

ZIM

The Power of Being Independent

Real GDP Growth in Major Economies



	2014	2015	2016(f)	2017(f)
Global economy	3.4	3.2	2.9	3.2
G10	1.7	2.1	1.4	1.2
USA	2.4	2.6	1.7	1.5
Euro area	0.9	1.9	1.3	1.0
UK	2.8	2.2	1.9	0.6
Japan	0.0	0.5	0.2	0.8
Emerging markets	4.8	4.0	4.0	4.7
Asia ex Japan	6.5	6.1	6.1	6.0
<i>China</i>	7.4	6.9	6.7	6.4
<i>India</i>	7.1	7.2	7.7	7.8
Latin America	0.8	-0.4	-1.1	1.7
<i>Brazil</i>	0.1	-3.8	-3.6	0.9
<i>Mexico</i>	2.1	2.5	2.2	2.0
CEEMEA	2.0	0.0	0.9	2.3
<i>Russia</i>	0.6	-3.7	-0.6	1.4
<i>S Africa</i>	1.5	1.3	0.3	0.9
<i>Nigeria</i>	6.3	2.7	-0.3	3.7

Notes: (f) forecast CEEMEA = Central/Eastern Europe, Middle East and Africa Source: Morgan Stanley (10 Nov 2016)

GLOBAL HEADHAUL SUPPLY-DEMAND BALANCE AND UTILISATION FACTORS, 2015-16



	Capacity (’000 teu)	Change	Demand (’000 teu)	Change	Supply- demand gap	Utilisation
1Q15	15,310		12,787			83.5%
2Q15	16,394	7.1%	13,419	4.9%	2.1%	81.9%
3Q15	16,858	2.8%	14,256	6.2%	-3.4%	84.6%
4Q15	16,130	-4.3%	12,943	-9.2%	4.9%	80.2%
2015	64,692	n.a.	53,405	2.1%	n.a.	82.6%
1Q16	16,022	-0.7%	12,771	-1.3%	0.7%	79.7%
2Q16	16,996	6.1%	13,846	8.4%	-2.3%	81.5%
3Q16	16,839	-0.9%	14,286	3.2%	-4.1%	84.8%

Trades include Europe-ECSA, Asia-ECSA, Asia-West Africa, N Asia-Australasia, Asia-Mid-East, Asia-S Asia, Europe-Mid-East, Europe-S Asia, Asia-N Europe, Asia-Med, Transpacific, N Europe-N America; load factors from 1Q15 have been revised slightly because of adjustments made to out-of-scope and deadweight capacity factors

Source: Drewry Maritime Research

GLOBAL BACKHAUL SUPPLY-DEMAND BALANCE AND UTILISATION FACTORS, 2015-16

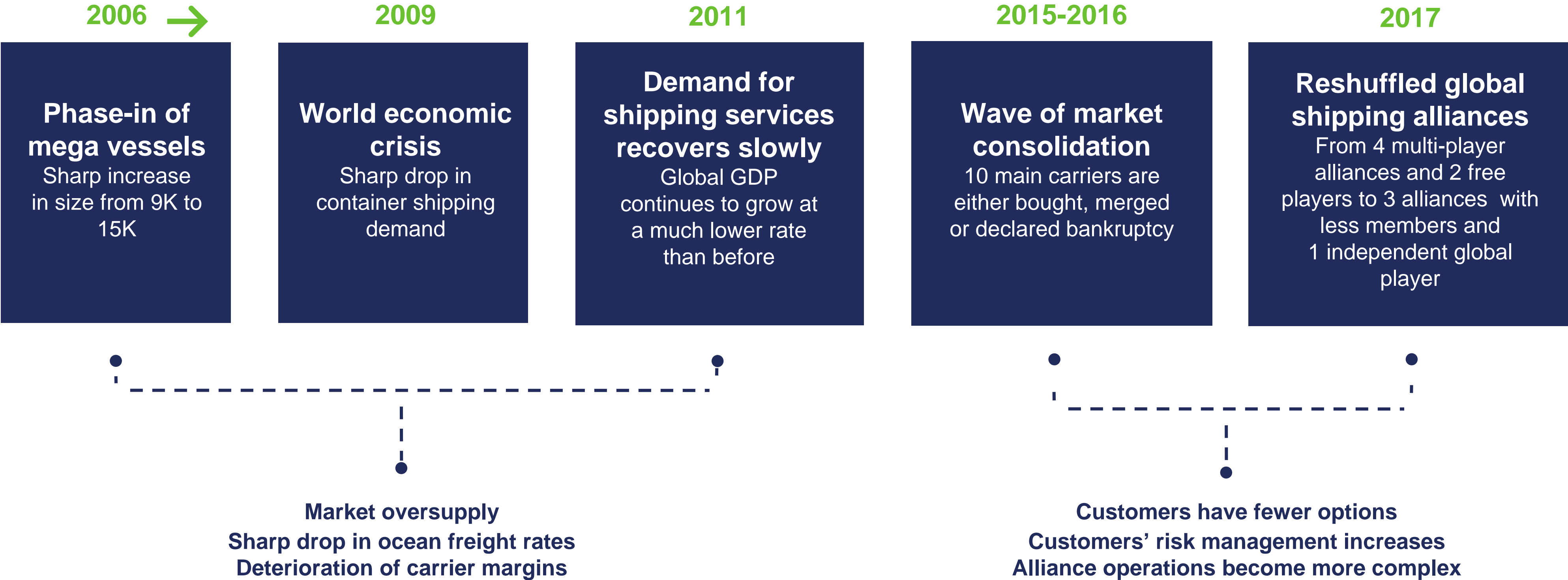


	Capacity (^{'000} teu)	Change	Demand (^{'000} teu)	Change	Supply- demand gap	Utilisation
1Q15	13,142		5,720			43.5%
2Q15	13,971	6.3%	6,288	9.9%	-3.6%	45.0%
3Q15	14,392	3.0%	6,194	-1.5%	4.5%	43.0%
4Q15	13,799	-4.1%	6,028	-2.7%	-1.4%	43.7%
2015	55,304	n.a.	24,230	-0.3%	n.a.	43.8%
1Q16	13,711	-0.6%	6,039	0.2%	-0.8%	44.0%
2Q16	14,485	5.6%	6,451	6.8%	-1.2%	44.5%
3Q16	14,278	-1.4%	6,346	-1.6%	0.2%	44.4%

Trades include Transpacific, Med-Asia, N Europe-Asia, N America-N Europe & Med, ECSA-Asia, ECSA-Europe, Mid-East-Asia, S Asia-Asia, Mid-East-Europe, S Asia-Europe, W Africa-Asia, Oceania-Asia

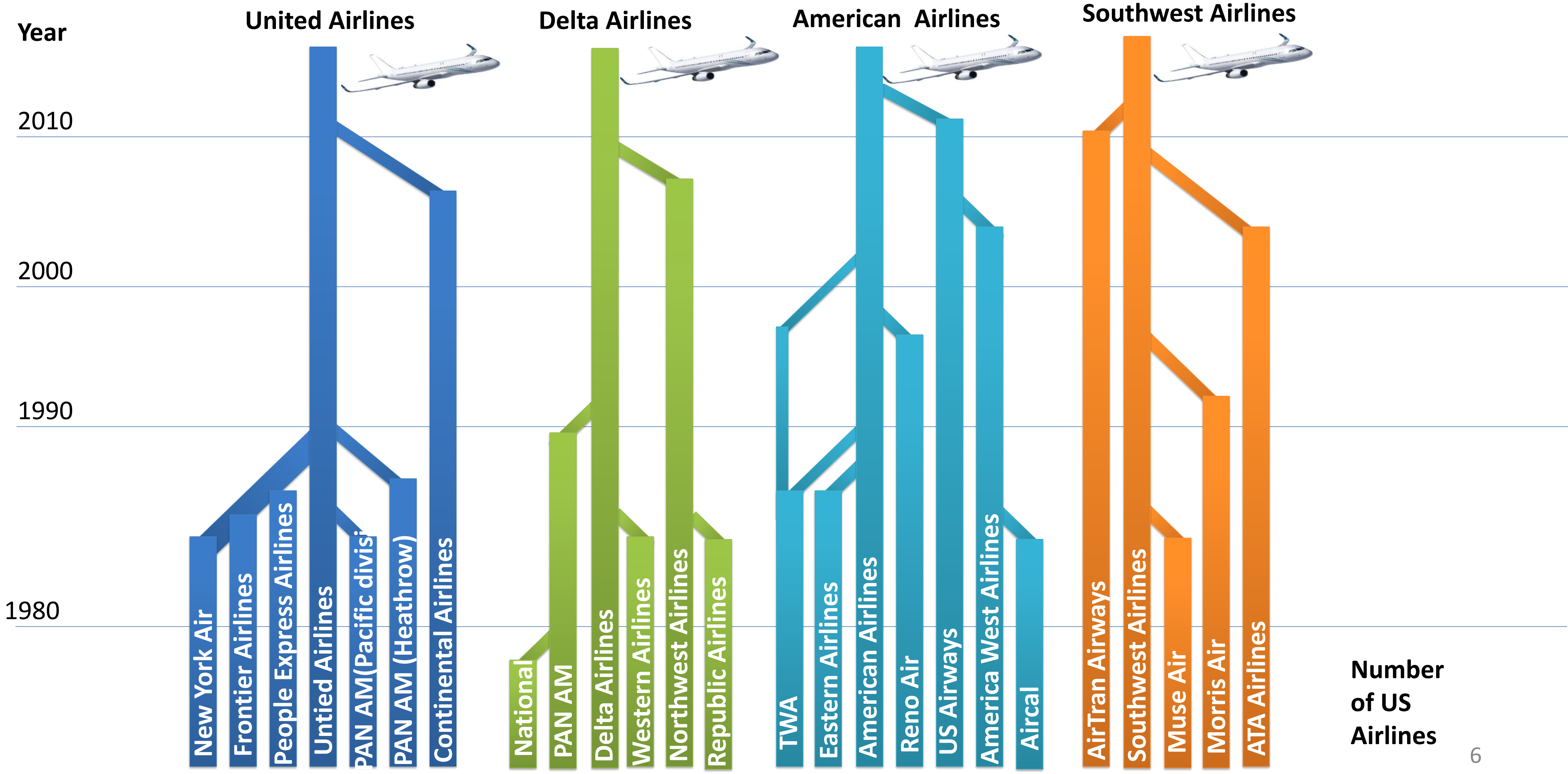
Source: Drewry Maritime Research

Container shipping has experienced major changes in the past decade



These changes have created an entirely new shipping industry environment

Similarities?



Number of US Airlines

Alliances Structure



Current Alliance Structure



New Alliance Structure (from April 2017)



Operating margins by quarter:2008-2016

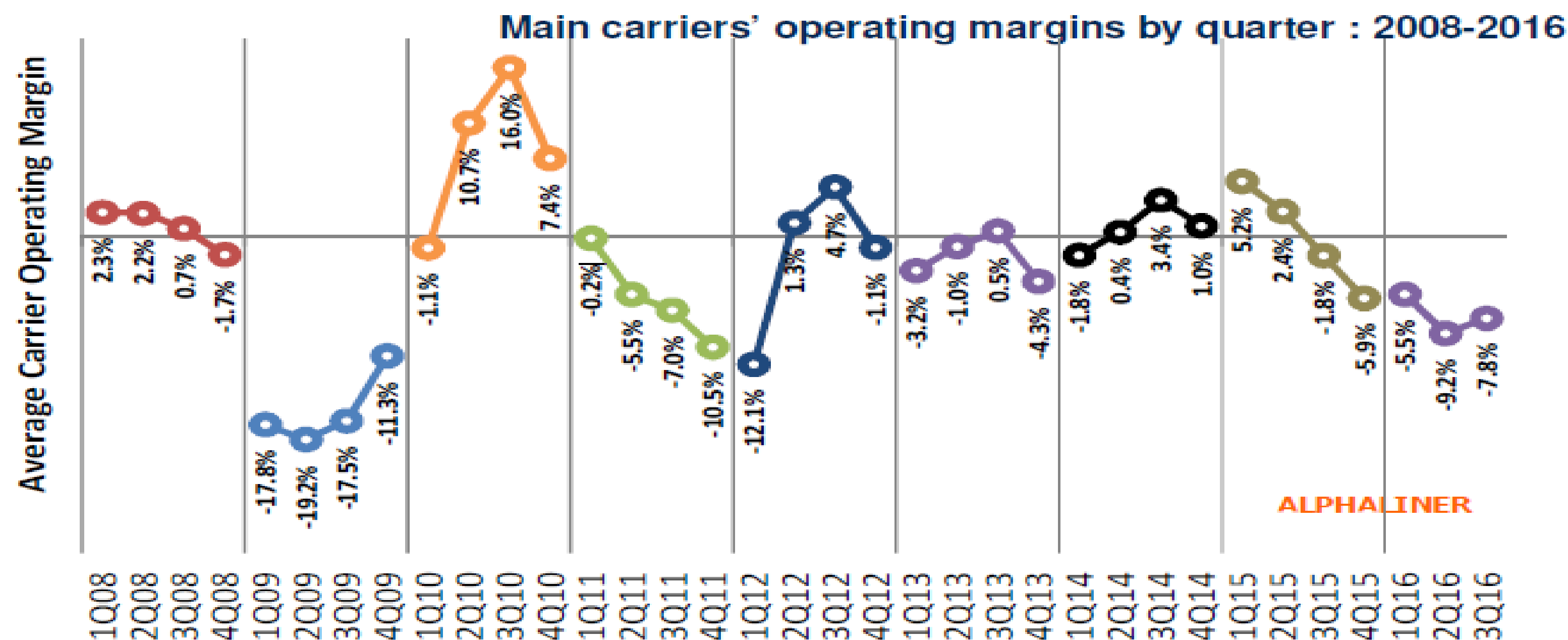


Operating margin by carrier 3Q 2016

In US\$ millions	Revenue	Operating Profit	Margin %
Hapag-Lloyd	2,152	73	3%
Wan Hai	443	10	2%
CMA CGM	4,466	-86	-2%
Zim	644	-14	-2%
Maersk	5,359	-159	-3%
NYK	1,358	-63	-5%
EMC	1,006	-57	-6%
MOL	1,414	-95	-7%
K Line	1,216	-85	-7%
Yang Ming	914	-148	-16%
HMM	777	-170	-22%
Hanjin	874	-258	-30%

Note : Results for container shipping business only where separately reported and converted to US\$. Japanese carriers based on ordinary income. EMC results not consolidated for full Evergreen Group.

Chart of the week

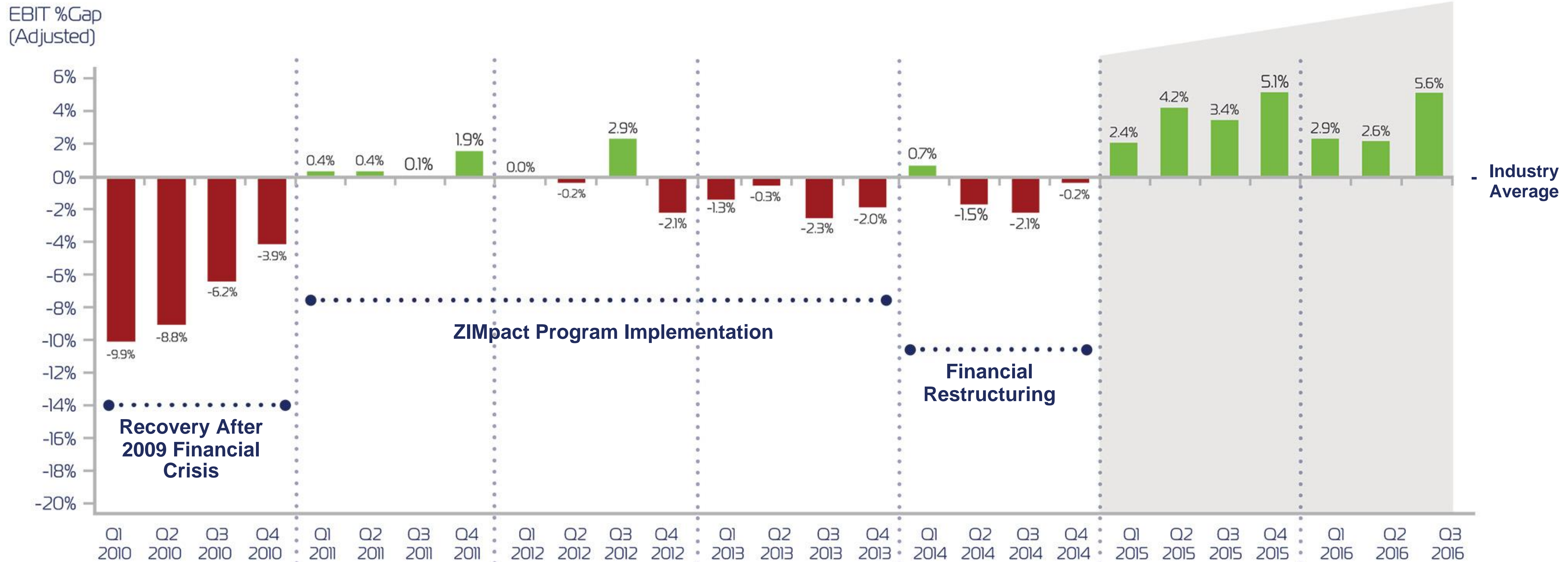


Average of CMA CGM (incl APL to 2Q 2016), CSCL (to 1Q2016), EMC, Hanjin, Hapag-Lloyd (incl CSAV to 2014), HMM, KL, Maersk, MOL, NYK, WHL, YML, Zim

After a 5-year period of ongoing efforts, for the past 2 years we have been **outperforming** the industry



Delta Between ZIM's Adjusted EBIT & Industry Average



2016-2017 Shipping Industry Highlights and Challenges



- **Historically low freight rate levels**
- **Supply-demand imbalance**
- **Hanjin bankruptcy**
- **Acquisition of APL by CMA CGM**
- **Integration of CSCL within COSCO**
- **Hapag-Lloyd and UASC merger**
- **Acquisition of Hamburg Süd by Maersk**
- **Merger of K Line, MOL and NYK's**
- **Giant Alliances – What Next?**

What does it mean for customers and how can carriers differentiate moving forward?

ZIM strategy has 4 key elements



Global Niche Carrier



- Focusing on markets where ZIM holds a competitive advantage
- Maintaining a substantial market share in targeted trades
- Positioning ZIM as an independent carrier with a flexible partnership approach

Customer Focus



- Ongoing improvement of customer service and satisfaction
- Standardized and globally streamlined processes
- Development of long-term customer relationships for mutual success

Asset-Light Model



- High proportion of chartered vessels, reducing capital investment needs
- Short-term charters allowing fast and flexible responses to market conditions
- Taking advantage of low charter freights which do not seem to change in foreseeable future

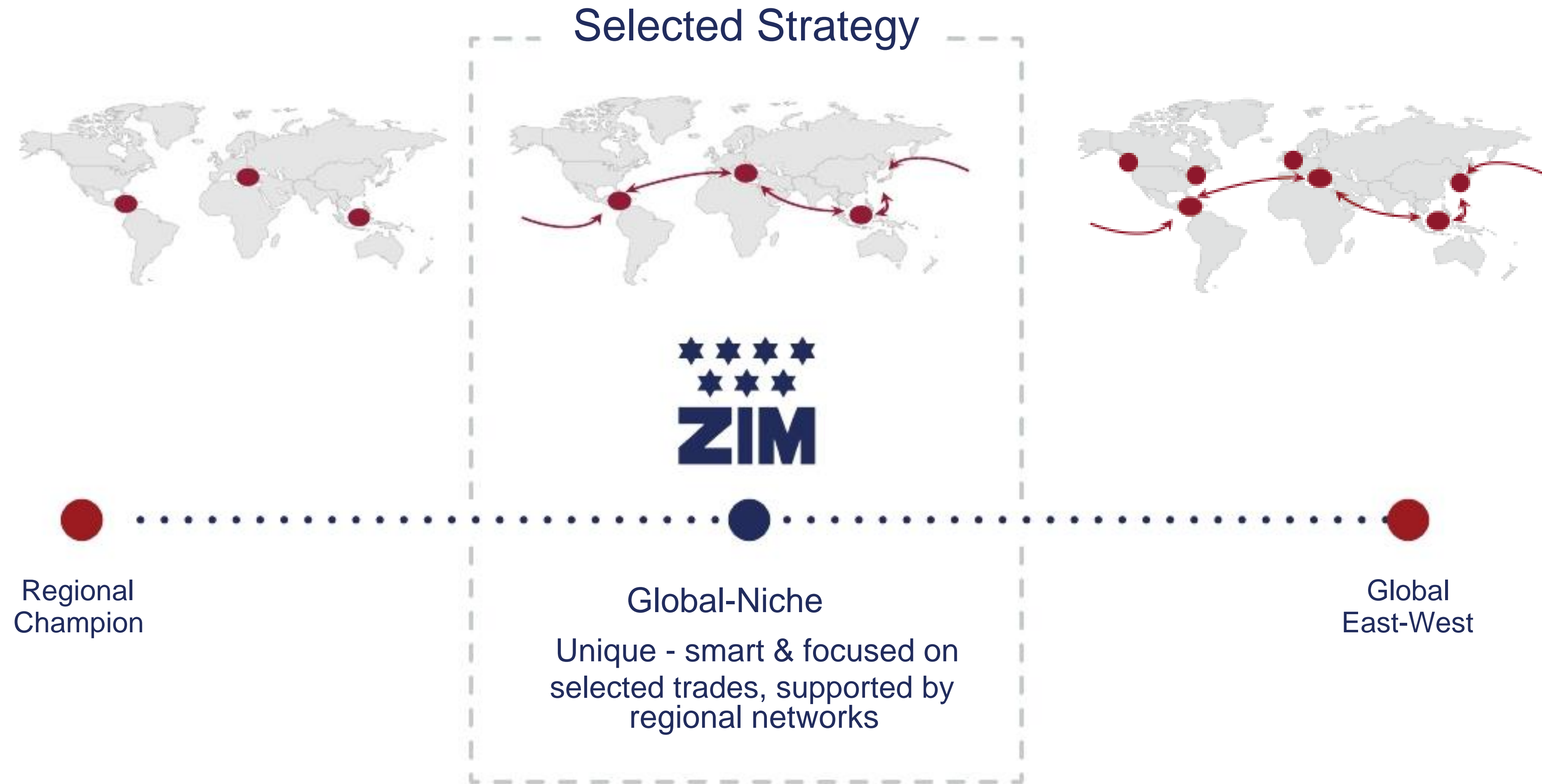
High Efficiency & Cost Control



- Proactive, effective cost control approach that generates significant cost savings
- Ongoing improvement via innovation and creative solutions

People, System, Process

ZIM focuses on trades which have sustainable leading position as a global niche carrier



ZIM's strategy promotes continuous investment in our customer experience



Smart 

Upgraded Customer Interface

Major upgrade in customer service systems and processes that improve the way we do business together

Customer  ONE

Enhanced Shipping Platform

Upgrading ZIM's core shipping platform based on optimal solutions, enhanced business processes and infrastructure

Digital Innovation 

Modern Cloud Infrastructure

Improved time to market using sophisticated cloud infrastructure technology

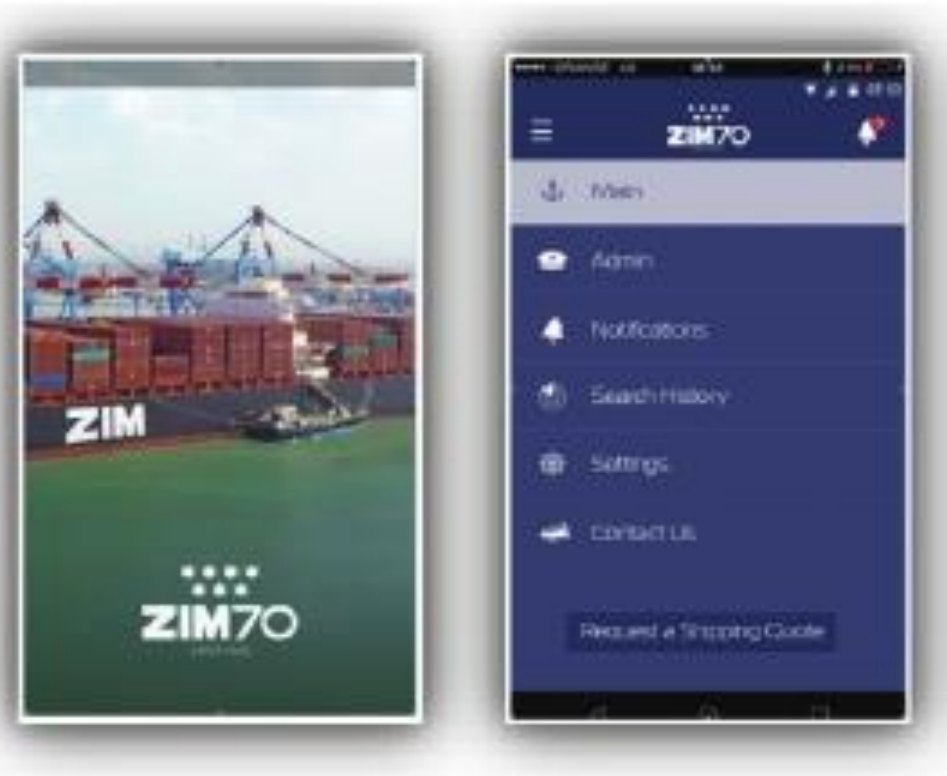
Our varied products & services create enhanced value for our customers



- “Top performer in schedule reliability #1 in Q1+Q2 2016, according to SeaIntel”



- Steadily increasing customer satisfaction
- Specialist services for Out Of Gauge and Special Cargo
- Investment in digital innovation (ZIMonitor, E-Commerce, ZIMapp)



ZIM is Future Proof



- **ZIM is financially and operationally prepared to face new challenges** in the turbulent shipping industry
- ZIM's EBIT margin performance has been at the **top of the industry for the past 2 years**
- ZIM operates in **select trades** where it has a **leading position**
- ZIM's **independence and commercial flexibility** ensure a **rapid response** to market needs, with **excellent service standards**
- ZIM is at the top of **schedule reliability**
- ZIM's **accessible, personal approach** at all levels guarantees a **first-class customer experience**



“It is not the strongest of the species that survive, not the most intelligent, but the one most responsive to change.”

Charles Darwin



The Power of Being Independent

Thank You

