





COMPAÑÍA SUD AMERICANA DE VAPORES S.A. AND SUBSIDIARIES

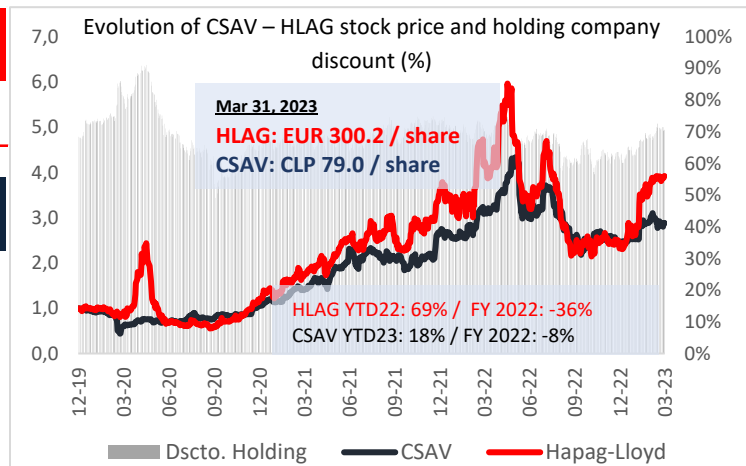
QUARTERLY ANALYSIS

Based on the Interim Consolidated Financial Statements
as of March 31, 2023

1Q23 AT A GLANCE

		As of March 31,		Change	
		2023	2022	%	#
Share of HLAG's net income	MMUS\$	607	1.402	(57%)	(795)
Net Income	MMUS\$	598	1.401	(57%)	(803)

		As of March 31,		Change	
		2023	2022	%	#
Revenue	MMUS\$	6.028	8.956	(33%)	(2.928)
EBITDA	MMUS\$	2.379	5.307	(55%)	(2.928)
EBIT	MMUS\$	1.874	4.791	(61%)	(2.917)
Net Income	MMUS\$	2.031	4.684	(57%)	(2.653)
Freight rate	US\$/TEU	1.999	2.774	(28%)	(775)
Transport volume	MTEU	2.842	2.987	(5%)	(145)
Fuel price	USD/t	645	613	5%	32



✉ For the first quarter of 2023, CSAV reported net income of MMUS\$598.0, down from net income of MMUS\$1,401 for the same period last year.

✉ These lower earnings can be explained mainly by weaker results from HLAG, where CSAV's share was MMUS\$607.1 for the first three months of 2023, versus MMUS\$1,402.3 for the same period last year.

✉ On April 27, at CSAV's annual general meeting, the shareholders approved all matters including the dividend to be paid on May 25 (ex-dividend May 19). The dividend totaled MMUS\$1,669, equivalent to US\$0.03252078858815 per share.

⚡ HLAG performed well at the beginning of the year considering that we are currently searching for a new post-pandemic market equilibrium, with lower freight rates (-28%) and fairly weak volumes (-4.9%).

⚡ Despite the lower volumes, transport costs are similar to the previous year (-1.6%) due to inflationary pressures and higher fuel costs.

⚡ During the quarter, it announced the purchase of 40% of JM Baxi, a company with terminals and logistics infrastructure in India.

⚡ At its annual general meeting on May 3, Hapag-Lloyd's shareholders approved a dividend of EUR 63 per share.

Hapag-Lloyd maintains its earnings outlook for 2023 of EBITDA of between MMUS\$4,300 and MMUS\$6,500 (2022: MMUS\$20,474) and EBIT of between MMUS\$2,100 and MMUS\$4,300 (2022: MMUS\$18,467).

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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 March 31, 2023	As of December 31, 2022	Change	
	MM US\$	MM US\$	%	MM US\$
Current assets	605,7	611,4	(0,9%)	(5,7)
Cash and cash equivalents	84,0	97,2	(13,5%)	(13,2)
Current tax assets	521,4	513,8	1,5%	7,5
Other	0,3	0,4	(21,1%)	(0,1)
Non-current assets	10.293,0	9.685,2	6,3%	607,8
Equity method investments	9.775,1	9.169,7	6,6%	605,4
Deferred tax assets	504,6	502,3	0,5%	2,3
Investment property and Other	13,3	13,3	0,1%	0,0
Total assets	10.898,6	10.296,6	5,8%	602,1

LIABILITIES AND EQUITY	As of March 31, 2023	As of December 31, 2022	Change	
	MM US\$	MM US\$	%	MM US\$
Current liabilities	2.456,0	2.272,0	8,1%	184,0
Financial liabilities, current	569,4	560,9	1,5%	8,5
Commercial and others, current	11,8	17,7	(33,1%)	(5,9)
Tax Liabilities, current	10,0	9,8	1,4%	0,1
Other	1.864,9	1.683,6	10,8%	181,2
Non-current liabilities	111,2	110,1	1,0%	1,2
Financial liabilities, non-current	99,6	99,6	0,0%	0,0
Other	11,6	10,5	10,7%	1,1
Total equity	8.331,4	7.914,5	5,3%	416,9
Total liabilities and equity	10.898,6	10.296,6	5,8%	602,1

 **Total assets** increased by MMUS\$602.1 compared to December 31, 2022. This variation is explained by an increase of MMUS\$607.8 in non-current assets, mainly generated by increases in CSAV's share of HLAG's results (up MMUS\$605.4), in deferred tax assets (up MMUS\$2.3 million) and in current taxes (up MMUS\$7.5), which were partially offset by lower cash and cash equivalents (down MMUS\$13.2).

 The decrease of MMUS\$13.2 in **cash and cash equivalents** is explained by the repayment of a bank loan (Banco Itaú) for MMUS\$5.2 and administrative payments (suppliers and employees).

 The account **current tax assets** has a balance of MMUS\$521.4, mainly related to temporary withholding in Germany for the dividend payment from HLAG. This temporary withholding corresponds to 26.375% of the declared dividend, of which 95% is exempt from paying taxes in Germany. These flows should be recovered in Germany during 2023. The increase in this account of MMUS\$7.5 is due to variations in the EUR/USD exchange rate.

↑ The rise of MMUS\$607.8 in **non-current assets** is explained primarily by an increase of MMUS\$605.4 in equity-method investments (or, in other words, the Company's investments in HLAG) and a (minor) rise in deferred tax assets of MMUS\$2.3.



Account Movements Equity Method Investments	MMUS\$
Balance as of January 1, 2023	9.169,7
HLAG Results	607,1
Share of other comprehensive income (loss)	(1,7)
Dividends Received	0,0
Other movements in equity	0,0
Total Movements during the period	605,4
Balance as of March 31, 2023	9.775,1

↑ CSAV's stake in HLAG remained unchanged at 30%. The main movements in this account are explained by its share of HLAG's results of MMUS\$607.1, given the strong performance of the container shipping business, as detailed later in this report, partially offset by equity adjustments to other comprehensive income.

More information on the accounting balance of CSAV's investment in HLAG and all movements during the periods ended March 31, 2023, and December 31, 2022, can be found in Note 14 of the Interim Consolidated Financial Statements.



The minor increase of MMUS\$2.3 in **deferred tax assets** is mainly explained by the higher expenses during the period.



As of March 31, 2023, **total liabilities** increased by MMUS\$185.2 compared to December 31, 2022. This variation is explained primarily by the increase in **other current liabilities** of MMUS\$181.2 resulting from the mandatory minimum dividend provision charged to earnings for the year. At the end of December 2022, this account mainly contained the minimum mandatory dividend totaling MMUS\$1,669.0 already approved at the shareholders' meeting of April 27.



Current financial liabilities increased by MMUS\$8.5, to a large extent (MMUS\$6.2) due to greater accrued interest. The current portion of the recoverable tax credits have been capitalized. They are denominated in euros and total MMEUR 487. That withholding was financed with a US-dollar loan of MMUS\$520. Therefore, management took out a cross currency swap during the second quarter to convert the US-dollar loan into euros and thereby generate a natural hedge between an asset and a liability in the same currency and for a similar amount.

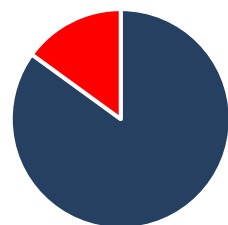


Current trade and other payables decreased by MMUS\$5.9. This drop is mainly explained by the payment of board fees and employee withholding taxes.

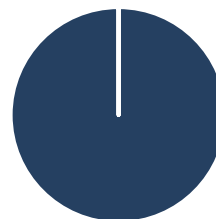
↑ **Current tax liabilities** have a balance of MMUS\$10.0 for income taxes payable by the German subsidiary (MMUS\$9.8 as of December 2022). These taxes are determined under German tax rules and are mainly generated by of income obtained from the dividend received from Hapag-Lloyd.

↑ **Non-current financial liabilities** remain at the same level as year-end 2022 (MMUS\$99.6) corresponding to the Company's Series C bonds.

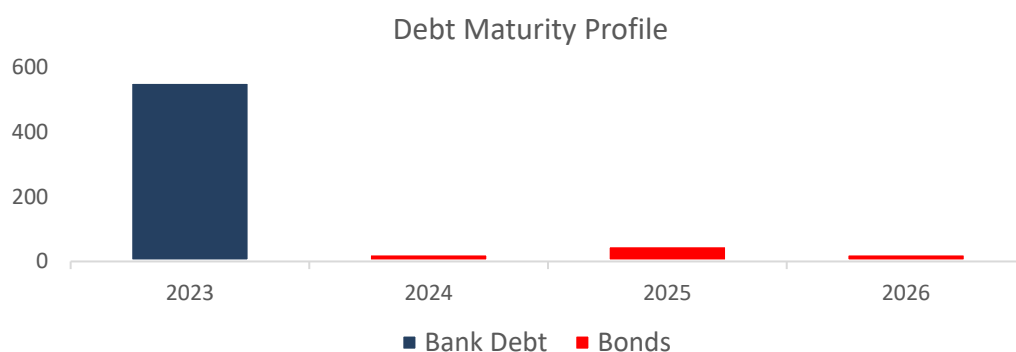
↓ As of March 2023, CSAV has **financial debt** of MMUS\$655, at an average interest rate of 4.2%. Broken down by source, 85% is from bank loans and the rest is from a bond issued by the Company. 100% of its debt is at a fixed rate.



■ Banks ■ Bonds



■ Fixed Rate ■ Floating Rate



↑ As of March 31, 2023, **equity** increased by MMUS\$416.9 compared to December 31, 2022. This variation is explained by higher net income for the quarter of MMUS\$598.0, offset by the minimum dividend provision for quarterly results presented in other current liabilities (MMUS\$179.4) and by a decrease in other reserves of MMUS\$1.7, which is explained by CSAV's share of HLAG's other comprehensive income and other equity reserves.

More information on these changes in equity can be found in Note 26 of the Interim Consolidated Financial Statements.

b) Income Statement

Consolidated Results	As of March 31,		Change	
	2023	2022	%	
	MM US\$	MM US\$	%	MM US\$
Administrative and other operating expenses	(4,8)	(5,7)	(15%)	0,8
Other operating income	0,0	1,9	(99%)	(1,9)
Operating Income (Loss)	(4,8)	(3,7)	29%	(1,1)
Finance costs, net	(4,1)	(4,7)	(11%)	0,5
Share of net income (loss) of associates and joint ventures	607,1	1.402,3	(57%)	(795,2)
Exchange rate differences and other non-operational	(1,5)	(0,0)	-	(1,4)
Income tax expense	1,3	7,5	(82%)	(6,2)
Profit (Loss) after tax from discontinued operations	0,000	(0,0)	(100%)	0,0
Net income for the year	598,0	1.401,3	(57%)	(803,4)

↓ For the quarter ended March 31, 2023, **net income attributable to the owners of the company** was MMUS\$598.0, which compares favorably with MMUS\$1,401.3 in 2022. These variations are explained below.

↑ **Administrative expenses** totaled MMUS\$4.8 for the first quarter of the year, up MMUS\$0.8 from last year mainly as a result of the directors' smaller variable share of dividends to be distributed from earnings for the year.

↓ **Other operating income** recorded a lower gain compared to MMUS\$1.9 in the prior year period, mainly explained by the sale of a fixed asset.

↑ **Net finance costs** reflected a decrease of MMUS\$0.5, despite a higher level of financial debt and a higher average debt rate. These expenses were more than offset by the finance income received from investing cash and cash equivalents, given the higher average cash balance and higher market interest rates, and from the hedges contracted to cover variations in the EUR/USD exchange rate.

↓ Regarding the Company's **share of net income (loss) of associates and joint ventures**, CSAV recognized net income of MMUS\$607.1 for 1Q23, considerably less than the MMUS\$1,402.3 recorded for the same period last year. This is mainly explained by a market adjustment that has resulted in lower volumes and lower freight rates compared to the same period in 2022. This post-pandemic adjustment is still in the process of finding a long-term equilibrium.


↓ The Company recorded a **loss from exchange differences** of MMUS\$1.5, mainly due to the mark-to-market effect of a financial hedge.


↑ For the first quarter of 2023, CSAV recognized an **income tax benefit** of MMUS\$1.3, compared to MMUS\$7.5 in the prior year. From a tax perspective, the Company recorded interest income from intercompany debt, which was more than offset by expenses during the period, the mark-to-market effect (loss) of the cross currency swap and the loss from exchange differences and, therefore, it recognized a tax benefit. These effects do not involve cash outflows for the Company.


c) Analysis of Statement of Cash Flows


The main variations in cash flows are explained as follows.

Statements of Cash Flow	As of March 31,		Change	
	2023	2022		
Cash and cash equivalents at the beginning of the period	97,2	23,7	310,3%	73,5
Cash flows from operating activities	(9,1)	(3,8)	138%	(5,2)
Payments from operating activities	(9,1)	(3,8)	138%	(5,2)
Income taxes and other	0,0	(0,0)	(100%)	0,0
Cash flows from investing activities	0,9	2,8	(69%)	(2,0)
Payments to acquire interests in joint ventures	(0,0)	2,8	(101%)	(2,8)
Interest received and other	0,9	0,0	8710%	0,9
Cash flows from financing activities	(5,2)	(5,2)	1%	(0,0)
Loans paid to non-related parties	(5,0)	(5,0)	0%	0,0
Interest paid and other payments	(0,2)	(0,2)	15%	(0,0)
Exchange rate effect	0,3	0,0	1145%	0,3
Increase (decrease) in cash and cash equivalents	(13,2)	(6,2)	113%	(7,0)
Cash and cash equivalents at the end of the period	84,0	17,5	380%	66,5

 The net change in **cash and cash equivalents** between December 31, 2022 and March 31, 2023, was a negative MMUS\$13.2, which represents a net decrease of MMUS\$7.0 over the same period in 2022.

 **Cash flows from operating activities** were a negative MMUS\$9.1 for the period, which represents an increased flow of MMUS\$5.2 over last year. The result of both periods is explained primarily by administrative and personnel expenses. In addition, during this period, the Company paid pending board fees to a director and employee withholding taxes.

 **Cash flows from investing activities** were a positive MMUS\$0.9 in the first quarter, mainly explained by interest income received due to the higher cash level compared to the previous quarter and higher interest rates. The previous year's cash flows are mainly explained by the sale of a fixed asset.

 **Cash flows from financing activities** for the first quarter 2023 were a negative MMUS\$5.2, in line with the same period last year. This is explained by repayment of a loan (in both periods) of MMUS\$5.0 with Banco Itaú and interest payments.


d) Financial Ratios

As of March 31, 2023 and December 31, 2022, the main financial indicators are as follows:

i. Liquidity Ratios

Liquidity Ratios		As of March 31, 2023	As of December 31, 2022
Current Liquidity Ratio	= $\frac{\text{Current Assets}}{\text{Current Liabilities}}$	0,247	0,269



 **Current Liquidity:** This ratio has decreased as compared to December 2022 due to an increase in current liabilities (MMUS\$184.0) and a decrease in current assets (-MMUS\$5.7). The main factor behind the increase in current liabilities is the provision of 30% of this year's earnings for the minimum mandatory dividend.

ii. Indebtedness Ratios

Indebtedness Ratios			As of March 31, 2023	As of December 31, 2022
Leverage	=	$\frac{\text{Total Liabilities}}{\text{Equity}}$	30,8%	30,1%
Short-Term Leverage	=	$\frac{\text{Current Liabilities}}{\text{Total Liabilities}}$	95,7%	95,4%
Long-Term Leverage	=	$\frac{\text{Non-Current Liabilities}}{\text{Total Liabilities}}$	4,3%	4,6%
Financial Expense Coverage	=	$\frac{\text{Net Income before Taxes}}{\text{Less Finance Costs}} \div \text{Finance Costs}$	233,0	267,7



✉ **Leverage:** This ratio fell with respect to December 2022, due to a proportionally larger increase in total liabilities (MMUS\$185.2 / 7.8% chg.) versus the increase in equity (MMUS\$416.9/ 5.3% chg.). The increase in liabilities is mainly due to recognizing the minimum mandatory dividend of 30% of net income for the year.



✉ **Short-term Leverage:** This ratio decreased with respect to December 2022, because the increase in current liabilities (MMUS\$184.0 / 8.1% chg.), was greater than the increase in total liabilities (MMUS\$185.2 / 7.8% chg.), explained in section 1a) of this report.



✉ **Long-term Leverage:** In contrast to the previous ratio, this indicator increased with respect to December 2022, because the increase in non-current liabilities (MMUS\$1.2 / 1.0% chg.) is proportionally less than the rise in total liabilities (MMUS\$185.2 / 7.8% chg.), both of which are explained in section 1a) of this report.





✉ **Financial Expense Coverage:** This ratio worsened with respect to December 2022. This is mainly explained by a lower pre-tax result and no change in net finance costs.



iii. Profitability Ratios



Profitability Ratios		As of March 31, 2023	As of December 31, 2022
Return on Equity	= $\frac{\text{Net Income Attributable to Owners of the Company}}{\text{Average Equity}}$	67,0%	86,9%
Return on Assets	= $\frac{\text{Net Income Attributable to Owners of the Company}}{\text{Average Assets}}$	44,9%	68,2%
Dividend Yield	$\frac{\text{Dividends Paid in the last 12 Months}}{\text{Market Capitalization at the end of the period}}$	27,4%	34,1%
Dividend Payout	= $\frac{\text{Net Income Attributable to Owners of the Company}}{\text{Number of Shares}}$	29,6%	24,6%
Earnings per Share	= $\frac{\text{Net Income Attributable to Owners of the Company}}{\text{Number of Shares}}$	0,093	0,108
Market Value of Stock(in chilean pesos)		79,0	67,0



*Closing observed exchange rate of US\$ 790.41



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



  **Return on Equity:** This ratio worsened with respect to December 2022, due to lower net income attributable to the owners of the company of MMUS\$4759.8 in comparison to net income of MMUS\$5,563.2 for the 2022 period (MMUS\$708.5 / -14.4% chg.) and an increase in average equity (MMUS\$1,724.4 / 11.1%).

  **Return on Assets:** This ratio worsened with respect to December 2022, due to an increase in average assets (MMUS\$2,436.7 / 29.9% chg.) and a decrease in net income attributable to the owners of the company (MMUS\$803.4 / -14.4% chg.).

  **Dividend Yield:** This ratio decreased because, although the dividend amounts for both periods are the same, the market price of the share was higher at the end of March 2023 versus the end of December 2022.

  **Dividend Payout Ratio:** This ratio increased because, although the dividend amounts for both periods are the same, the controller's LTM results at the end of March were down with respect to the end of December and, therefore, the ratio is higher.

  **Earnings per Share:** Earnings per share worsened with respect to December 2022 because of weaker results (-MMUS\$803.4 / -14.4% chg.), as explained in the first indicator in this subgroup of ratios. The total number of shares issued and subscribed did not vary.

  **Market Value of Stock:** The stock price as of March 31, 2023, was up 18.0% compared to December 31, 2022.

2. Market Analysis

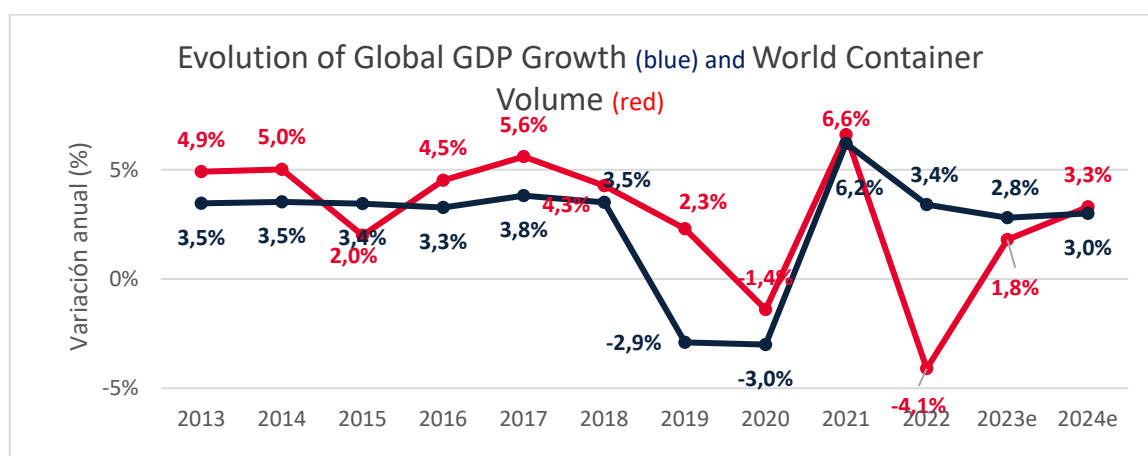
The following section discusses the container shipping industry. CSAV has participated in this industry since 2014 through its investment in the German shipping company Hapag-Lloyd (accounted for as a joint venture using the equity method), in which it has a 30% stake as of March 31st.

a) Historical Context

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

Until just before the beginning of the container shipping industry's consolidation phase (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 there is a direct relationship between global GDP and international trade of goods—where container shipping accounts for the largest share in comparison to other modes of transportation.

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 since 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 -3.0% (an historical low) due to the consequences of COVID-19. This trend was reversed in 2021, with overall volume growth of 6.6%, while in 2022 there was a drop of 4.1% in transport volumes, largely due to logistics congestion. Global and industry growth of around 3% is expected for the next few years.



Source: Clarksons Research Container Volume 2013-2023 (Mar-23); Global GDP - IMF (Mar-23)

- 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 how 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.

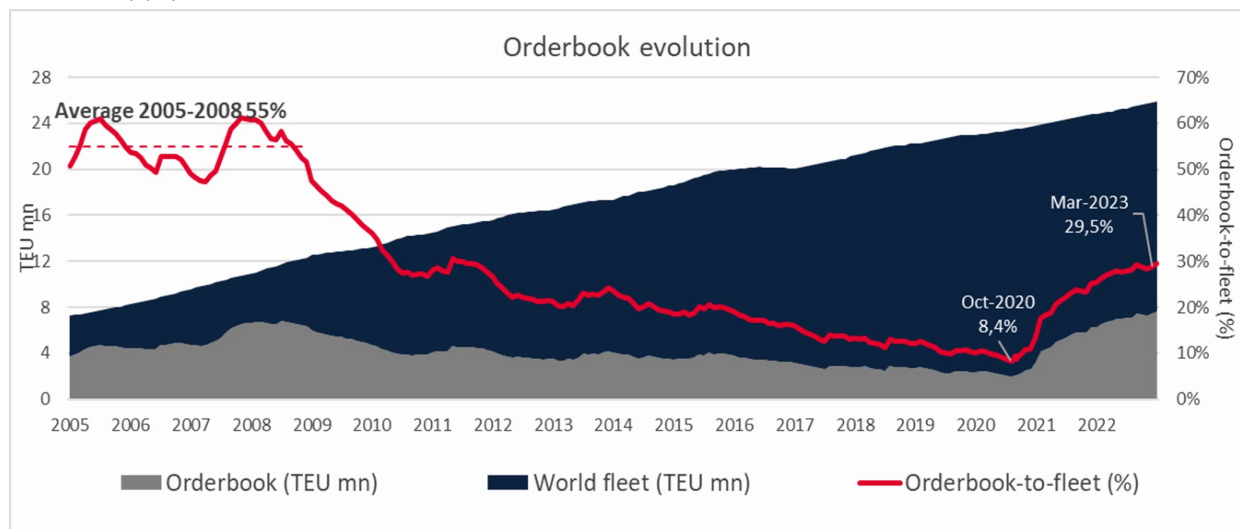
Following all these business combinations and Hanjin's bankruptcy, currently the ten largest global shipping operators account for almost 85% of installed capacity, while the five largest have close to 65%.

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 three new alliances: Ocean Alliance, led by CMA CGM and COSCO; THE Alliance, of which HLAG is a member; and 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. For their part, in January 2023 Maersk and MSC announced that their alliance would not be renewed and would therefore end in 2025.

iii. Supply indicators



Source: Clarksons Research (May-23)

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%. Then the financial crisis hit, which led to significant oversupply in the shipping market. In subsequent years, the industry managed to significantly decrease oversupply, which reached historic lows of 8.4% in October 2020 and today stands at 29.5%.

In terms of supply-demand equilibrium, in recent years key industry indicators have improved considerably and reached a better equilibrium, which has already been reflected in the operating results of several shipping lines since 2019. Increased rationalization of the entire fleet, stemming from lessons learned by the industry after not recovering its cost of capital for a long time, coupled with an intensive consolidation process in recent years and collaboration through operating

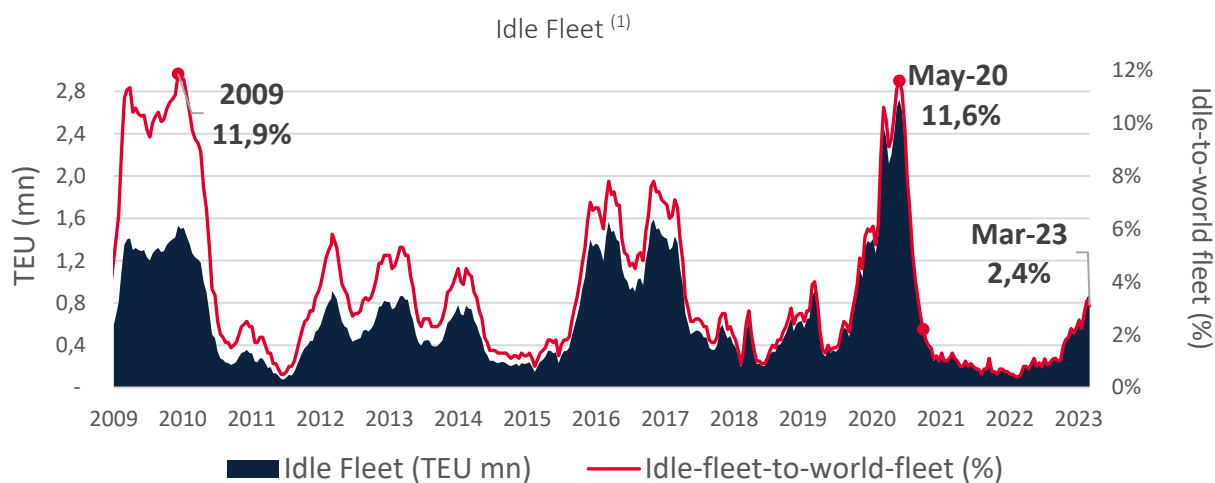
alliances, achieved greater stability in the long-term supply-demand equilibrium, allowing the industry to make organic, effective adjustments to contractions in demand.

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 remained 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.

iv. Effective fleet management maintained 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 provided to customers, as well as to maintaining the cost efficiencies generated by this operating scale.



NOTE:

¹ Until mid-November 2021 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).

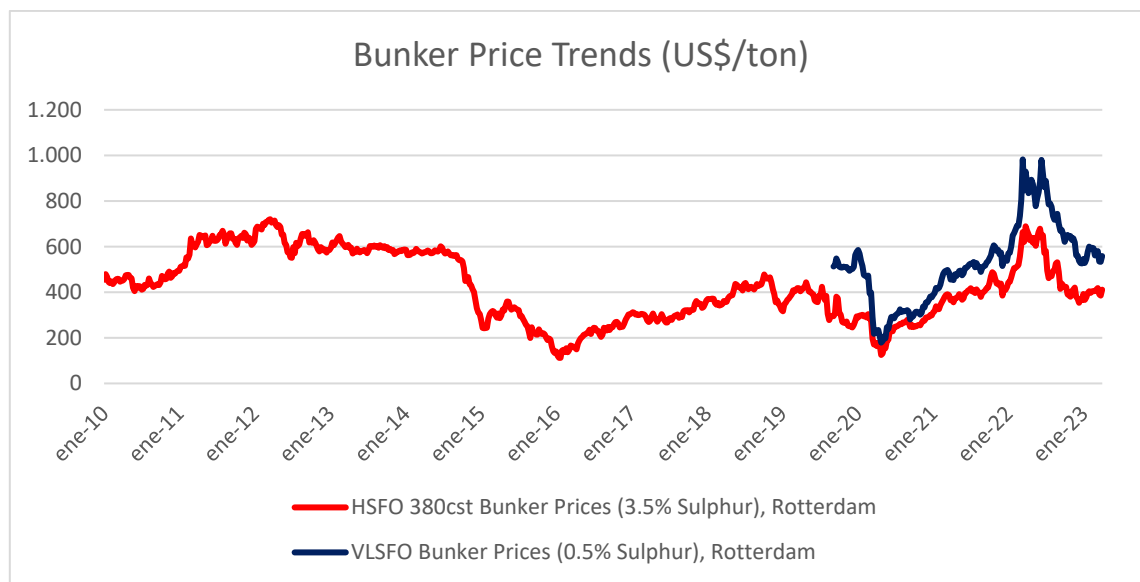
Source: Alphaliner Monthly Monitor (Apr-23)

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 high number of large, high-efficiency ships delivered in 2014 and 2015, thus resulting in the scrapping of many 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. Meanwhile, the strong increases in the idle fleet during the first half of 2020 and subsequent sharp drop since late 2020 result in an almost 100% active global fleet. This is explained mainly by demand fluctuations and distortions caused by the COVID-19 pandemic. In recent months, the idle fleet has trended slightly upward as a result of lower-than-expected demand.

v. Fuel: The industry's main consumable

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



Source: Clarksons Research (Mar-23)

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 record low. However, since early 2016, there has been a moderate but continuous increase in fuel prices, recovering a large part of the ground lost in late 2014 by the end of 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 IMO2020 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 GNL. For example, almost 33% of the total fleet of container ships has been fully retrofit, while other alternatives such as GNL still account for 2% of the current fleet.

New orders are comprised of 20% conventional vessels, 37% ships with scrubbers, 30% vessels that can run on GNL (or dual) and 13% methanol-powered ships. These changes in the orderbook respond to an industry undergoing a decarbonization process and searching for cleaner alternative fuels.

In relation to the above, a new environmental measure "IMO2023" came into force in 2023, which seeks to gradually reduce CO₂ emissions from commercial vessels. Under this regulation, each vessel must measure its Energy Efficiency eXisting ship Index (EEXI) and Carbon Intensity Indicator (CII). Ships will be categorized based on these indicators. Those in the most inefficient categories have between 3 to 5 years to take corrective measures or else they will not be able to continue operating.

Additionally, in the European Union (EU) the shipping industry has been included in the carbon credit market. This means that ships will have to measure their emissions, which will be accounted for at 100% if the route is between two EU ports or 50% if it is between one EU port and one non-EU. With this, CO₂e emissions will be calculated and must be offset by 40% from 2024, followed by 70% from 2025 and 100% in 2026. Part of the proceeds will be used, through the EU Innovation Fund, for research and development to improve the energy efficiency of ships and ports, innovative technologies and infrastructure, and the use of sustainable alternative fuels and emission-free propulsion technologies.

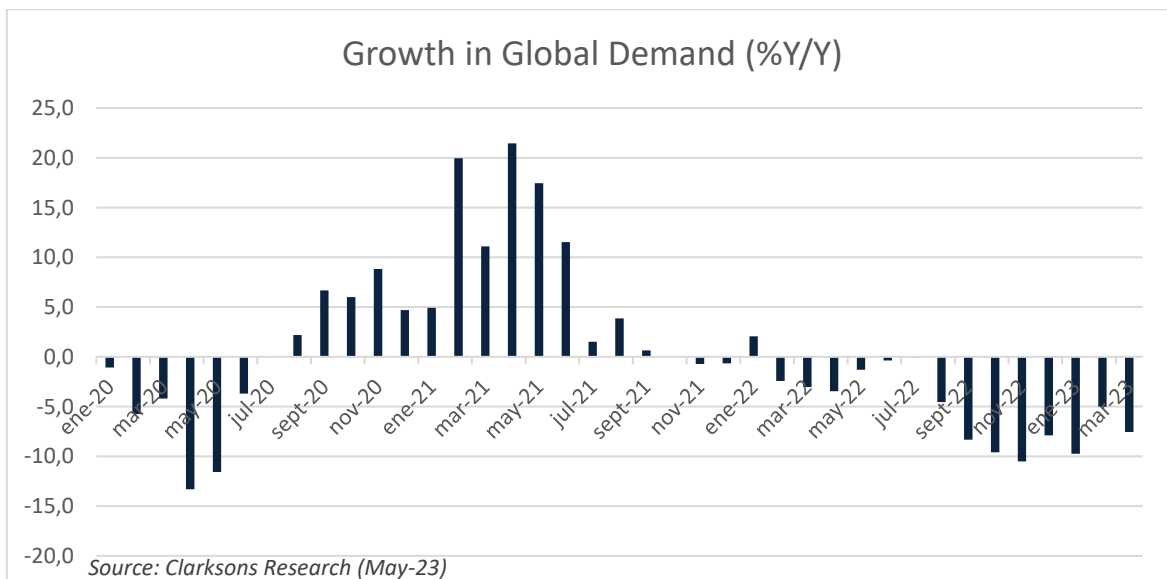
In view of these environmental changes, Hapag-Lloyd has taken various measures to reduce its emissions. Part of this has to do with the fact that its new acquisitions have LNG engines or are LNG ready, which reduces emissions by around 30%. It has also continued and expanded the use of biofuels. In 2020 it started pilot tests with this fuel and by the end of 2022 it was already using this fuel (as a blend with normal bunker) on 24 ships, with the possibility of expanding to more ships in the future. Biofuel, which is mainly generated from reused (household) cooking oils, produces 80% less emissions than normal bunker.

In addition, Hapag-Lloyd is moving forward with its Fleet Re-optimization Program. This is a 5-year plan to upgrade 150 ships by changing propellers, upgrading to more hydrodynamic hulls and improving hull paints to minimize frictional resistance and thus reduce their carbon footprint. This plan is expected to reduce fuel consumption by 6-7%, in addition to increasing the cargo capacity of the ships, and involves an investment of around MMUS\$750 million.

As for more recent oil prices, it is important to underscore that fuel prices are on the rise and have been exacerbated by geopolitical conflicts between Russia and Ukraine. For example, at Hapag-Lloyd bunker prices for 1Q23 are up 36% with respect to the average for the year 2021. Remember that freight prices include a surcharge in the event of increases in fuel prices (MFR: marine fuel recovery surcharge), but it operates with a certain lag.

b) Current Conditions

i. Fluctuations in demand marked by COVID-19



The global economy, and the container shipping industry in particular, have been shaped over the past years 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.

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 (to the detriment of services), companies' needs to restock to meet greater demand, easing of mobility measures, government assistance, etc.

After the robust demand seen during this phase of the pandemic, in recent months the market has been showing signs of lower demand. According to estimates by Clarksons Research, volume of transported containers fell 1.4% YoY in 2020, increased 6.6% in 2021 and then fell once again in 2022 by 4.1%. The latter is mainly associated with congestion issues and lower demand towards the end of the year. Meanwhile, projections for the years 2023 and 2024 call for growth in ocean shipping demand of around 1.8% and 3.3%, respectively. Quite a bit of uncertainty can still be seen in future outlooks, especially in terms of COVID-19 and its consequences, the impact of the Russia-Ukraine conflict and the evolution of global inflation.

ii. Disruptions in the logistics chain 2020-2022

The strong demand in the second half of 2020 and pandemic-related mobility restrictions led to a scarcity of shipping containers and significant congestion throughout the entire logistics chain. Despite the fact that almost the industry's entire fleet was active, the logistics chain was affected and prices surged.

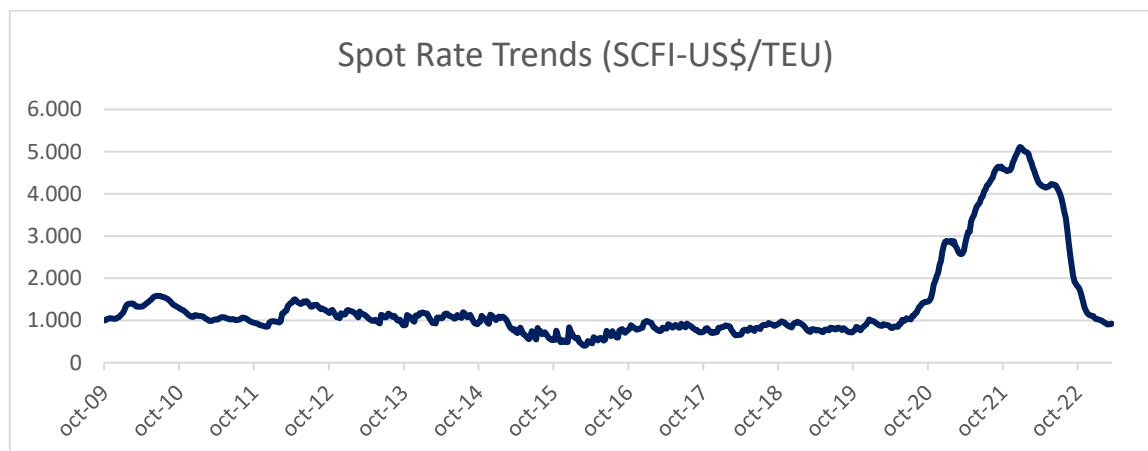
This historical increase is due primarily to the high inelasticity of shipping demand from producers and importers of goods around the world, faced with limited shipping capacity during a given time, even though the industry is operating at full capacity. This rise has also proven that the logistic costs 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 was saturated with a series of “bottle necks” and limitations. Some such limiting factors in the logistics chain are the COVID health protocols, which resulted in: (i) reduced personnel throughout the entire logistics chain: customs, ports, ground transportation, etc., (ii) reduced personnel because some migrated 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 supply chain, which generated container scarcity at in-demand locations, which was partly resolved through container purchases and repositioning, (v) longer ground transport times due to cordons sanitaires, checkpoints, curfews, personnel shortages, among others.

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). The chart shows a significant hike since mid-2020, which initiated a clear downward trend since mid-2022. This drop is mainly

explained by less congested logistics due to lower demand, normalizing inventories and the commissioning of new ships during the year 2022.



NOTES: ¹ Shanghai Containerized Freight Index.

Source: Clarksons Research (May-23)

iii. Fleet, current order book and new acquisitions

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. However, since 2022, several operators and non-operators have closed new vessel construction contracts, thus increasing the current orderbook-to-fleet ratio to 29%.

In this context, Hapag-Lloyd was one of the companies confirming new orders, specifically twelve 23,500 TEU vessels featuring high-efficiency, dual-fuel, high-pressure engines that run on liquefied natural gas but can also burn conventional fuel if needed. It also confirmed the purchase of five 13,000-13,250 TEU vessels and charters for another five 13,000 TEU vessels that are currently being built (three have already been received). This is alongside the capacity added from integrating NileDutch (29,500 TEU) and DAL (Deutsche Afrika-Linien – 6,589 TEU) and purchases of secondhand ships.

Also, in line with Hapag-Lloyd's Strategy 2023, it has continued to expand its participation in the port terminals sector, most recently through agreements to acquire stakes in the terminal business of Chile-based SM SAAM and Italy's Spinelli Group. In addition, Hapag-Lloyd has stakes in JadeWeserPort in Wilhelmshaven, the Altenwerder Container Terminal in Hamburg, Terminal TC3 in Tangier and Terminal 2 in Damietta, which is currently under construction.

In addition, a new acquisition was announced in January 2023 and already approved by antitrust authorities to purchase a 40% stake in JM Baxi, an Indian company with port terminals and inland logistics operations in that country.

iv. Pressure on costs

The industry, therefore, is 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, fuel prices have been higher. This pressure on costs will have an impact on the Company's results.

3. Hapag-Lloyd's Quarterly Financial Report as of March 31, 2023

HLAG Key Figures		As of March 31,		Change	
		2023	2022	%	#
Total vessels, of which		250	248	1%	2
own vessels ¹⁾		122	116	5%	6
chartered vessels		128	132	(3%)	(4)
Aggregate capacity of vessels	MTEU	1.818	1.750	4%	68
Aggregate container capacity	MTEU	2.892	3.033	(5%)	(141)
Bunker price (combined MFO / MDO, average for the period) ²⁾³⁾	USD/t	645	613	5%	32
Freight rate (average for the period)	USD/TEU	1.999	2.774	(28%)	(775)
Transport volume	MTEU	2.842	2.987	(5%)	(145)
Revenue	MM USD	6.028	8.956	(33%)	(2.928)
Transport expenses	MM USD	(3.259)	(3.313)	(2%)	54
EBITDA	MM USD	2.379	5.307	(55%)	(2.928)
EBIT	MM USD	1.874	4.791	(61%)	(2.917)
Group profit / loss	MM USD	2.031	4.684	(57%)	(2.653)
Cash flow from operating activities	MM USD	2.754	5.039	(45%)	(2.285)
Investment in property, plant and equipment ⁴⁾	MM USD	444	414	7%	30
Consolidated Results KPI					
EBITDA margin (EBITDA / revenue)		39,5%	59,3%	(20%)	
EBIT margin (EBIT / revenue)		31,1%	53,5%	(22%)	

Balance sheet KPI		As of March 31,		Change	
		2023	2022	%	#
Total Assets	MM USD	42.987	41.298	4,1%	1.689
Total Liabilities	MM USD	11.166	11.503	(2,9%)	(337)
Total Equity	MM USD	31.821	29.795	6,8%	2.026
Equity ratio (equity / balance sheet total)		74,0%	60,5%	13,5%	
Debt					
Financial debt	MM USD	5.804	6.222	(6,7%)	(418)
Cash and cash equivalents	MM USD	21.255	19.241	10,5%	2.014
Net debt (financial debt - cash and cash equivalents)	MM USD	15.451	13.019	18,7%	2.432
Gearing (net debt / equity)		(48,6%)	(43,7%)	(4,9%)	
Liquidity reserve	MM USD	21.980	19.966	10,1%	2.014
Number of Employees					
Employees at sea		1.609	1.967	(18,2%)	(358)
Employees on land		12.499	12.056	3,7%	443
Hapag-Lloyd total		14.108	14.023	0,6%	85

Notes: 1) Includes lease agreements with purchase options on termination / 2) MFO = Marine Fuel Oil /

3) MDO = Marine Diesel Oil / 4) Since 2019, as a result of the new standard IFRS16, investments in property, plant and equipment include right-of-use contracts (RoU)

The results for the first quarter of 2023 were impacted by a market that still has high inventory levels and therefore is continuing a de-inventorying process, which has resulted in lower demand for shipping. The logistical problems identified during the pandemic have been mostly resolved and the quality of customer

service has improved. Although the financial results show a clear downward trend, return on invested capital remains high at 46% for the first quarter of the year (120% for 1Q22).

In a quarter-on-quarter comparison, volumes were down 4.9%. This is mainly explained by lower volumes on almost all trades: Asia-Europe (-19.7%), Middle East (-10.7%), Latin America (-3.4%), Transpacific (-2.7%). These declines were partly offset by greater volumes on Atlantic routes (+7.7%), which remains robust due to industrial customers, along with Africa (+6.6%), following the merger with NileDutch and DAL in the second quarter of 2022, and Intra Asia (+3.7%).

Freight rates experienced a significant adjustment during the quarter, falling 27.9% from US\$2,774/TEU in the first quarter of 2022 to US\$1,999/TEU. This is linked to weaker demand and the normalization of supply chains (congestion has almost dissipated).

Meanwhile, transport expenses (bunker, handling and haulage, equipment and repositioning, vessels and voyages and other) are down 1.6%, mainly due to lower handling and haulage costs (-4.3%) explained by lower transport volumes. All other costs were higher. Total costs per container (including transport costs plus depreciation and amortization) increased from US\$/TEU 1,282 in 1Q22 to US\$/TEU 1,324 in 1Q23. This US\$42/TEU increase is explained by:

- Equipment and repositioning: US\$20 given higher costs to reposition empty containers.
- Bunker: US\$16/TEU due to higher fuel costs.
- Vessels and voyages: US\$10 explained by higher port and canal costs, partly offset by lower third-party slot charter costs.
- Handling and haulage: US\$4, a minor increase. The reduced congestion resulted in lower warehousing costs, partly offset by higher inland transportation costs such as trucks, trains and also higher feeder costs.
- Depreciation and amortization: US\$5 due to a higher percentage of vessels under charter and higher charter prices.

In short, the quarter reported lower revenue (-32.7%) due to decreased volumes and freight rates. Gross costs were down 1.6%, but this decrease is less than the drop in volumes, so the upward pressure on costs per TEU continues (3.3%). As a result, margins are lower and EBITDA decreased by 55% year over year, reflecting an EBITDA margin of 39.5% (1Q22: 59.3%). Accordingly, net income was down (-57% / MMUS\$2,653) with a profit margin of 31.1% (1Q22: 53.5%).

These good results generated operating cash flows of MMUS\$2,754,2 for 1Q23, compared to MMUS\$5,038.7 one year ago. A portion of these flows was used for new investments (MMUS\$234.6), broken down into vessels (MMUS\$182.7), containers (MMUS\$38.1) and other investments (MMUS\$13.8). There were also MMUS\$285.8 in disbursements for new acquisitions (mainly Spinelli). Additionally, HLAG had MMUS\$976.0 in financial investments maturing in more than three months, which generated interest of MMUS\$219.9.

The rest of the positive cash flows was used mainly for financing activities (MMUS\$494.3) such as: payments for vessel charters and interest in accordance with IFRS 16 (MMUS\$261.7), financial debt

payments (MMUS\$130.6), interest payments (MMUS\$55.5), financial hedge payments (MMUS\$46.5), etc. With everything included, HLAG ended the period with cash of MMUS\$19,231.1, plus MMUS\$2,024 in money market instruments and MMUS\$725 in available credit lines (unused), closing with liquidity of MMUS\$21,980.

4. Market Risk Analysis

As described in Note 5 of the Interim Financial Statements as of March 31, 2023, CSAV's investment in Hapag-Lloyd represents 90% of its total consolidated assets. Its investment in Hapag-Lloyd, the container shipping business, is CSAV's main asset. Though it is not directly exposed to the risks facing the container shipping industry, it is indirectly exposed. These risks directly impact the value of CSAV's investment in the joint venture, the flow of dividends from Hapag-Lloyd and its capital requirements.

The risks arising from the container transport business—operated entirely by Hapag-Lloyd—are managed autonomously by the joint venture's management and according to standards applicable to publicly traded, regulated corporations in Germany.

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. For example, since early 2020, due to health problems deriving from the spread of the coronavirus and the resulting contraction in global demand, HLAG formed a 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 135 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, Hapag-Lloyd'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 a long-term loan 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.

Interest Rate Fluctuations: Interest rate fluctuations impact the Company's floating rate obligations.

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 flows 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.

During the second quarter, management took out a cross currency swap (CCS) to cover its exposure in euros. Remember that the recoverable tax credits in Germany (current portion is capitalized in balance sheet) are denominated in euros and total MMEUR 487. That withholding was financed with a US-dollar loan of MMUS\$520. Therefore, during the second quarter, it took out a CCS to convert the US-dollar loan into euros and thereby generate a natural hedge between an asset and a liability in the same currency and for a similar amount.



Hapag-Lloyd

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