



Investor Conference Call

March 22nd

09:00 a.m. Chile (GMT -3:00)


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COMPAÑÍA SUD AMERICANA DE VAPORES S.A. AND SUBSIDIARIES

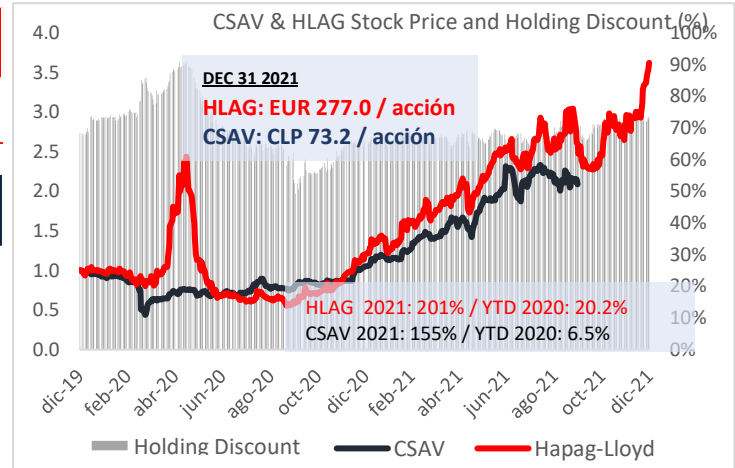
QUARTERLY ANALYSIS

Based on the Consolidated Financial Statements
as of December 31, 2021

4Q21 AT A GLANCE

		As of December 31,		Change	
		2021	2020	%	#
Share of HLAG's net income	MMUS\$	3,220.4	312	931%	2,908
Net Income	MMUS\$	3,210	222	1345%	2,988

		As of December 31,		Change	
		2021	2020	%	#
Revenue	MMUS\$	26,356	14,577	81%	11,779
EBITDA	MMUS\$	12,842	3,082	317%	9,760
EBIT	MMUS\$	11,111	1,501	640%	9,610
Net Income	MMUS\$	10,750	1,068	907%	9,683
Freight rate	US\$/TEU	2,003	1,115	80%	888
Transport volume	MTEU	11,872	11,838	0%	34
Fuel price	USD/t	475	379	25%	96



✉ For the year 2021, CSAV reported net income of MMUS\$ 3,210.1, which compares favorably with net income of MMUS\$ 222.1 for the same period in 2020.

✉ These higher earnings can be explained mainly by improved results from Hapag-Lloyd / HLAG, where CSAV's share was MMUS\$ 3,220.4 for 2021, significantly higher than the MMUS\$ 312.3 recorded last year.

⚡ HLAG reported good results thanks to strong container shipping demand and better freight rates (affected by congestion issues).

⚡ The industry continues to be affected by congestion in the logistics chain caused by COVID-19-related disruptions. Despite the fact that the industry's entire active fleet capacity is fully operating, mobility restrictions have impacted inland transportation, reducing capacity and slowing logistics. HLAG anticipates the logistics chain will return to normal towards the second half of the year.

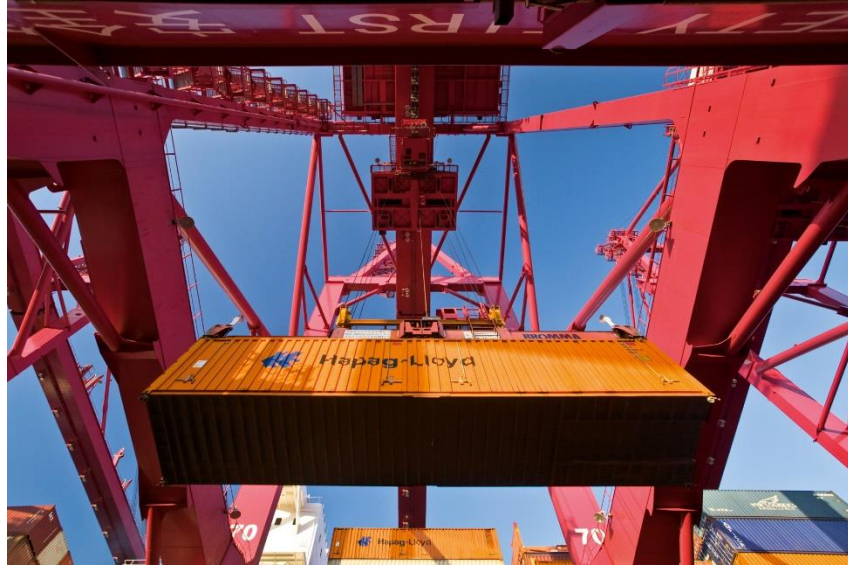
⚡ The Company is closely monitoring the effects of recent political conflicts. Hapag-Lloyd is not taking bookings for Russia or Ukraine and has been forced

to re-route cargo destined for those markets, which will have a negative impact on port congestion, especially in northern Europe. It is also monitoring the potential effects of this crisis in terms of fuel costs and the impact on global economic growth.

The year 2021 boasted extraordinary, record financial results. The Executive Board of Hapag-Lloyd expects these good numbers to continue in 2022. It forecasts an EBITDA in the range of MMUS\$ 12,000-14,000 and EBIT in the range of MMUS\$ 10,000-12,000.

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1. Financial Position Analysis


a) Statement of Financial Position


The following table details the Company's main asset and liability accounts as of each period end:

ASSETS	As of December 31, 2021	As of December 31, 2020	Change	
	MM US\$	MM US\$	%	MM US\$
Current assets	25.4	82.2	(69.1%)	(56.8)
Cash and cash equivalents	23.7	81.7	(71.0%)	(58.0)
Other	1.7	0.5	223.2%	1.2
Non-current assets	5,999.8	2,953.8	103.1%	3,046.0
Equity method investments	5,748.8	2,738.1	110.0%	3,010.7
Deferred tax assets	240.3	203.7	18.0%	36.6
Investment property and Other	10.7	12.0	(10.8%)	(1.3)
Total assets	6,025.2	3,036.0	98.5%	2,989.2

LIABILITIES AND EQUITY	As of December 31, 2021	As of December 31, 2020	Change	
	MM US\$	MM US\$	%	MM US\$
Current liabilities	987.9	135.2	630.6%	852.7
Financial liabilities, current	460.9	64.9	610.2%	396.0
Other	527.0	70.3	649.5%	456.7
Non-current liabilities	154.7	177.9	(13.1%)	(23.2)
Financial liabilities, non-current	139.4	165.1	(15.6%)	(25.7)
Other	15.3	12.8	19.3%	2.5
Total equity	4,882.7	2,722.9	79.3%	2,159.7
Total liabilities and equity	6,025.2	3,036.0	98.5%	2,989.2

 **Total assets** increased by MMUS\$ 2,989.2 compared to December 31, 2020. This variation is explained by an increase of MMUS\$ 3,046.0 in non-current assets, offset by a decrease of MMUS\$ 56.8 in current assets due primarily to a drop in cash and cash equivalents.

 The decrease in **cash and cash equivalents** is explained mainly by repayments of financial debt totaling MMUS\$81 (Series B bond – MMUS\$50, Banco BTG Pactual – MMUS\$20, Banco Itaú Corpbanca – MMUS\$10, Other -MMUS\$ 1), financial interest payments (MMUS\$ 11.0) and operating expenses (MMUS\$19.0), partly offset by the net dividend balance of MMUS\$ 50.3 (MMUS\$218.7 received less MMUS\$169.4 paid), in addition to debt taken out to finance, and the subsequent payment of, an interim dividend during the last quarter of the year of MMUS\$ 450).

 The rise of MMUS\$ 3,046.0 in **non-current assets** is explained primarily by an increase of MMUS\$ 3,010.7 in equity-method investments (or, in other words, the Company's investments in HLAG) and a rise in deferred tax assets of MMUS\$ 36.6.



Account Movements Equity Method Investments	MMUS\$
Balance as of January 1, 2021	2,738.1
Total movements in results	3,220.4
Purchase/Sale of shares	-
PPA amortization	-
Goodwill	-
Share of other comprehensive income (loss)	17.8
Other movements in equity	(1.7)
Dividends received	(225.7)
Total Movements during the period	3,010.7
Balance as of December 31, 2021	5,748.8

↑ **CSAV's stake in HLAG** remained unchanged during 2021 at 30%. The main movements in this account are explained by its share of HLAG's results of MMUS\$ 3,220.4 and, to a lesser extent, by its share of other comprehensive income of MMUS\$ 17.8. The latter variation occurred because of certain accounting adjustments in equity made by HLAG for personnel benefit plans, partly offset by currency effects that CSAV also adjusts for based on its ownership stake. HLAG's performance is explained by improved results in the container shipping business that will be described later in this report. These effects are offset by the dividends received during the first half of the year of MMUS\$ 225.7.

More information on the accounting balance of CSAV's investment in HLAG and all movements during the periods ended December 31, 2021, and December 31, 2020, can be found in Note 14 of the Consolidated Financial Statements.

↑ The MMUS\$ 36.6 increase in **deferred tax assets** is attributable to the net effect on taxes of the existing financing structure in euros that the CSAV Group used to invest in HLAG of MMUS\$ 38.9, offset by the effect on taxes of administrative expenses and bank interest recorded in net income for the year. During the year 2021, the euro/dollar exchange rate was up, with the dollar appreciating with respect to the euro, thus generating a tax loss for CSAV in Chile and resulting in an income tax benefit and an increase in deferred tax assets for the period. These exchange rate variations do not generate cash flows for CSAV.

↑ As of December 31, 2021, **total liabilities** increased by MMUS\$ 829.4 compared to December 31, 2020. This variation is explained by the increase in 1) **current financial liabilities** since CSAV distributed an interim dividend in October 2021 of MMUS\$ 450 charged to net income for the year, financed with bank debt; 2) **other current liabilities** due to the minimum dividend provision charged to net income for the year 2021. This provision does not include the aforementioned interim dividend already distributed. These effects are offset by the aforementioned debt repayments (Series B bond – MMUS\$ 50, Banco BTG Pactual – MMUS\$ 20, Banco Itaú Corpbanca – MMUS\$ 10, Other -MMUS\$ 1).

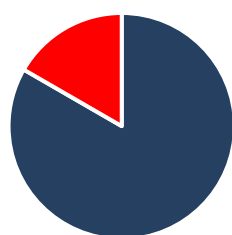
After shareholders voted to absorb the Company's accumulated deficit at an extraordinary shareholders' meeting on May 19, 2020, for the year 2021 CSAV must recognize in accounting its mandatory minimum dividend of 30% of net income for that period.

↑ Meanwhile, **current financial liabilities** rose MMUS\$ 396.0, primarily as a result of new bank debt taken out to finance the interim dividend distributed at the end of the year of MMUS\$450, partially offset by payments on current financial liabilities (Series B bond – MMUS\$ 50, Banco BTG Pactual – MMUS\$ 20, Banco Itaú Corpbanca – MMUS\$ 10, Other -MMUS\$ 1).

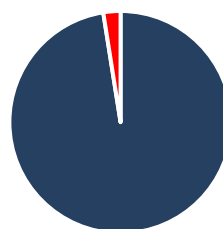
↓ **Non-current financial liabilities** decreased by MMUS\$ 25.7 because a portion of the loan from Banco Itaú (MMUS\$ 10) was reclassified to short-term because of maturity and the loan from Banco BTG Pactual was prepaid in June (MMUS\$ 16).

↑ Other **non-current liabilities** increased MMUS\$ 2.5 as a result of greater deferred tax liabilities (MMUS\$3.5), related to the existing financing structure in euros that the CSAV Group used to invest in HLAG, as explained above. This structure accrues interest that is eliminated upon consolidation, but is taxed on a standalone basis in Chile once received, thus generating a temporary difference resulting in a larger negative charge to income tax expense for the period. This accrued finance income was recognized on a tax basis, thus increasing the balance with respect to year-end 2020. That increase was offset by a decrease in provisions (-MMUS\$ 1.0).

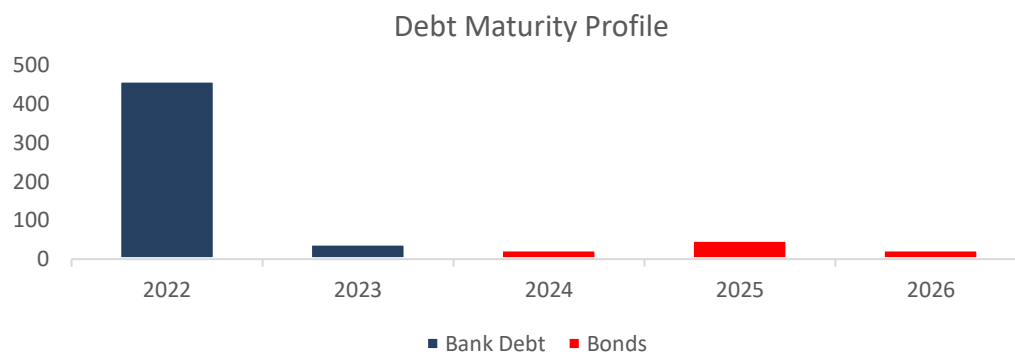
↓ To date, the Company's **financial debt** is MMUS\$ 600, at an average rate of 2.5%. 83.3% of CSAV's financial debt consists of bank loans, while the remainder is the C series bond. 97.5% is at fixed rates and only 2.5% is floating. Thus, variable-rate exposure is limited. For example, a 1% rise in the LIBOR rate would have a total net impact over the life of the loan of MMUS\$ 0.0597.




■ Banks ■ Bonds



■ Fixed Rate ■ Floating Rate




 As of December 31, 2021, **equity** increased by MMUS\$ 2,159.7 compared to December 31, 2020. This change is explained by increased net income of MMUS\$ 3,210.1 for the period, and a rise in other reserves of MMUS\$ 16.0, explained by CSAV's share of HLAG's other comprehensive income and other equity reserves. These effects were partly offset by the liability for the mandatory dividend payable (30%) and the additional dividend paid during the first half of 2021 (MMUS\$ 103). More information on these changes in equity can be found in Note 25 of the Consolidated Financial Statements.

b) Income Statement Analysis

To improve comprehension of the Statement of Income for the six months ended December 31, 2021, it is important to mention that the *freight forward*, logistics and car carrier businesses have been presented as discontinued operations since the first quarter of 2020, in accordance with IFRS 5.

Consolidated Results	As of December 31,		Change	
	2021	2020	%	
	MM US\$	MM US\$	%	MM US\$
Administrative and other operating expenses	(23.7)	(10.6)	123%	(13.1)
Other operating income	0.6	1.0	(36%)	(0.4)
Operating Income (Loss)	(23.1)	(9.6)	140%	(13.4)
Finance costs, net	(12.0)	(22.9)	(48%)	10.9
Share of net income (loss) of associates and joint ventures	3,220.4	312.3	931%	2,908.1
Exchange rate differences and other non-operational	(8.2)	(1.5)	464%	(6.7)
Income tax expense	33.0	(55.5)	(159%)	88.5
Profit (Loss) after tax from discontinued operations	0.007	(0.6)	(101%)	0.6
Net income for the year	3,210.1	222.1	1345%	2,987.9

↑ For the year 2021, **net income attributable to the owners of the company** was MMUS\$ 3,210.1, which compares favorably with MMUS\$ 222.1 in 2020. These variations are explained below.

↑ **Administrative expenses** totaled MMUS\$ 23.7 for the year 2021, up MMUS\$ 13.1 from the same period last year mainly as a result of the directors' variable share of dividends to be distributed from 2021 earnings, which was lower last year for two reasons: lower earnings and this item was not recorded in the first quarter of 2020 because shareholders decided to absorb the accumulated deficit after the quarter end.

↓ **Other operating income** reached MMUS\$ 0.6, representing a decrease of MMUS\$ 0.4 with respect to the same period last year, because a gain on sales of property, plant and equipment was recorded in 2020.


↓ **Net financial expenses** dropped MMUS\$ 10.9 as a result of lower average debt. Last year the Company had bridge loans with its parent company, Quiñenco (MMUS\$ 300) and other bank loans (MMUS\$ 55) used to finance additional acquisitions in HLAG, which were repaid with the proceeds from a capital increase.

↑ Regarding the Company's **share of net income (loss) of associates and joint ventures**, CSAV recognized net income of MMUS\$ 3,220.4 for the year 2021, considerably higher than the MMUS\$ 312.3 recorded last year. This is explained mainly by improved results from HLAG thanks to strong container shipping demand and higher freight rates (affected by challenging problems in the logistics chain).

↑ For the year ended December 31, 2021, CSAV recognized an **income tax benefit** of MMUS\$ 33.0, compared to an expense of MMUS\$ 55.5 in 2020. This variation is explained mainly by the change in the

euro-dollar exchange rate and its impact on the CSAV Group's financing structure for its investment in HLAG, as detailed in letter a) above. The dollar appreciated during 2021 in contrast to depreciating during the same period in 2020. These effects do not involve cash outflows for the Company.


Exchange differences fell MMUS\$6.7 during the period, explained mainly by exchange rate hedges taken out to hedge variations in the euro-dollar exchange rate since the dividend received by CGHO from HLAG is in euros and CSAV pays its shareholders dividends in dollars, thus mitigating exchange rate exposure for receivable cash flows.


 The **net income from discontinued operations** of MMUS\$ 0.007 for 2021 compares to a loss of MMUS\$ 0.6 during the same period in 2020. This result is comprised mainly of the logistics transport, freight forwarder and car carrier businesses, which are no longer operating.


C) Cash Flow Analysis


The main variations in cash flows are explained as follows.

Statements of Cash Flow	As of December 31,		Change	
	2021	2020		
Cash and cash equivalents at the beginning of the period	81.7	53.6	52.3%	28.0
Cash flows from operating activities	(19.0)	(7.3)	161%	(11.7)
Proceeds from operating activities	0.7	25.7	(97%)	(25.0)
Payments from operating activities	(19.5)	(31.6)	(38%)	12.2
Income taxes and other	(0.2)	(1.3)	(85%)	1.1
Cash flows from investing activities	219.0	(261.3)	(184%)	480.3
Payments to acquire interests in joint ventures	0.0	(329.1)	(100%)	329.1
Dividends received, net	218.7	65.8	232%	152.9
Interest received and other	0.2	1.9	(88%)	(1.7)
Cash flows from financing activities	(260.5)	298.1	(187%)	(558.5)
Capital increases	0.0	349.1	(100%)	(349.1)
Loans obtained to non-related parties	450.2	55.0	719%	395.2
Loans obtained from and paid to related parties	0.0	(30.0)	(100%)	30.0
Loans paid to non-related parties	(81.0)	(45.0)	80%	(36.0)
Interest paid and other payments	(11.0)	(23.1)	(52%)	12.1
Repayment of finance lease liabilities	0.0	(7.9)	(100%)	7.9
Dividends paid	(618.7)	0.0	-	(618.7)
Exchange rate effect	2.6	(1.4)	(282%)	4.0
Increase (decrease) in cash and cash equivalents	(58.0)	28.0	(307%)	(86.0)
Cash and cash equivalents at the end of the period	23.7	81.7	(71%)	(58.0)

 The net change in **cash and cash equivalents** between December 31, 2021 and December 31, 2020, was a negative MMUS\$ 58.0, which represents a net decrease of MMUS\$ 86.0 over the same period in 2020.

 **Cash flows from operating activities** were a negative MMUS\$ 19.0 for 2021, mainly because of administrative expenses, compared to a negative MMUS\$ 7.3 in 2020, representing a negative variation of MMUS\$ 11.7. However, including the operating costs of vessel charters classified as lease payments within financing cash flows, the negative variation was only MMUS\$ 3.9.

 **Cash flows from investing activities** were positive at MMUS\$ 219.0 in 2021, explained mainly by dividends received from HLAG. Bear in mind that cash flows in 2020 arose from an investment made in January to increase the Company's stake in HLAG by an additional 2.2% to attain 30% of the German shipping line. That investment was partly offset by the dividends received from HLAG in 2020.

 **Cash flows from financing activities** were negative at MMUS\$ 260.5, mainly because of dividend payments of MMUS\$ 618.7 (MMUS\$ 170 agreed by shareholders at annual general meeting and MMUS\$ 450 for interim dividends paid during the last quarter of the year) and bond and interest payments (MMUS\$ 92.0), offset by the loan taken out to finance the interim dividend (MMUS\$ 450).

In 2020 there was a positive variation of MMUS\$ 298.1, explained mainly by bridge loans to finance additional acquisitions of HLAG shares and the capital increase carried out to repay those loans.


d) Financial Ratios

As of December 31, 2021 and December 31, 2020, the main financial indicators are as follows:

i. Liquidity Ratios



Liquidity Ratios		As of December 31, 2021	As of December 31, 2020
Current Liquidity Ratio	= $\frac{\text{Current Assets}}{\text{Current Liabilities}}$	0.026	0.608







 **Current Liquidity:** This ratio decreased in comparison to December 2020 due to an increase in current liabilities (630.6% / MMUS\$ 852.7) and a decrease in current assets (-69.1% / MMUS\$ 56.8).). The increase in current liabilities as of December 31, 2021, is explained mainly by a larger balance of dividends payable related to the proportional recognition of dividends from 2021 earnings and to the syndicated loan to pay the interim dividend in October 2021. The reduction in current assets is due primarily to the drop in cash and cash equivalents from repaying a portion of the financial debt mentioned above upon maturity. All these increases are explained in point 1 letter a) of this report.



ii. Indebtedness Ratios

Indebtedness Ratios			As of December 31, 2021	As of December 31, 2020
Leverage	=	$\frac{\text{Total Liabilities}}{\text{Equity}}$	0.234	0.115
Short-Term Leverage	=	$\frac{\text{Current Liabilities}}{\text{Total Liabilities}}$	0.865	0.432
Long-Term Leverage	=	$\frac{\text{Non-Current Liabilities}}{\text{Total Liabilities}}$	0.135	0.568
Financial Expense Coverage	=	$\frac{\text{Net Income before Taxes}}{\text{Less Finance Costs}} \div \text{Finance Costs}$	263.0	11.0

  **Leverage:** This ratio fell with respect to December 2020, largely because the increase in total liabilities (264.9% / MMUS\$ 829.4), as explained in section 1 a) of this report, was greater, percentage-wise, than the increase in equity (79.3% / MMUS\$ 2,159.7), mainly because of variations in the investment in HLAG, as explained above.

  **Short-term Leverage:** This ratio decreased with respect to December 2020, because the increase in current liabilities (610.2% / MMUS\$ 396.0) was greater than the increase in total liabilities (264.9% / MMUS\$ 829.4), as explained in section 1a) of this report.

  **Long-term Leverage:** In contrast to the previous ratio, this indicator increased with respect to December 2020, because of a drop in non-current liabilities (-13.1% / -MMUS\$ 23.2) and a rise in total liabilities (264.9% / MMUS\$ 829.4.9), both of which are explained in section 1a) of this report.

  **Financial Expense Coverage:** This ratio improved in relation to December 2020, due to better before-tax income and a lower debt level with the ensuing lower financial expenses. Both effects are explained in section 1 b) of this report.

iii. Profitability Ratios

Profitability Ratios		As of December 31, 2021	As of December 31, 2020
Return on Equity	= $\frac{\text{Net Income Attributable to Owners of the Company}}{\text{Average Equity}}$	0.844	0.090
Return on Assets	= $\frac{\text{Net Income Attributable to Owners of the Company}}{\text{Average Assets}}$	0.709	0.080
Dividend Yield	$\frac{\text{Dividends Paid in the last 12 Months}}{\text{Market Capitalization at the end of the period}}$	0.139	0.000
Dividend Payout	= $\frac{\text{Net Income Attributable to Owners of the Company}}{\text{Number of Shares}}$	0.193	0.000
Earnings per Share	= $\frac{\text{Net Income Attributable to Owners of the Company}}{\text{Number of Shares}}$	0.063	0.004
Market Value of Stock(in chilean pesos)		73.2	28.7

Average: (Value as of period end + Value 12 months prior to period end) / 2

*Exchange rate: 811.9



✉ **Return on Equity:** This ratio improved with respect to December 2020, due to greater net income attributable to the owners of the company of MMUS\$ 3,210.1 in comparison to net income of MMUS\$ 222.1 for 2020 (chg. MMUS\$ 2,987.9 /+1,345%) and a smaller increase in average equity (chg. MMUS\$ 1.329,2/ 53,7%).



✉ **Return on Assets:** This ratio improved in relation to December 2020, because the increase in net income attributable to the owners of the company (chg. MMUS\$ 2,987.9 /+1,345%) was greater than the increase in average assets (chg. MMUS\$ 1,753.9 / 63.2%).



✉ **Dividend Yield:** During the first half of the year, MMUS\$ 170 in dividends were distributed and charged to net income for the year 2020, and an interim dividend was distributed in October 2021 for US\$ 450 million charged to the 2021 result. These compares favorably with the prior year when no dividends were distributed. The dividend yield based on market capitalization as of the date of these consolidated financial statements is 13.9%.



✉ **Dividend Payout Ratio:** As mentioned in the preceding point, considering both dividends distributed in 2021 (MMUS\$ 620), the dividend payout ratio was 19.3% if we consider 2021 net income. The year before no dividends were recorded.



✉ **Earnings per Share:** Earnings per share improved with respect to December 2020 because of stronger results (MMUS\$ 2,987.9 /+1,345%) as explained in the first indicator in this subgroup of ratios. The total number of shares issued and subscribed did not vary.



✉ **Stock Price:** The stock price as of December 31, 2021, was up 155.1% compared to December 2020.

2. Market Analysis

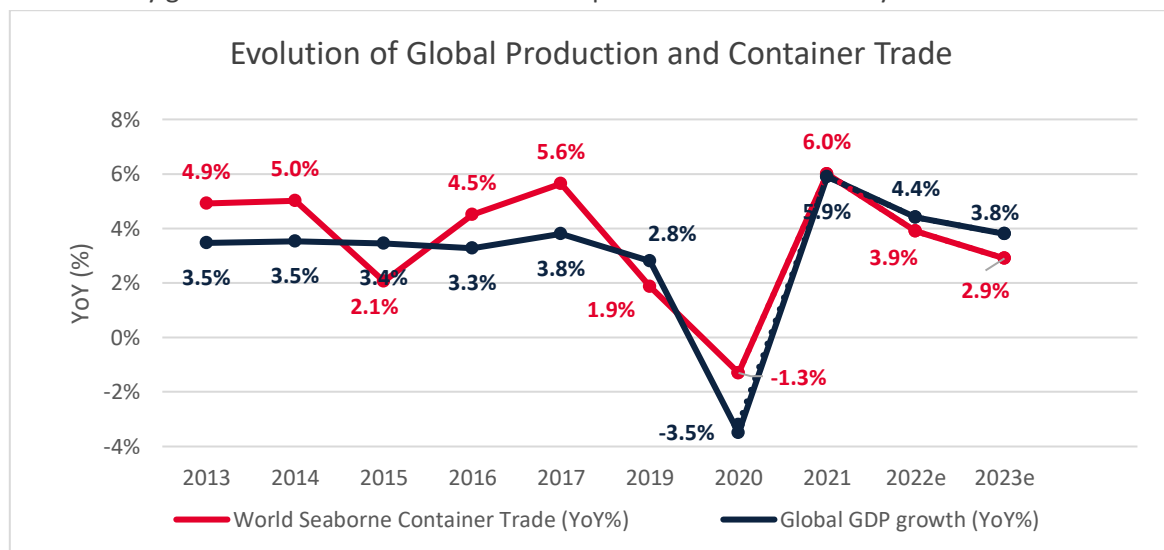
The following section discusses the container shipping industry. CSAV has participated in this industry since 2014 through its investment in the German shipping company Hapag-Lloyd (accounted for as a joint venture using the equity method), in which it has a 30% stake since the first quarter of 2020.

I. Historical Context

i. Industry growth is directly related to global GDP growth.

Until just before the beginning of the consolidation phase in the container shipping industry (initiated with the CSAV-HLAG merger in 2014), operators employed a strategy focused on growth and increasing market share, which was driven by globalization, technological development and manufacturers relocating to emerging economies. However, in today's hyper-connected economy, the industry has achieved a greater degree of maturity and international trade of goods--where container shipping accounts for the largest share in comparison to other modes of transportation--has a direct relationship of close to 1.0x times global GDP.

Between 2012 and 2018, global GDP grew consistently at around 3.5%, while container transport volumes reported positive annual growth slightly above global GDP during the same period. However, in 2018 amidst trade tensions between the United States and China, which impacted global economic conditions as of the middle of that year, we began to observe a slight reduction in annual GDP growth trends. This downward trend intensified in 2019 and fell even further by year-end 2020, with economic contraction of -3.2% (an historical low) due to the consequences of COVID-19. However the trend reversed in 2021, where we saw a 5.9% growth. A global growth and industry growth trend of between 3-4% is expected for the next few years.



Source: Clarksons Research (Mar-22); FMI Outlook Jan 2022

- ii. The industry has undergone a consolidation phase in search of efficiencies and new strategies.

Even though the container shipping industry still boasts a large number of players, especially in the segment of smaller-sized companies, a growing trend towards industry consolidation has been seen in the past few years.

The important wave of mergers and acquisitions in the industry began with the combination of the container shipping businesses of CSAV and HLAG, in 2014, which subsequently merged with the Arabic shipping line UASC in May 2017, positioning HLAG from that point forward among the five largest shipping companies in the world by hauling capacity.

Other important deals include the acquisition of the Chilean shipping line CCNI by German company Hamburg Süd and the subsequent purchase of Hamburg Süd by the Danish firm Maersk, which was concluded in November 2017, although they continue to operate under independent structures. In addition, to complete this acquisition Maersk had to dispose of its cabotage business in Brazil due to its high concentration in this business. That division was sold to CMA CGM, the French shipping line that previously purchased the Japanese company APL.

The main Asian shipping companies also engaged in important mergers and acquisitions. China Shipping merged with another Chinese firm, COSCO, which was subsequently acquired by Hong Kong's Orient Overseas Container Lines (OOCL) in July 2018. Furthermore, an association to merge the three largest Japanese lines (K-Line, NYK and MOL) into one entity was announced and began to operate jointly under the name Ocean Network Express (ONE) in 2018. However, despite completing the acquisition of OOCL and initiating operations at ONE, these companies are still independent entities and have not yet harnessed the potential synergies of full integration. This demonstrates that the large size of the shipping companies involved in these transactions lends greater complexity, higher costs and reduced efficiencies to such processes, generating a decreasing return from the benefits obtained from greater operating scales.

Another important milestone in this consolidation process was the bankruptcy and suspension of services in 2016 by Korean line Hanjin Shipping, the world's seventh largest container shipping company (measured by hauling capacity). This is the largest bankruptcy case in the history of the container shipping industry.

Following all these business combinations and Hanjin's bankruptcy, by early 2021 the ten largest global shipping operators accounted for almost 87% of installed capacity, while the five largest had close to 65%.

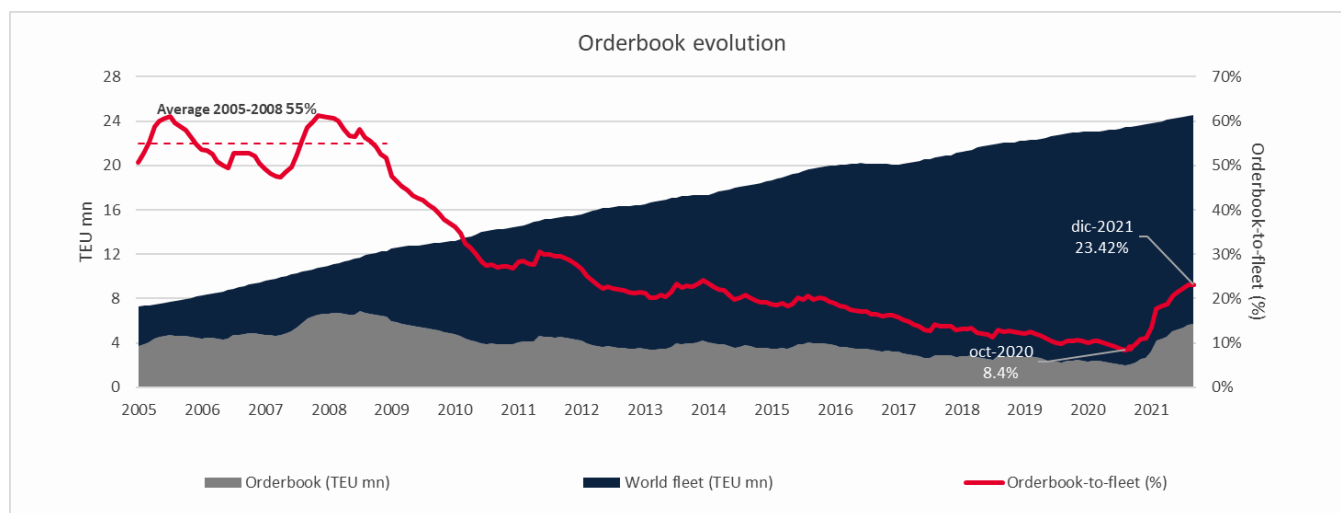
Although no new consolidations have been announced for the next few years, efforts continue for all industry players, now mainly focused on effectively integrating and generating post-merger

synergies. The largest global operators have already reached sizes that will enable them to generate economies of scale, with the consequent effect on their costs, fleet optimization and a wider scope for their service network.

Likewise, in recent years joint operating agreements and operating alliances have expanded in order to improve customer service levels and broaden geographic coverage, while generating very significant economies of scale and network economies. These initiatives have been very important and have led to the formation of major global operating alliances.

The current structure of alliances announced in 2016, which began to operate globally along most trades in the second quarter of 2017, account for almost 90% of total shipping capacity along the industry's main long-haul, east-west routes. The main changes in this reorganization process were the dissolution of the Ocean Three, G6 and CKYHE alliances to give rise to two new alliances: Ocean Alliance, led by CMA CGM and COSCO, and THE Alliance, of which HLAG is a member, as well as the 2M alliance between Maersk and MSC. During the second quarter of 2019, HMM's integration into THE Alliance was confirmed and the joint operation agreement was renewed in April 2020 for a period of 10 years.

iii. Supply indicators



Source: Clarksons Research (Mar-21)

As mentioned before, the global economy and demand for containers grew sharply in the 2000s before the subprime crisis, which drove shipbuilding orders up to meet this strong demand. Between 2005 and 2008, the global orderbook to total fleet ratio averaged around 55%. The industry was then hit by last decade's financial crisis, which led to the financial crisis of the past decade, which caused a significant level of oversupply in the market. Since then, a significant

decrease has been achieved in this aspect, which, although it has been on the rise in 2021, is still considered to be at healthy levels.

This streamlining is due mainly to the industry's inability over extended periods of time to recover the cost of capital and invest in new assets, and due to industry consolidation and the formation of large operating alliances. Through these measures, they have achieved greater efficiency in the use of resources and a more rational growth plan and orderbook positioning consistent with the collective needs of global alliance members.

In terms of supply-demand equilibrium, in recent years key industry indicators have improved considerably and reached equilibrium levels, which has already been reflected in the operating results of several shipping lines since 2019. A steady drop in total fleet growth and increased rationalization following an intensive consolidation process in recent years and collaboration through operating alliances have all led to greater stability in the long-term supply-demand equilibrium, allowing the industry to make organic, effective adjustments to contractions in demand.

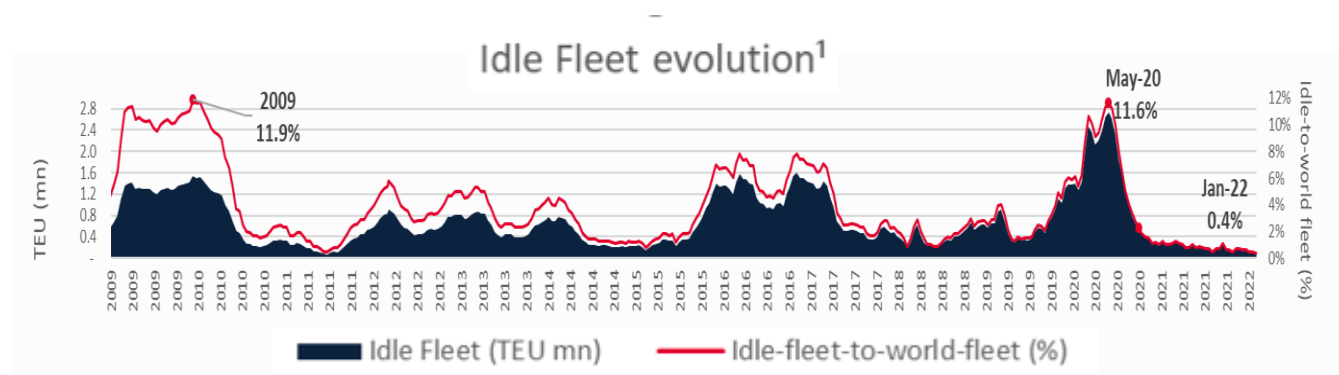
Growth in supply in upcoming years can be calculated by, on one hand, the total shipping capacity of the orderbook with respect to the total fleet, which represents the capacity that will be incorporated into the operative fleet within the next 24 to 30 months (the average construction and delivery time for vessels) and, on the other hand, the shipping capacity scrapped each year and, thus, no longer operating.

In terms of fleet renewal, vessel scrapping has stayed low over the past few years because the global fleet is relatively new as a result of orderbook concentration and deliveries a few years back, and since vessels have an average useful life of 25 years. That gives an annual renewal rate of 4%, because of yearly vessel depreciation.

Therefore, orderbook-total fleet equilibrium, based on current market conditions, must be around 20% (scrapping plus industry growth, cumulative for two periods).

iv. Effective fleet management kept supply-demand equilibrium

In addition to the industry's gross growth (new vessel construction plus fleet renewal), one must consider the different initiatives adopted individually by shipping lines or collectively through operating alliances, in order to maintain suitable vessel deployment levels within the network, regardless of short-term fluctuations in demand. Keeping vessel deployment levels stable is key to the integrity and sustainability of the quality of services we provide our customers, as well as to maintaining the cost efficiencies generated by this operating scale.



NOTE:

¹ Until mid-November 2020 the "unemployed" fleet included vessels undergoing extraordinary repairs or being retrofit, but excluded ships that were idle for routine repairs. Since then, the "unemployed" fleet includes only those considered "commercially inactive" (excess capacity in the market or in the operator's fleet).

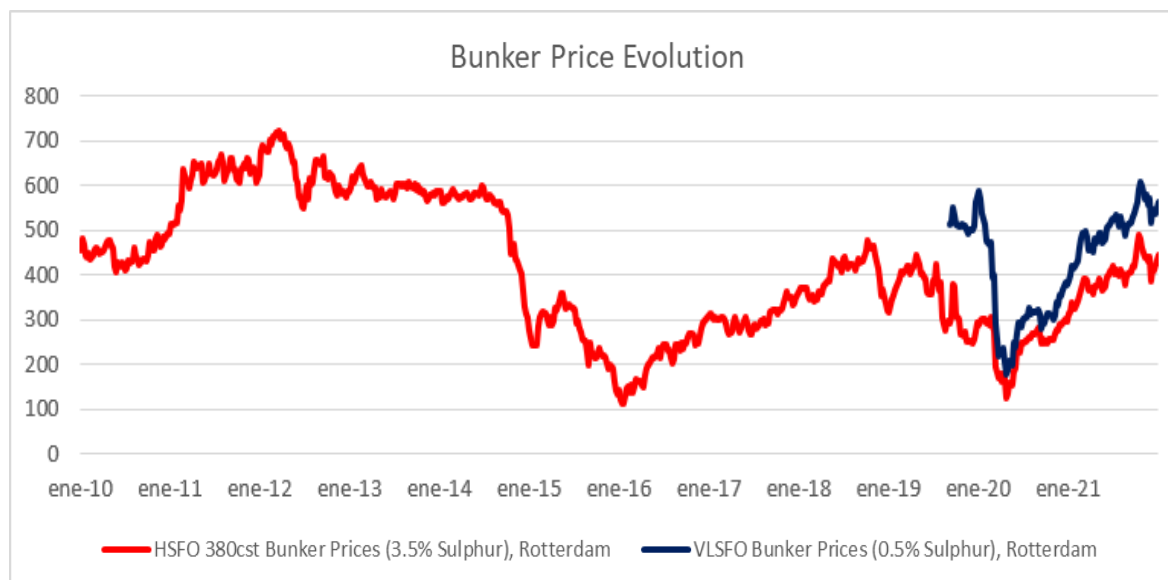
Source: Alphaliner Monthly Monitor (Jul-21)

The idle fleet is a KPI that is sensitive to management variables and supply-demand equilibrium. It remained high from late 2015 to mid-2017 because of diverse factors such as the opening of the expanded Panama Canal in July 2016 and the ensuing considerable number of large, high-efficiency ships delivered in 2014 and 2015, thus resulting in the scrapping of a large number of smaller vessels.

In April 2017, the new global alliances began operating and, as a result, part of the idle fleet at that time was reincorporated into the active fleet. This, in addition to the industry's scrapping efforts in previous years, kept the indicator stable from mid-2017 to mid-2019. For its part, the strong increases during the first half of 2020 and the subsequent significant decline that have been seen since the end of 2020 to date mean that the world fleet is almost 100% active. This is mainly due to fluctuations in demand and distortions caused by the covid-19 pandemic, which will be discussed in detail later.

v. Fuel is the industry's main consumable

Fuel is one of the most important inputs in the shipping industry and has a significant impact on operating costs. The price of fuel is commonly indexed to freight rates in customer contracts for shipping services.



Source: Clarksons Research (Feb-22)

As for historical trends, from 2011 until late 2014 the price of fuel remained relatively stable and high. After that, there was a sharp drop in 2015 to its historical lowest value. However, since early 2016, there has been a moderate but continuous increase in fuel prices, recovering a large part of ground lost in late 2014 by late 2018, applying constant pressure on operating costs and shipping rates considered to be in equilibrium.

As of year-end 2018, fuel prices showed high volatility, which later translated into a downward trend during the second half of 2019. This stemmed essentially from lower estimated demand and the effect of suppliers liquidating inventory of what was, until that time, the most widely used fuel for shipping operations. This is due to the application of the new sulfide air emissions regulation for the shipping industry, “IMO 2020”, which mandates worldwide use of fuel with a maximum sulfur content of 0.5% (known as very low sulfur fuel oil or VLSFO), far below the 3.5% sulfur content of fuels previously used on long ocean voyages, starting January 1, 2020.

The new measures to reduce environmental impact have led the industry towards another change process, which will involve testing, evaluations and possible investment plans to comply with the new regulation in an efficient and sustainable manner.

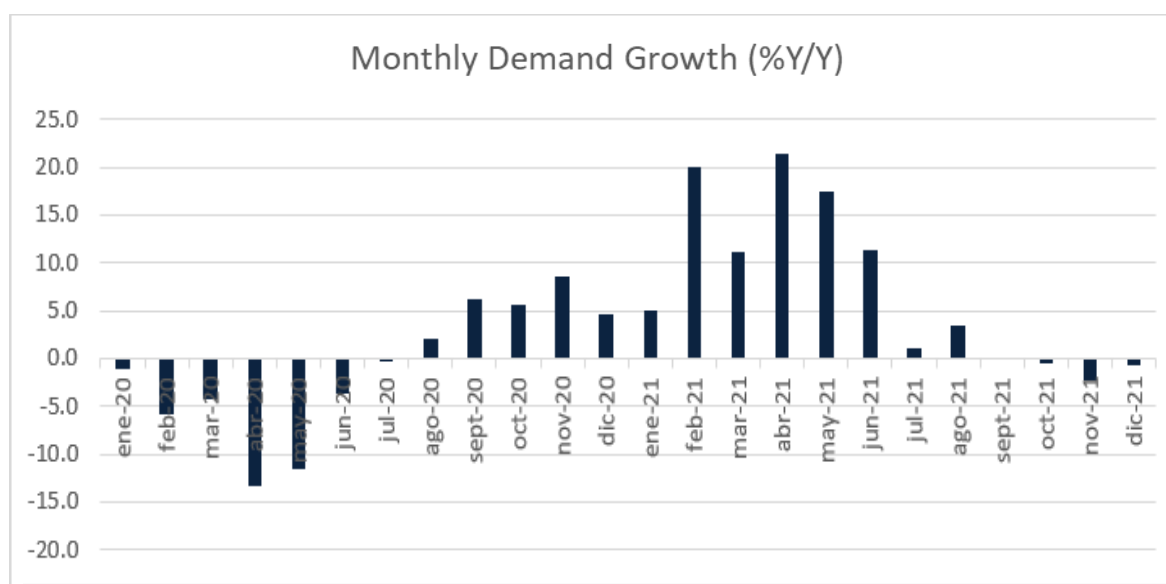
That standard has led to changes in infrastructure. From here on out, shipping lines have the option of powering vessels with more refined, more expensive fuel; retrofitting them with scrubbers that enable them to use high-sulfur fuel or seeking new fuel alternatives such as LNG. For example, as of December almost 31% of the total fleet of container ships has been fully retrofit, while other alternatives such as using LNG still account for less than 1,5% of the current fleet. However, when looking at the composition of the new orders, only 27% of these are

conventional vessels, 48% have scrubbers and 25% are vessels that will be able to operate with LNG (or dual).

It should be noted that there is currently an upward trend in fuel prices, which has been accentuated by the geopolitical conflicts that are developing related to Russia and Ukraine. This has generated a significant rise in bunker prices that only between mid-February and early March 2022 have increased by 20%. Along these lines, it should be remembered that freight prices include a surcharge in scenarios of rising fuel prices (MFR: marine fuel recovery surcharge), but it operates with a certain lag.

II. Current Conditions

i. Fluctuations in demand marked by COVID-19



Source: Clarksons Research (Mar-22)

The global economy, and the container shipping industry in particular, have been shaped over the past year by the COVID-19 pandemic. In early 2020 the industry suffered a sharp contraction in demand worldwide as a result of diverse mobility restrictions mandated by local authorities to contain the spread of the coronavirus and the uncertainty these circumstances generated. Strong demand had a complex and uncertain beginning in 2020 because of the pandemic.

Despite this contraction and the lingering uncertainty of the public health crisis, as of the second half of 2020 the industry began to see an abrupt recovery in shipping volumes for several reasons. These include strong global demand for durable goods, companies' needs to restock to meet greater demand, easing of mobility measures, etc.

Demand has remained high throughout this year (as shown in the graph), which has helped the industry with strong results. Clarksons Research estimates that container transport volumes will grow around 6.0% in 2021. It is projected that in 2022 and 2023 the growth in demand for maritime transport will be close to 3.9% and 2.9%, respectively. This is also in line with the improvements in the growth projections of the global Gross Domestic Product (GDP) for the year 2021 5.9%, 2022 4.4% and 2023 3.8% presented by the International Monetary Fund (IMF).

Despite the positive medium-term prospects, there is still considerable uncertainty regarding 1) the evolution of covid-19: the progress in vaccinations, the level of immunization reached, the arrival of new strains, the easing of mobility measures, the fiscal policies that the different governments may adopt; 2) the impacts of the conflicts in Russia and Ukraine that can affect the industry in various ways: economic blockades, increases in fuel prices and availability, elimination of services, macroeconomic effects, among others.

ii. Disruptions in the Logistics Chain

The strong demand in the second half of 2020 and pandemic-related mobility restrictions have led to a scarcity of shipping containers and significant congestion throughout the entire logistics chain. Even though the industry's entire active fleet is operating at 100% capacity, the logistics chain has been affected and prices are up.

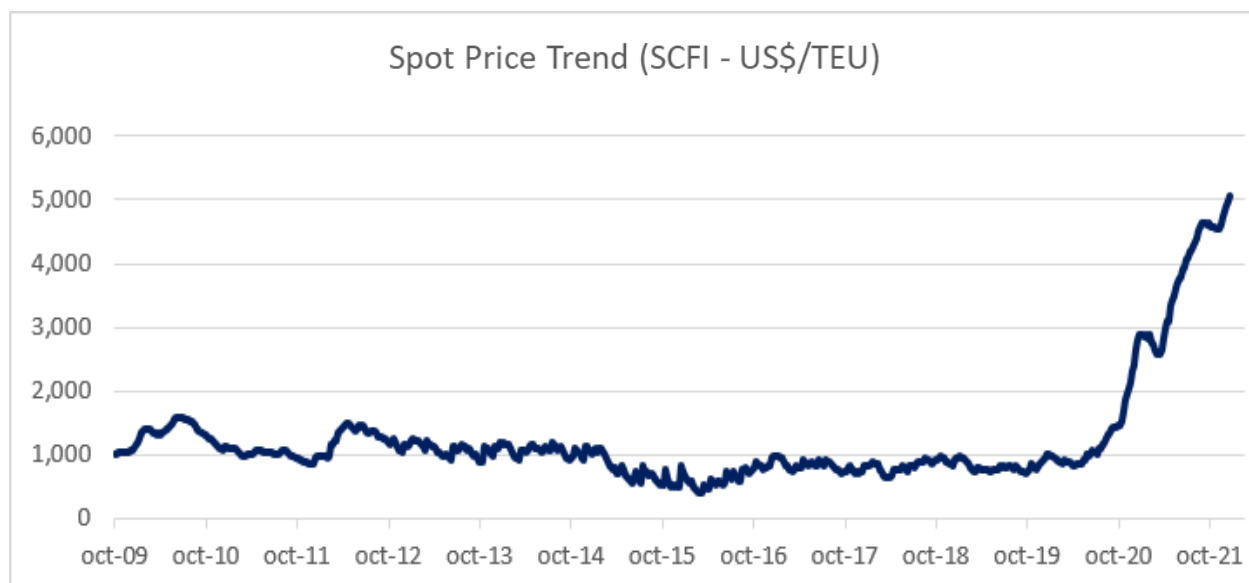
This historical increase is due primarily to the high inelasticity of shipping demand from producers and importers of goods around the world, faced with limited shipping capacity during a given time, even though the industry is operating at full capacity. This rise has also proven that the logistic costs of shipping cargo are just one link in a longer logistics chain, representing a small portion of the total cost of transportation and, even more, of the commercial value of the transported good.

The logistics chain has been saturated with a series of "bottle necks" and limitations. Some such limiting factors in the logistics chain are the COVID health protocols, which have resulted in: (i) reduced personnel throughout the entire logistics chain: customs, ports, ground transportation, etc., (ii) reduced personnel since some have transferred to industries that are less exposed to the crisis, (iii) greater port congestion resulting in longer waiting periods at ports, (iv) lower container turnover due to a slower logistics chain, which has generated container scarcity at in-demand locations, which has partly been solved (v) longer ground transport times due to sanitary checkpoints and curfews, among others.

This congestion has also been aggravated by specific events such as the blockage of the Suez Canal for almost a week in March of this year, the impact on the operation of the Port of Yantian in June, which operated with 40% less productivity than normal and other sources covid-related that have made the already stressed logistics situation more difficult.

In an attempt to counteract logistics issues, Hapag-Lloyd implemented measures to offer better service to its customers. These measures include: (i) optimizing networks and relocating vessels to points of high demand, (ii) redirecting cargo to less congested ports and seeking better ground alternatives, (iii) purchasing second-hand vessels, chartering additional vessels and hiring additional stevedores, (iv) purchasing additional containers and repairing more old containers, (v) adding more personnel, boosting capacity and incorporating technological solutions, among others.

The Shanghai Containerized Freight Index (SCFI) is an indicator of weekly trends in closing spot freight rates (shipments not subject to contracts with shipping lines) that reflects the effects on supply-demand equilibrium. The graph illustrates the upward trend in recent times.



NOTE:

¹ Shanghai Containerized Freight Index.

Source: Clarksons Research (Mar-22)

iii. Fleet and Current Orderbook

As mentioned above, in recent years the fleet has grown in line with a long-term logic. Orderbook-total fleet equilibrium, based on current market conditions, must be around 20%-25% (scrapping plus industry growth, cumulative for two periods). In late 2020 and along 2021, several operators announced the closing of vessel construction contracts, thus increasing the current orderbook-to-fleet ratio to almost 24.9%.

In this context, it deserves mentioning that Hapag-Lloyd confirmed construction of 12 23,500 TEU vessels featuring high-efficiency, high-pressure, dual-fuel engines that run on LNG but can also burn conventional fuel if needed. Additionally, it has confirmed the purchase of 5 ships of 13,000-

13,250 TEU and the lease of another 5 ships of 13,000 that are under construction. Added to this is the capacity added by the integration of NileDutch (29,500 TEU) and the purchase of six second-hand ships during 2021 with a total capacity of 23,800 TEU.

iv. Pressure on Costs

The industry, therefore, is understandably focused on the new paradigm of optimizing operating costs and boosting productivity, aiming for greater asset deployment and more efficient fuel consumption. This is especially important to deal with the cost pressures inherent to a recovering market, in the markets for both vessel charters and maritime and port services. Likewise, fuels have shown a clear upward trend. This pressure on costs will have an impact on the Company's results.

v. Hapag-Lloyd's Quarterly Financial Report as of December 2021

HLAG Key Figures		As of December 31,		Change	
		2021	2020	%	#
Total vessels, of which		253	237	7%	16
own vessels ¹⁾		113	112	1%	1
chartered vessels		140	125	12%	15
Aggregate capacity of vessels	MTEU	1,769	1,719	3%	50
Aggregate container capacity	MTEU	3,058	2,704	13%	354
Bunker price (combined MFO / MDO, average for the period) ²⁾³⁾	USD/t	475	379	25%	96
Freight rate (average for the period)	USD/TEU	2,003	1,115	80%	888
Transport volume	MTEU	11,872	11,838	0%	34
Revenue	MM USD	26,356	14,577	81%	11,779
Transport expenses	MM USD	12,216	10,432	17%	1,784
EBITDA	MM USD	12,842	3,082	317%	9,760
EBIT	MM USD	11,111	1,501	640%	9,610
Group profit / loss	MM USD	10,750	1,068	907%	9,683
Cash flow from operating activities	MM USD	12,314	3,307	272%	9,007
Investment in property, plant and equipment ⁴⁾	MM USD	3,323	1,584	110%	1,739
Consolidated Results KPI					
EBITDA margin (EBITDA / revenue)		48.7%	21%		
EBIT margin (EBIT / revenue)		42.2%	10%		
Balance sheet KPI					
		As of December 31, 2021	As of December 31, 2020	Change	
				%	#
Total Assets	MM USD	30,236	18,640	62%	11,595
Total Liabilities	MM USD	11,943	10,387	15%	1,556
Total Equity	MM USD	18,292	8,253	122%	10,039
Equity ratio (equity / balance sheet total)		60.5%	44.3%		
Borrowed capital	MM USD	11,943	10,387	15%	1,556
Debt					
Financial debt	MM USD	6,222	6,305	(1%)	-83
Cash and cash equivalents	MM USD	8,741	836	945%	7,905
Net debt (financial debt - cash and cash equivalents)	MM USD	-2,520	5,469	(146%)	-7,988
Gearing (net debt / equity)		-0.1	0.66	(121%)	-0.8
Liquidity reserve	MM USD	9,326	1,421	556%	7,905
Number of Employees					
Employees at sea		1,964	2,134	(8%)	-170
Employees on land		12,142	10,983	11%	1,159
Hapag-Lloyd total		14,106	13,117	8%	989

1) Including lease agreements with purchase option/obligation at maturity.

2) MFO = Marine Fuel Oil

3) MDO = Marine Diesel Oil

4) As of 2019, investments in property, plant and equipment include additions to the Rights of Use according to IFRS 16

Hapag-Lloyd's results for the year 2021 were shaped by strong demand along east-west trades and routes from Asia to the rest of the world, especially Transpacific routes or from Asia to Europe. Also, as mentioned before, the industry experienced high congestion, which led to scarce supply and higher

revenue (+81%) as a result of higher freight rates (+80%) and, to a lesser extent, larger transport volumes (+0.3%) with respect to 2020. Volumes grew slightly, affected negatively by no new vessels entering and less turnover as a result of congestion, especially during the last quarter of the year. This was reflected in lower container turnover (4.2 in 2021 versus 4.5 in 2020).

Freight rates have risen across the board along all routes. As published by Clarkson, the increase in spot prices as compared to year-end 2020, was: Asia-Europe (+104%), Asia-U.S. East Coast (137%), Transpacific (88%). Hapag-Lloyd's average price per transport volume rose to US\$/TEU 2,003 from US\$/TEU 1,115 (+80%). Broken down by route, those with the largest increases were Asia-Europe (153.2%), Intra-Asia (114.3%), Transpacific (87.2%).

In terms of volumes, the 0.3% increase is explained mainly by demand from Latin America (5.2%) and the Middle East (5.5%), offset by reduced Intra-Asia volumes (-26.7%) as a result of ship relocations to points of higher demand and the network optimization process. On Transpacific trades, volumes fell 4.5% because of high congestion. African and Atlantic trades replaced the concept of EMA (Europe, Mediterranean, Africa) after the merger with NileDutch, which has a strong presence in Africa. That is why African routes have grown 18.4%.

Meanwhile, transport expenses (bunker, handling and haulage, equipment and repositioning, vessels and voyages and other) are up 17.1% overall, with all items presenting increases. The item reporting the largest increase was cargo handling and haulage, related to container movements within ports and for ground transportation, a cost known as ("detention and demurrage"). It is on the rise because of logistical problems and congestion at ports and along ground routes.

Bunker costs are also climbing with an average cost per ton of US\$475, compared to US\$379 last year. Equipment and container repositioning costs were up (+11.4%) largely because of the costs of moving and storing empty containers, especially in North America, where the import-export imbalance has continuously grown. Other contributing factors were higher third-party feeder and ground transportation (trucks and trains) costs. Vessel and voyage costs (+9.7%) grew given the larger number of chartered vessels and their related higher operating costs and higher slot charter costs on third-party vessels.

Transport cost per container (TEU) was up 15.8% in relation to the same period in 2020 (US\$/TEU 1,175 2021 vs. US\$/TEU 1,015 2020). If you add depreciation and amortization expense, expense per TEU increases 15.8% (US\$/TEU 1,175 2021 vs. US\$/TEU 1,015 2020).

In short, greater freight revenue resulted in better margins and pushed EBITDA upward by a factor of 4.2 over 2020, reflecting an EBITDA margin of 48.7%. Accordingly, net income increased significantly (+907%/MMUS\$ 9,683) with a profit margin of 42.2%.

These good results generated operating cash flows of MMUS\$ 12,314.1, which compares positively to MMUS\$ 3,307.3 last year. A portion of those cash flows was used for new investments in vessels (MMUS\$ 1,482.3), containers (MMUS\$ 756.5) and other items involving disbursements of MMUS\$ 1,456.0

classified as investing activities. This amount also includes MMUS\$ 82.5 for the NileDutch acquisition. The rest of the positive cash flows was used mainly to fund financing activities (MMUS\$ 2,952.9) such as: dividend payments (MMUS\$ 769.4), reducing net financial debt (MMUS\$1,674.3), payments for vessel charters and interest in accordance with IFRS16 (MMUS\$ 802.8), interest payments, etc. With everything included, the Company closed the period with cash of MMUS\$8,741.4, marking a rise of MMUS\$ 7,905. In addition to available cash, Hapag-Lloyd has available (unused) credit lines of MMUS\$ 585.

The reduction in financial debt mentioned above was offset by greater lease debt. Consequently, when comparing debt as of year-end 2020 to year-end 2021, it is relatively similar (-1%/MMUS\$ 83). However, net debt ventured into negative territory (-MMUS\$ 2,520).

3. Market Risk Analysis

As described in Note 5 of the Consolidated Financial Statements as of December 31, 2021, CSAV's investment in HLAG represents 91% of its total consolidated assets. HLAG is a global shipping company headquartered in Germany that transports container cargo on all main global routes. It is a public company (Aktiengesellschaft) and is listed on the Frankfurt and Hamburg stock exchanges. Although CSAV jointly controls HLAG together with two other shareholders through a shareholder agreement, this German company has an independent management team that controls and manages its risks autonomously and in accordance with the standards of a publicly-listed company subject to current regulation in Germany and, therefore, to applicable regulation in the European Union.

In light of the above, the risks to which CSAV is exposed can be classified into: (a) Business Risk, (b) Credit Risk, (c) Liquidity Risk and (d) Market Risk.

I. Business Risk

The main business risks for CSAV are those related to (i) the balance of supply and demand for maritime transport, (ii) risks associated with its main geographical markets and (iii) fuel prices.

i. Supply-Demand Equilibrium: The demand for maritime transport is highly correlated with growth of global GDP and trade. On the other hand, container shipping supply is a function of the global fleet of vessels, which fluctuates based on the delivery of new vessels and the scrapping of vessels that are obsolete or no longer profitable to operate. Therefore, equilibrium in the container transport business, operated and managed by HLAG, is directly affected by changes in these variables.

HLAG continuously evaluates market conditions to identify any types of threat or extraordinary risks and implement measures to mitigate possible negative impacts. Since early 2020, due to health problems deriving from the spread of the coronavirus and the resulting contraction in global demand, HLAG formed Central Crisis Committee that works to ensure execution of two important programs, the Operational Continuity Plan, designed to safeguard employee safety and health while keeping the company operating, and the Performance Safeguarding Program, intended to mitigate the economic effects of the pandemic. Through these programs, more than 90% of office employees were able to work from home, while more than 1,700 measures were implemented organization wide to cut costs, restructure services, review investments and boost the company's liquidity. All these measures have played an important role in minimizing and controlling business risk.

ii. Geographical Markets: HLAG participates in container shipping across all major global routes, and it distributes its operations across diverse geographical markets, providing liner services in more than 137 countries. As a result of its geographic diversification, the Company is not particularly exposed to any given geographical market and can thus offset possible market contingencies on certain routes. However, it is still exposed to global variations. Even with a global service network, HLAG's relative exposure is above the industry average on Transatlantic, Latin American and Middle East routes and below average on

Transpacific and Intra-Asia routes. As a result of the May 2017 merger of HLAG and UASC, HLAG incorporated UASC's service network and its important cargo volumes along Asia-Europe and Middle East routes and, therefore, its relative exposure to the main global routes became more balanced.

iii. Fuel Prices: An important component of the transport industry's cost structure is the cost of energy, or fuel, which is usually called "bunker" within the maritime shipping industry.

Due to fluctuations in oil prices, a significant proportion of maritime freight sales are agreed with contracts and a percentage of those rates are subject to price adjustments, based on changes in bunker costs. For this, HLAG implemented a Marine Fuel Recovery (MFR) mechanism to recover the incremental costs from using more refined fuel, to be calculated per TEU.

In order to reduce the impact of potential upward volatility in bunker prices on sales and contracts that have such a clause but only with limited coverage, or that are at a fixed price, HLAG takes out fuel price hedges on unhedged volumes, although the use of this tool is more limited.

II. Credit Risk

Since the Company has no direct customers, its credit risk is derived from exposure to counterparty risk in the case of financial assets or derivatives maintained with banks or other institutions.

The Company's policy for managing its financial assets (current accounts, time deposits, repo agreements, derivative contracts, etc.) is to maintain these assets at financial institutions with "investment grade" risk ratings.

III. Liquidity Risk

Liquidity risk refers to the Company's exposure to business or market factors that may affect its ability to generate income and cash flows, including the effect of contingencies and regulatory requirements associated with its business.

CSAV is not directly exposed to the container shipping business, but rather indirectly as one of the main shareholders of HLAG. This limits the Company's liquidity risk in that business to the expected flow of dividends or any additional capital required by this joint venture.

It is important to mention that CSAV has specific long-term borrowing secured mainly to finance its investment in HLAG and it has sufficient liquidity to cover its obligations.

IV. Market Risk

Market risk is the risk that the value of the Company's assets or liabilities continuously and permanently fluctuates over time as the result of a change in key economic variables such as: (i) interest rates and (ii) exchange rates.

- i. **Interest Rate Fluctuations:** Interest rate fluctuations impact the Company's floating rate obligations.
- ii. **Exchange Rate Fluctuations:** The Company's functional currency is the US dollar, which is the currency in which most of its operating income and expenses are denominated as well as the currency used by most of the global shipping industry and the functional currency of HLAG. However, the Company also has income and costs in other currencies, such as Chilean pesos, euros, Brazilian reais and others.

When necessary, the Company can use accounting hedges to mitigate changes in these variables. Variations in the market price of these hedges, in accordance with current policy, are recorded in other comprehensive income.

As of December 31, 2021, the Company does not have any foreign currency or interest rate hedges and manages the risk of exchange rate variations by periodically converting any balances in local currency that exceed payment requirements in that currency into US dollars.



Hapag-Lloyd

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