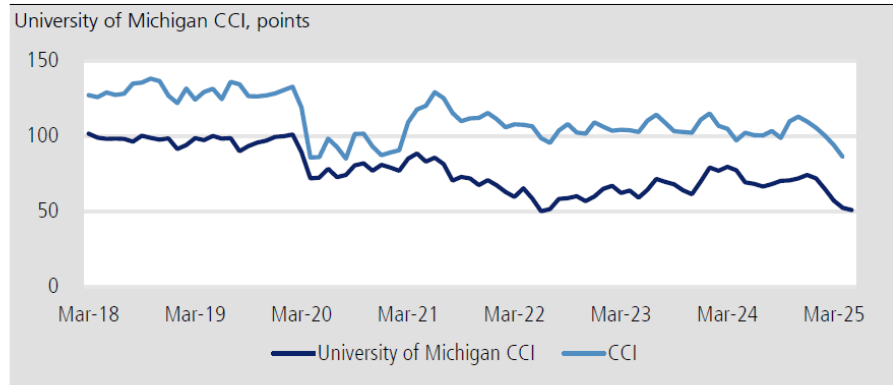


Figure 6: Inventory level index gradually rising



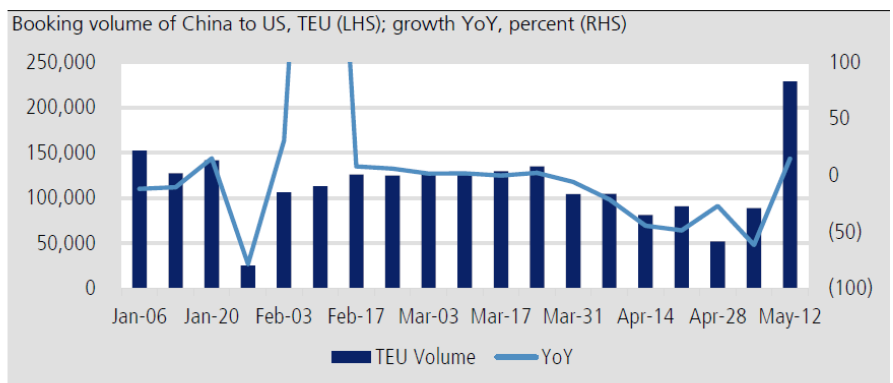
In addition to US retailers having already built up their inventories in advance, consumer confidence has also slipped to its lowest level since the COVID-19 pandemic, casting a shadow over consumption demand. Under these circumstances, we believe retailers will not be under urgent pressure to place large rush orders to restock during the tariff truce. Therefore, we recommend investors not overestimate shipping demand spurred by the current tariff suspensions.

Figure 7: US CCI has fallen to lowest level since COVID-19 pandemic


Source: The Conference Board; University of Michigan; KGI Research

Replacement shipping volume to account for less than 3% of 2024 total volume even if all shipments resume

According to Vizion, from March 31 to May 11, container bookings for Chinese exports to the US totaled 521k TEU, down 40% YoY. The US and China reached a deal to temporarily slash tariffs on May 12, with the US temporarily lowering its overall tariffs on Chinese goods to 30% (comprising a 10% reciprocal tariff and a 20% fentanyl-related tariff). Assuming the agreement is approved, and the shortfall in shipments during the March 31–May 11 is entirely replaced, the estimated replacement shipping volume would be approximately 347k TEU. However, this volume is equivalent to less than 3% of the total container volume exported from China to the US in 2024.

Figure 8: During the period of high retaliatory tariffs between the US & China between March 31-May 11, booking volumes declined by approximately 40% YoY


Source: Vizion; KGI Research

Panic booking may overstate actual shipping demand

In this report, we have analyzed changes in available shipping capacity, the surge in rush orders, and replacement shipping. Overall, we believe that transportation demand triggered by the temporary lowering of US-China tariffs will be relatively limited. According to Linerlytica, as of May 23, the combined idle capacity anchored outside Ningbo and Qingdao ports reached 884k TEU—more than twice the estimated replacement volume of 347k TEU—indicating ample shipping capacity. Therefore, we believe that the recent shortage of warehouse space and sharp rise in freight rates following the tariff truce may be partly due to overbooking or container shipping firms withholding space to drive up prices. If subsequent transportation and booking demand falls short of expectations, the planned and significant rate hikes by carriers in June may not be fully implemented.

Figure 9: Peer comparison – Valuations

Company	Ticker	Market cap (US\$mn)	Share price (LCY)	EPS (LCY)			BVPS (LCY)			P/E (x)			P/B ratio			GM (%)			OPM (%)			Share performance (%)			
				2024	2025F	2026F	2024	2025F	2026F	2024	2025F	2026F	2024	2025F	2026F	2024	2025F	2026F	2024	2025F	2026F	3M	6M	12M	YTD
EVERGREEN MARINE CORP LTD	2603 TT	18,287	253.0	64.87	39.81	33.51	268.04	283.97	297.37	3.9	6.4	7.6	0.9	0.9	0.9	38.0	27.7	24.1	32.2	23.3	19.9	17.1	18.2	13.5	12.4
YANG MING MARINE TRANSPORT	2609 TT	9,560	82.0	18.38	7.36	5.46	97.52	101.88	105.10	4.5	11.1	15.0	0.8	0.8	0.8	34.9	17.8	13.3	29.9	11.6	6.5	12.5	14.4	4.7	8.3
WAN HAI LINES LTD	2615 TT	11,055	118.0	16.89	11.00	6.65	93.08	101.88	107.20	N.M.	10.7	17.7	1.3	1.2	1.1	34.9	28.1	18.8	29.5	23.1	13.3	40.5	39.6	43.7	45.5
T3EX GLOBAL HOLDINGS CORP	2636 TT	384	80.3	8.26	N.A.	N.A.	73.10	N.A.	N.A.	9.7	N.M.	N.M.	1.1	N.M.	N.M.	15.3	N.A.	N.A.	4.4	N.A.	N.A.	(0.6)	0.2	(31.9)	0.6
Local peer average										6.0	9.4	13.4	1.0	1.0	0.9	30.8	24.5	18.7	24.0	19.3	13.3				
AP MOLLER-MÆRSK A/S-B	MAERSKB DC	29,032	12,150.0	381.71	83.72	(69.41)	3,571.08	3,525.34	3,467.21	31.8	145.1	N.M.	3.4	3.4	3.5	N.A.	14.3	9.8	11.0	2.9	(1.2)	(4.2)	6.2	(0.5)	2.1
COSCO SHIPPING HOLDINGS CO-A	601919 CH	33,855	16.1	3.08	1.67	1.03	15.30	15.51	15.96	5.2	9.6	15.6	1.1	1.0	1.0	28.9	18.4	14.5	24.9	15.6	9.7	17.1	15.9	7.0	3.9
HAPAG-LLOYD AG	HLAAG gr	30,959	155.2	13.69	3.65	(0.29)	115.68	107.98	102.32	11.3	42.5	N.M.	1.3	1.4	1.5	N.A.	27.2	24.9	13.6	4.4	0.9	4.4	1.4	(7.7)	1.2
ZIM INTEGRATED SHIPPING SERV	ZIM US	2,174	18.1	17.78	2.59	(2.07)	32.86	29.26	24.59	1.0	7.0	N.M.	0.5	0.6	0.7	33.0	N.A.	N.A.	29.9	10.6	(0.1)	(11.3)	(15.1)	(10.8)	(15.9)
Global peer average										12.4	51.1	15.6	1.6	1.6	1.7	31.0	20.0	16.4	19.9	8.4	2.3				

Source: Bloomberg; KGI Research estimates

Figure 10: Evergreen Marine – Breakdown of 2025 & 2026 forecast revisions vs. consensus

NT \$mn	2025F						2026F					
	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)
Sales	424,010	402,542	5.3	67.5	466,414	(9.1)	427,781	460,585	(7.1)	(8.5)	391,266	9.3
Gross profit	117,572	107,281	9.6	252.9	183,846	(36.0)	103,071	148,393	(30.5)	(33.2)	102,512	0.5
Operating income	98,982	91,340	8.4	374.6	166,333	(40.5)	85,334	127,358	(33.0)	(33.8)	80,634	5.8
Pretax income	109,108	101,545	7.4	178.8	177,791	(38.6)	95,351	137,378	(30.6)	(35.8)	91,097	4.7
Net income	86,197	77,611	11.1	294.6	136,525	(36.9)	72,543	103,119	(29.7)	(38.2)	68,033	6.6
EPS (NT\$)	39.81	35.85	11.1	294.6	63.06	(36.9)	33.51	47.63	(29.7)	(38.2)	31.42	6.6
Gross margin (%)	27.7	26.7	1.1 ppts	20.0 ppts	39.4	(11.7) ppts	24.1	32.2	(8.1) ppts	(10.3) ppts	26.2	(2.1) ppts
OP margin (%)	23.3	22.7	0.7 ppts	20.9 ppts	35.7	(12.3) ppts	19.9	27.7	(7.7) ppts	(8.9) ppts	20.6	(0.7) ppts
Net margin (%)	20.3	19.3	1.0 ppts	17.3 ppts	29.3	(8.9) ppts	17.0	22.4	(5.4) ppts	(9.8) ppts	17.4	(0.4) ppts

Source: Bloomberg; KGI Research estimates

Figure 11: Yang Ming Marine - Breakdown of 2025 & 2026 forecast revisions vs. consensus

NT \$mn	2025F						2026F					
	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)
Sales	171,284	178,732	(4.2)	(23.1)	175,694	(2.5)	156,515	89,498	74.9	(8.6)	146,022	7.2
Gross profit	30,452	38,608	(21.1)	(60.8)	34,937	(12.8)	20,837	27,276	(23.6)	(31.6)	31,199	(33.2)
Operating income	19,825	28,738	(31.0)	(70.2)	23,809	(16.7)	10,202	22,867	(55.4)	(48.5)	20,795	(50.9)
Pretax income	31,935	40,945	(22.0)	(59.5)	32,794	(2.6)	23,659	36,555	(35.3)	(25.9)	31,090	(23.9)
Net income	25,715	32,971	(22.0)	(59.9)	21,132	21.7	19,051	29,436	(35.3)	(25.9)	24,976	(23.7)
EPS (NT\$)	7.36	9.44	(22.0)	(59.9)	6.05	21.7	5.46	8.43	(35.3)	(25.9)	7.15	(23.7)
Gross margin (%)	17.8	21.6	(3.8) ppts	(17.1) ppts	19.9	(2.1) ppts	13.3	30.5	(17.2) ppts	(4.5) ppts	21.4	(8.1) ppts
OP margin (%)	11.6	16.1	(4.5) ppts	(18.3) ppts	13.6	(2.0) ppts	6.5	25.6	(19.0) ppts	(5.1) ppts	14.2	(7.7) ppts
Net margin (%)	15.0	18.4	(3.4) ppts	(13.8) ppts	12.0	3.0 ppts	12.2	32.9	(20.7) ppts	(2.8) ppts	17.1	(4.9) ppts

Source: Bloomberg; KGI Research estimates

Figure 12: Wan Hai Lines - Breakdown of 2025 & 2026 forecast revisions vs. consensus

NT \$mn	2025F						2026F			
	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)	KGI forecast	YoY (%)	Consensus	Diff. (%)
Sales	149,372	142,138	5.1	(7.7)	140,801	6.1	134,130	(10.2)	136,849	(2.0)
Gross profit	41,974	32,702	28.4	(25.7)	34,334	22.3	25,202	(40.0)	28,601	(11.9)
Operating income	34,435	27,159	26.8	(27.8)	24,544	40.3	17,824	(48.2)	21,831	(18.4)
Pretax income	41,015	33,617	22.0	(30.8)	32,679	25.5	24,803	(39.5)	25,901	(4.2)
Net income	30,860	25,293	22.0	(34.9)	26,275	17.4	18,661	(39.5)	19,669	(5.1)
EPS (NT\$)	11.00	9.01	22.0	(34.9)	9.36	17.4	6.65	(39.5)	7.01	(5.1)
Gross margin (%)	28.1	23.0	5.1 ppts	(6.8) ppts	24.4	3.7 ppts	18.8	(9.3) ppts	20.9	(2.1) ppts
OP margin (%)	23.1	19.1	3.9 ppts	(6.4) ppts	17.4	5.6 ppts	13.3	(9.8) ppts	16.0	(2.7) ppts
Net margin (%)	20.7	17.8	2.9 ppts	(8.6) ppts	18.7	2.0 ppts	13.9	(6.7) ppts	14.4	(0.5) ppts

Source: Bloomberg; KGI Research estimates

Evergreen Marine (2603.TW/2603 TT)

Income statement

	Quarterly								Annually		
	Mar-24A	Jun-24A	Sep-24A	Dec-24A	Mar-25A	Jun-25F	Sep-25F	Dec-25F	Dec-24A	Dec-25F	Dec-26F
Income statement (NT\$m)											
Revenue	88,639	106,329	152,789	115,812	109,971	97,071	120,927	96,041	463,568	424,010	427,781
Cost of goods sold	(69,689)	(70,446)	(72,420)	(74,908)	(76,679)	(76,912)	(80,840)	(72,007)	(287,463)	(306,438)	(324,710)
Gross profit	18,949	35,882	80,369	40,904	33,292	20,159	40,087	24,034	176,105	117,572	103,071
Operating expenses	(4,892)	(5,059)	(5,837)	(10,923)	(4,869)	(3,758)	(4,163)	(5,800)	(26,712)	(18,590)	(17,737)
Operating profit	14,062	30,828	74,537	29,986	28,428	16,401	35,924	18,234	149,414	98,982	85,334
Depreciation of fixed assets	(9,379)	(9,602)	(9,785)	(10,190)	(10,653)	(12,303)	(12,303)	(13,953)	(38,956)	(49,212)	(50,753)
Amortisation of intangible assets	(88)	(92)	(90)	(94)	(93)	(88)	(88)	(84)	(364)	(353)	(353)
EBITDA	23,530	40,522	84,412	40,270	39,173	28,792	48,315	32,272	188,733	148,548	136,441
Interest income	2,394	2,499	2,800	2,787	2,500	3,090	2,399	2,674	10,479	10,664	10,405
Investment income	386	1,263	1,394	1,140	1,139	-	-	-	4,183	1,139	-
Other non-op income	3,510	108	251	306	377	700	1,352	1,241	4,176	3,670	5,101
Non-operating income	6,290	3,870	4,445	4,233	4,016	3,790	3,752	3,914	18,838	15,473	15,506
Interest expense	(1,215)	(1,268)	(1,382)	(1,361)	(1,299)	(1,312)	(1,325)	(1,338)	(5,226)	(5,274)	(5,489)
Investment loss	-	-	-	-	-	-	-	-	-	-	-
Other non-op expenses	318	637	1,534	4,305	(73)	-	-	-	6,793	(73)	-
Non-operating expenses	(897)	(631)	151	2,944	(1,372)	(1,312)	(1,325)	(1,338)	1,567	(5,347)	(5,489)
Pre-tax profit	19,455	34,066	79,134	37,163	31,073	18,879	38,350	20,811	169,819	109,108	95,351
Current taxation	(2,824)	(5,350)	(18,460)	(9,732)	(4,142)	(3,776)	(7,670)	(4,162)	(36,366)	(19,750)	(19,070)
Minorities	(841)	(1,107)	(1,381)	(1,202)	(479)	(574)	(1,257)	(850)	(4,531)	(3,161)	(3,737)
Normalised net profit	15,790	27,610	59,293	26,229	26,452	14,529	29,423	15,798	128,922	86,197	72,543
Extraordinary items	1,592	1,849	2,620	4,470	907	-	-	(907)	10,532	-	-
Net profit	17,382	29,459	61,913	30,699	27,358	14,529	29,423	14,892	139,453	86,197	72,543
EPS (NT\$)	8.14	13.70	28.75	14.28	12.64	6.71	13.59	6.88	64.87	39.81	33.51
Margins (%)											
Gross profit margin	21.4	33.8	52.6	35.3	30.3	20.8	33.1	25.0	38.0	27.7	24.1
Operating margin	15.9	29.0	48.8	25.9	25.9	16.9	29.7	19.0	32.2	23.3	19.9
EBITDA margin	26.5	38.1	55.2	34.8	35.6	29.7	40.0	33.6	40.7	35.0	31.9
Pretax profit margin	21.9	32.0	51.8	32.1	28.3	19.4	31.7	21.7	36.6	25.7	22.3
Net profit margin	19.6	27.7	40.5	26.5	24.9	15.0	24.3	15.5	30.1	20.3	17.0
Sequential growth (%)											
Revenue growth	27.2	20.0	43.7	(24.2)	(5.0)	(11.7)	24.6	(20.6)			
Gross profit growth	112.8	89.3	124.0	(49.1)	(18.6)	(39.5)	98.8	(40.0)			
Operating profit growth	294.0	119.2	141.8	(59.8)	(5.2)	(42.3)	119.0	(49.2)			
EBITDA growth	84.3	72.2	108.3	(52.3)	(2.7)	(26.5)	67.8	(33.2)			
Pretax profit growth	261.6	75.1	132.3	(53.0)	(16.4)	(39.2)	103.1	(45.7)			
Net profit growth	427.8	69.5	110.2	(50.4)	(10.9)	(46.9)	102.5	(49.4)			
YoY growth (%)											
Revenue growth	32.6	57.8	109.8	66.2	24.1	(8.7)	(20.9)	(17.1)	67.5	(8.5)	0.9
Gross profit growth	28.0	160.1	547.7	359.4	75.7	(43.8)	(50.1)	(41.2)	252.7	(33.2)	(12.3)
Operating profit growth	32.7	227.8	842.4	740.2	102.2	(46.8)	(51.8)	(39.2)	374.6	(33.8)	(13.8)
EBITDA growth	29.7	133.1	394.9	215.4	66.5	(28.9)	(42.8)	(19.9)	188.8	(21.3)	(8.2)
Pretax profit growth	24.0	120.0	225.1	590.7	59.7	(44.6)	(51.5)	(44.0)	178.8	(35.8)	(12.6)
Net profit growth	244.7	478.5	182.6	832.1	57.4	(50.7)	(52.5)	(51.5)	294.6	(38.2)	(15.8)

Source: Company data; KGI Research estimates

Yang Ming Marine (2609.TW/2609 TT)

Income statement

	Quarterly								Annually		
	Mar-24A	Jun-24A	Sep-24A	Dec-24A	Mar-25A	Jun-25F	Sep-25F	Dec-25F	Dec-24A	Dec-25F	Dec-26F
Income statement (NT\$m)											
Revenue	43,801	52,589	72,838	53,477	45,510	39,488	48,301	37,983	222,706	171,284	156,515
Cost of goods sold	(33,701)	(35,974)	(38,225)	(37,179)	(35,951)	(35,141)	(35,804)	(33,935)	(145,078)	(140,832)	(135,678)
Gross profit	10,101	16,615	34,614	16,298	9,559	4,347	12,498	4,048	77,628	30,452	20,837
Operating expenses	(2,395)	(2,812)	(3,075)	(2,774)	(2,679)	(2,577)	(2,621)	(2,750)	(11,056)	(10,627)	(10,635)
Operating profit	7,706	13,803	31,539	13,524	6,880	1,770	9,877	1,298	66,571	19,825	10,202
Depreciation of fixed assets	(4,993)	(4,886)	(4,961)	(5,009)	(4,972)	(6,260)	(6,260)	(7,549)	(19,850)	(25,041)	(26,173)
Amortisation of intangible assets	(21)	(23)	(21)	(22)	(19)	(25)	(25)	(31)	(88)	(101)	(101)
EBITDA	12,720	18,712	36,521	18,556	11,871	8,055	16,163	8,878	86,509	44,968	36,476
Interest income	2,699	2,805	2,882	3,025	2,788	2,996	3,073	2,826	11,411	12,935	14,079
Investment income	111	127	264	231	154	-	-	-	733	896	920
Other non-op income	21	27	21	25	19	2,715	295	262	94	(0)	0
Non-operating income	2,830	2,959	3,167	3,281	2,961	5,712	3,368	3,088	12,237	13,831	15,000
Interest expense	(471)	(495)	(440)	(912)	(1,009)	(999)	(989)	(979)	(2,318)	(1,721)	(1,542)
Investment loss	-	-	-	-	-	-	-	-	-	-	-
Other non-op expenses	1,379	579	503	(136)	916	-	-	-	2,325	-	-
Non-operating expenses	908	84	63	(1,048)	(93)	(999)	(989)	(979)	7	(1,721)	(1,542)
Pre-tax profit	11,444	16,846	34,769	15,757	9,748	6,482	12,256	3,407	78,816	31,935	23,659
Current taxation	(2,173)	(3,211)	(7,100)	(2,867)	(2,234)	(1,296)	(2,451)	(681)	(15,350)	(6,220)	(4,608)
Minorities	(75)	(78)	(73)	(65)	(76)	(76)	(80)	(84)	(290)	-	-
Normalised net profit	9,197	13,558	27,597	12,824	7,438	5,110	9,725	2,641	63,175	25,715	19,051
Extraordinary items	183	329	770	(279)	338	-	-	(338)	1,004	-	-
Net profit	9,379	13,887	28,367	12,545	7,776	5,110	9,725	2,303	64,179	25,715	19,051
EPS (NT\$)	2.69	3.98	8.12	3.59	2.23	1.46	2.78	0.66	18.38	7.36	5.46
Margins (%)											
Gross profit margin	23.1	31.6	47.5	30.5	21.0	11.0	25.9	10.7	34.9	17.8	13.3
Operating margin	17.6	26.2	43.3	25.3	15.1	4.5	20.4	3.4	29.9	11.6	6.5
EBITDA margin	29.0	35.6	50.1	34.7	26.1	20.4	33.5	23.4	38.8	26.3	23.3
Pretax profit margin	26.1	32.0	47.7	29.5	21.4	16.4	25.4	9.0	35.4	18.6	15.1
Net profit margin	21.4	26.4	38.9	23.5	17.1	12.9	20.1	6.1	28.8	15.0	12.2
Sequential growth (%)											
Revenue growth	33.9	20.1	38.5	(26.6)	(14.9)	(13.2)	22.3	(21.4)			
Gross profit growth		64.5	108.3	(52.9)	(41.3)	(54.5)	187.5	(67.6)			
Operating profit growth		79.1	128.5	(57.1)	(49.1)	(74.3)	458.1	(86.9)			
EBITDA growth	672.3	47.1	95.2	(49.2)	(36.0)	(32.1)	100.6	(45.1)			
Pretax profit growth		47.2	106.4	(54.7)	(38.1)	(33.5)	89.1	(72.2)			
Net profit growth		48.1	104.3	(55.8)	(38.0)	(34.3)	90.3	(76.3)			
YoY growth (%)											
Revenue growth	18.5	50.1	102.9	63.4	3.9	(24.9)	(33.7)	(29.0)	58.4	(23.1)	(8.6)
Gross profit growth	195.6	368.0	5567.7		(5.4)	(73.8)	(63.9)	(75.2)	1143.9	(60.8)	(31.6)
Operating profit growth	430.7	923.2			(10.7)	(87.2)	(68.7)	(90.4)		(70.2)	(48.5)
EBITDA growth	92.0	186.5	900.4	1026.6	(6.7)	(57.0)	(55.7)	(52.2)	368.7	(48.0)	(18.9)
Pretax profit growth	172.0	184.0	998.1		(14.8)	(61.5)	(64.7)	(78.4)	623.8	(59.5)	(25.9)
Net profit growth	175.8		910.8		(17.1)	(63.2)	(65.7)	(81.6)	1244.3	(59.9)	(25.9)

Source: Company data; KGI Research estimates

Wan Hai Lines (2615.TW/2615 TT)

Income statement

	Quarterly								Annually		
	Mar-24A	Jun-24A	Sep-24A	Dec-24A	Mar-25A	Jun-25F	Sep-25F	Dec-25F	Dec-24A	Dec-25F	Dec-26F
Income statement (NT\$m)											
Revenue	27,618	38,162	54,493	41,526	37,090	35,502	46,337	30,443	161,799	149,372	134,130
Cost of goods sold	(24,181)	(25,777)	(27,886)	(27,488)	(26,194)	(27,860)	(28,511)	(24,834)	(105,332)	(107,398)	(108,928)
Gross profit	3,437	12,386	26,607	14,038	10,897	7,642	17,825	5,610	56,467	41,974	25,202
Operating expenses	(1,722)	(1,726)	(2,977)	(2,316)	(1,963)	(1,693)	(2,432)	(1,451)	(8,740)	(7,539)	(7,377)
Operating profit	1,715	10,660	23,630	11,722	8,933	5,950	15,394	4,158	47,727	34,435	17,824
Depreciation of fixed assets	(3,947)	(4,021)	(4,135)	(4,085)	(3,863)	(5,989)	(5,989)	(8,114)	(16,187)	(23,954)	(27,206)
Amortisation of intangible assets	(8)	(7)	(11)	(15)	(17)	(15)	(15)	(13)	(42)	(61)	(61)
EBITDA	5,670	14,688	27,776	15,822	12,814	11,954	21,398	12,286	63,956	58,451	45,092
Interest income	1,407	1,658	1,606	1,928	1,689	1,489	1,412	1,350	6,599	7,392	7,901
Investment income	130	247	456	133	140	-	-	-	966	1,449	1,518
Other non-op income	0	0	(0)	0	2	(5,265)	554	215	0	(0)	0
Non-operating income	1,537	1,905	2,063	2,061	1,831	(3,777)	1,966	1,565	7,566	8,841	9,419
Interest expense	(486)	(507)	(533)	(532)	(516)	(531)	(547)	(563)	(2,058)	(2,261)	(2,441)
Investment loss	-	-	-	-	-	-	-	-	-	-	-
Other non-op expenses	2,861	2,259	(2,505)	3,455	541	-	-	-	6,069	-	-
Non-operating expenses	2,375	1,752	(3,039)	2,923	25	(531)	(547)	(563)	4,011	(2,261)	(2,441)
Pre-tax profit	5,627	14,317	22,654	16,707	10,789	1,642	16,812	5,160	59,304	41,015	24,803
Current taxation	(1,514)	(2,958)	(4,965)	(5,247)	(2,359)	(394)	(4,035)	(1,238)	(14,684)	(10,156)	(6,141)
Minorities	(4)	(3)	(5)	(2)	(9)	3	3	3	(14)	-	-
Normalised net profit	4,109	11,355	17,684	11,458	8,421	1,251	12,780	3,925	44,606	30,860	18,661
Extraordinary items	514	214	746	1,328	311	-	-	(311)	2,802	-	-
Net profit	4,623	11,569	18,431	12,786	8,732	1,251	12,780	3,613	47,409	30,860	18,661
EPS (NT\$)	1.65	4.12	6.57	4.56	3.11	0.45	4.55	1.29	16.89	11.00	6.65
Margins (%)											
Gross profit margin	12.4	32.5	48.8	33.8	29.4	21.5	38.5	18.4	34.9	28.1	18.8
Operating margin	6.2	27.9	43.4	28.2	24.1	16.8	33.2	13.7	29.5	23.1	13.3
EBITDA margin	20.5	38.5	51.0	38.1	34.5	33.7	46.2	40.4	39.5	39.1	33.6
Pretax profit margin	20.4	37.5	41.6	40.2	29.1	4.6	36.3	17.0	36.7	27.5	18.5
Net profit margin	16.7	30.3	33.8	30.8	23.5	3.5	27.6	11.9	29.3	20.7	13.9
Sequential growth (%)											
Revenue growth	9.8	38.2	42.8	(23.8)	(10.7)	(4.3)	30.5	(34.3)			
Gross profit growth	617.6	260.4	114.8	(47.2)	(22.4)	(29.9)	133.2	(68.5)			
Operating profit growth		521.5	121.7	(50.4)	(23.8)	(33.4)	158.7	(73.0)			
EBITDA growth	178.0	159.1	89.1	(43.0)	(19.0)	(6.7)	79.0	(42.6)			
Pretax profit growth		154.4	58.2	(26.3)	(35.4)	(84.8)	924.1	(69.3)			
Net profit growth		150.3	59.3	(30.6)	(31.7)	(85.7)	921.9	(71.7)			
YoY growth (%)											
Revenue growth	8.1	56.0	117.6	65.1	34.3	(7.0)	(15.0)	(26.7)	61.4	(7.7)	(10.2)
Gross profit growth			6653.2	2831.0	217.0	(38.3)	(33.0)	(60.0)		(25.7)	(40.0)
Operating profit growth					420.8	(44.2)	(34.9)	(64.5)		(27.8)	(48.2)
EBITDA growth	261.6	532.0	1087.8	675.9	126.0	(18.6)	(23.0)	(22.4)	673.4	(8.6)	(22.9)
Pretax profit growth		946.4	1512.4		91.7	(88.5)	(25.8)	(69.1)		(30.8)	(39.5)
Net profit growth			625.9		88.9	(89.2)	(30.7)	(71.7)		(34.9)	(39.5)

Source: Company data; KGI Research estimates

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