



Stock Code : 2612 TT

# Q2 Investor Presentation

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Spokesperson

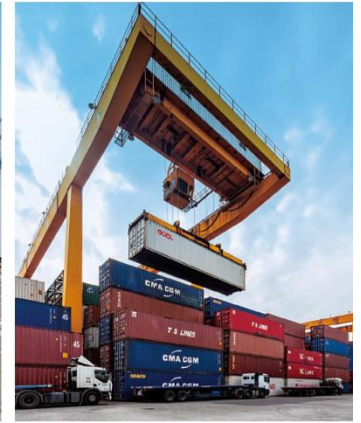
23<sup>rd</sup> June 2022

# Summary of Presentation

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- Capesize Market Outlook
- Dry Bulk Shipping Market Trends
- The Company Overview
- Appendices

# Outlook



# Capesize Market Outlook

## Freight Rates Rebound in Second Quarter

- 5TC average reached US\$ 38,169 in May which was the highest level so far this year; spot rate averaged US\$ 17,978 in 1H 2022
- Iron ore price averaged US\$ 141/ton in 1H 2022 amid expectations of stronger demand in PRC in 2H 2022

## War Between Russia and Ukraine Still Affects Commodity Market

- The seaborne dry bulk trades particularly coal and grain cargoes will continue to be interrupted and altered in foreseeable future
- Stronger sanctions will increase ton-mile demand of coal from South Africa and Australia going forward

## Net Fleet Growth Eases in 2022

- 25 new ships (100k-400k dwt) joined the fleet so far in 2022, while demolition is set to continue in coming years
- Capesize net fleet growth is 0.99% between January and June 2022

## Short-term Outlook

- PRC steel production and iron ore import has increased in Q2 while new trade and fiscal policies are positive signals for the dry bulk market
- Volatility is expected to continue but the company expects cargo flow to normalize which will provide support to period rates during charter renewal



# Focal Points of Q3 2022



1

## War Between Russia and Ukraine

Russia's invasion to Ukraine has no end in sight therefore extended movement in commodity prices and disruption within the supply chain will likely to continue

2

## Demand for Coal is Stronger

India's demand for coal has rising in the last two quarters while Europe has continued to import coal from countries other than Russia such as Australia and Indonesia in order to fill the export gap due to the war

3

## PRC Covid-19 Policy

The government's zero-case policy has been affecting steel demand and production but Shanghai and other metropolitan areas are set to return to normal starting from Q3 2022

4

## China's Stimulus Policies

Market expects the government to roll out infrastructure plans and subsidies to encourage consumption which will benefit the dry bulk market

# PRC Key Economy Indicators

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- PRC' s gross domestic product in Q1 grew by 4.8% y-o-y, while full year guidance is around 4.4%
- PRC' s crude steel production between January and May reached 433 million tons, down by 8.7% y-o-y; the country exported about 26 million tons of steel products between January and May, down by 16.2% y-o-y
- Compared to end 2021, China Steel Price Index (CSPI) improved by 10.9% at end-May to 144.07 points
- The country imported 447 million tons of iron ore between January and May, down by about 5.1% y-o-y, while coal imports reached 96 million tons, down by about 13.6% y-o-y

# Shipping Market Outlook - Demand

## Iron Ore



Clarksons Platou forecasts Chinese iron ore imports to drop by 2% in 2022 while Brazilian export volume is expected to raise by 3% and Australian export volume increase by 1%; global iron ore demand is projected to remain the same level

## Coal



Clarksons Platou forecasts Chinese coal imports to drop by 9% in 2022 while Australian export volume is expected to raise by 2% and Indonesian export volume increase by 1%; global coal demand is projected to drop by 1% in 2022

# Shipping Market Outlook - Supply

## Newbuildings



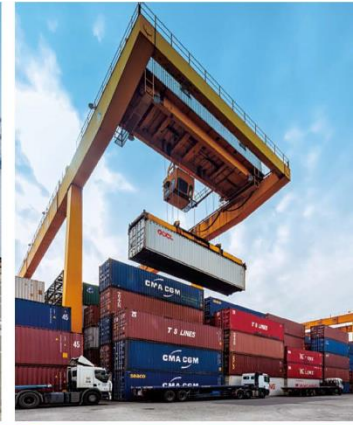
According to IHS Markit, total 88 newbuildings (100-400k DWT) were delivered in 2021 with fleet net growth at 4%; 65 large bulkers (100-400k dwt) are expected to be delivered in 2022

## Ship Scrapping



Demolition quantity of large bulkers (100-400k DWT) reached 14 in 2021 while more vintage bulkers are to be recycled this year - 25 units are expected to be scrapped in 2022

# Dry Bulk Shipping Market Trends



# BDI 2020-2022

## Baltic Exchange Dry Index



Source: Clarksons Platou

# BCI 2020-2022

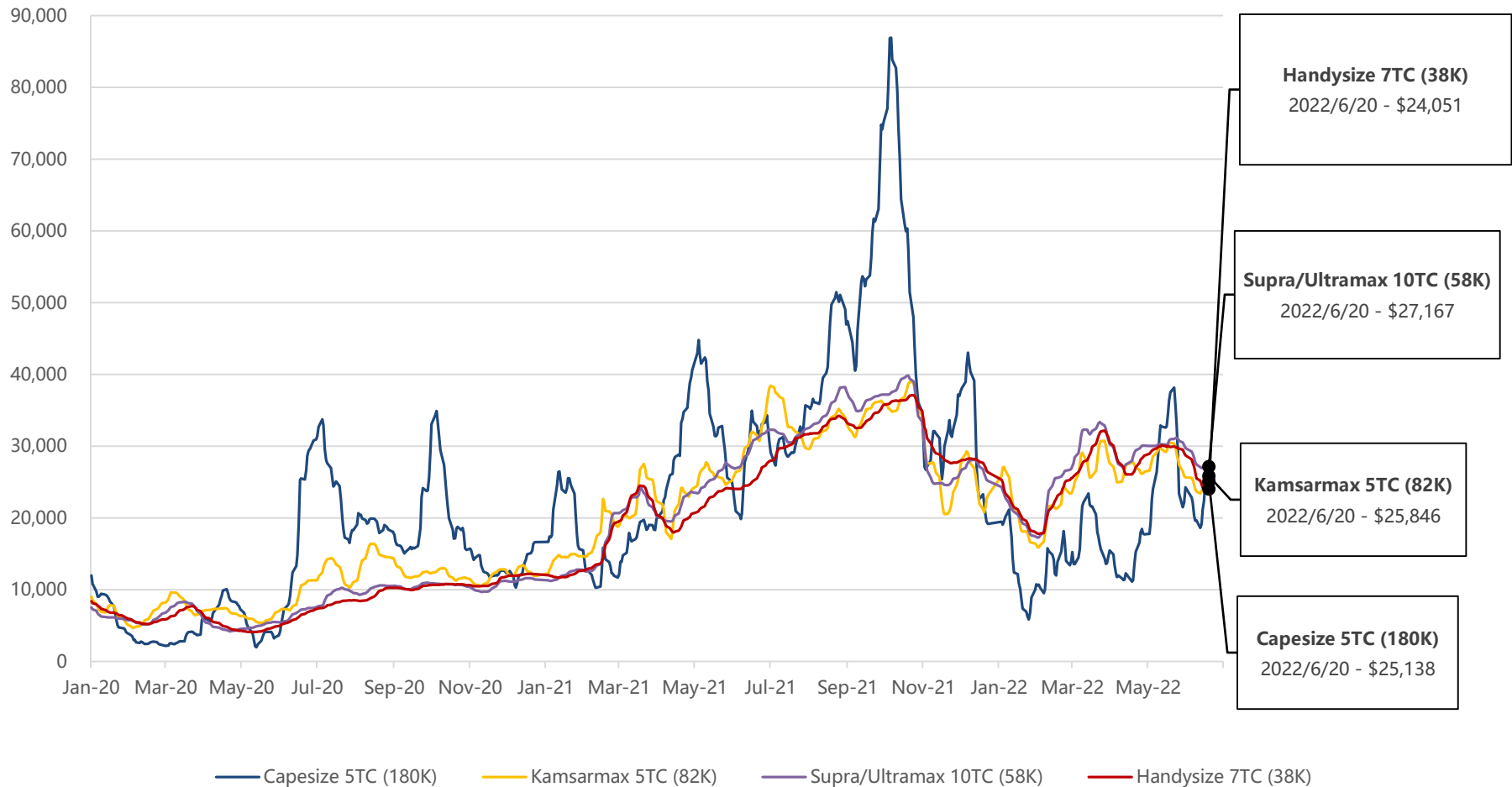
## Baltic Exchange Capesize Index



Source: Clarksons Platou

# 2020- 2022 BCI/BPI/BSI/BHSI Indices

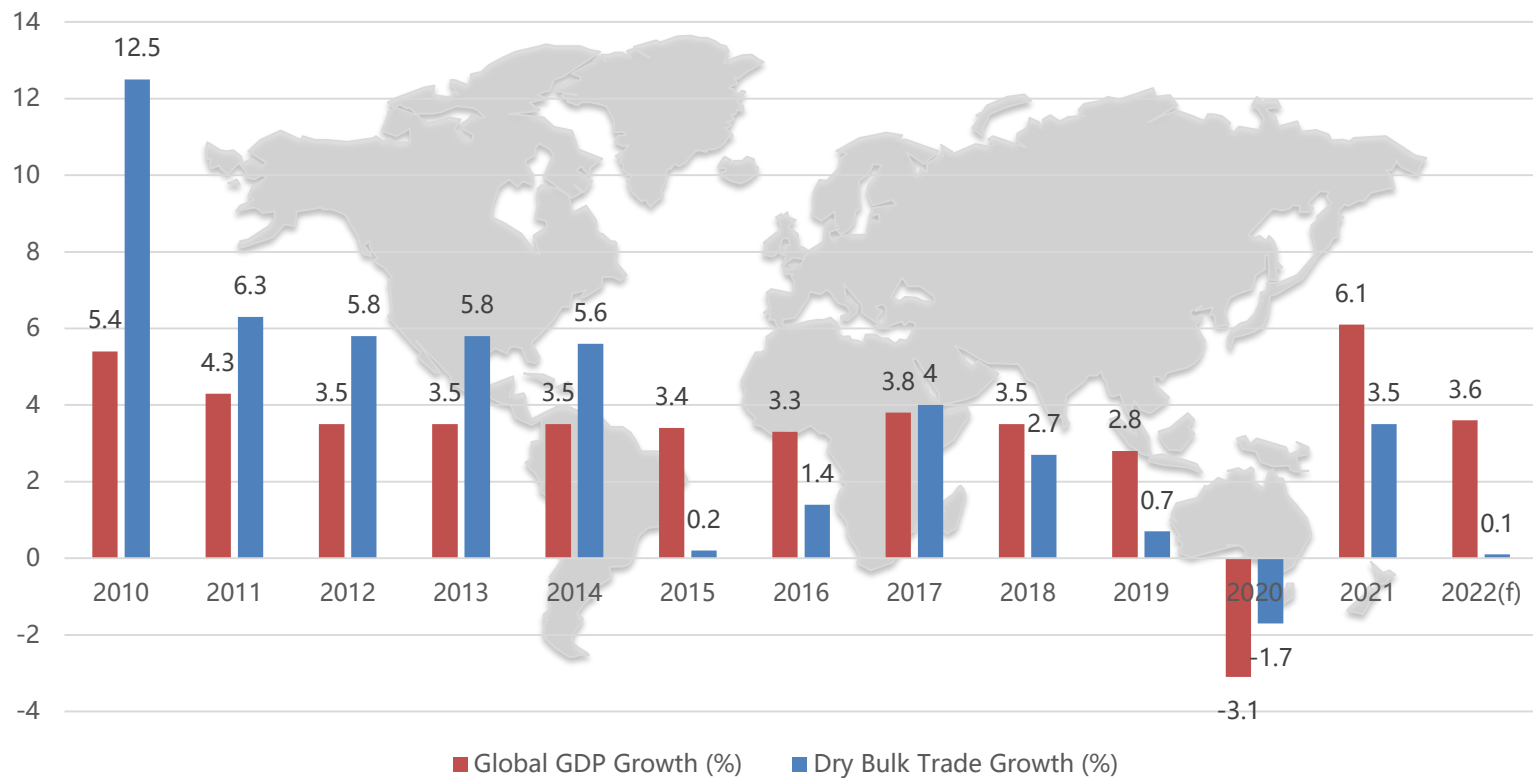
Spot TCE (US\$)



Source: Clarksons Platou

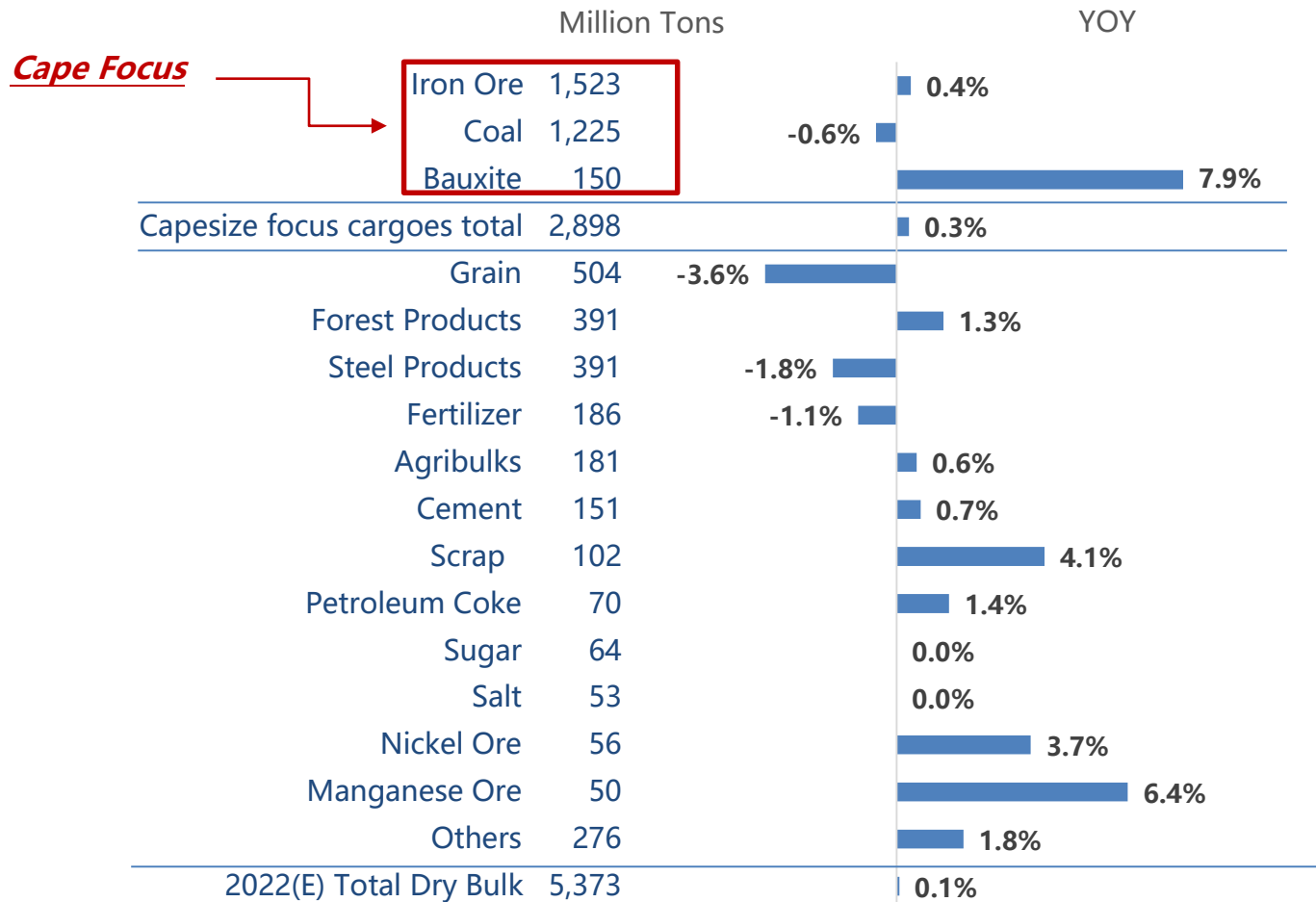
# Global Economy Recovers from 2020

- IMF projects global GDP to grow by 3.6% in 2022
- Clarksons Platou forecasts dry bulk seaborne trade to grow marginally in 2022



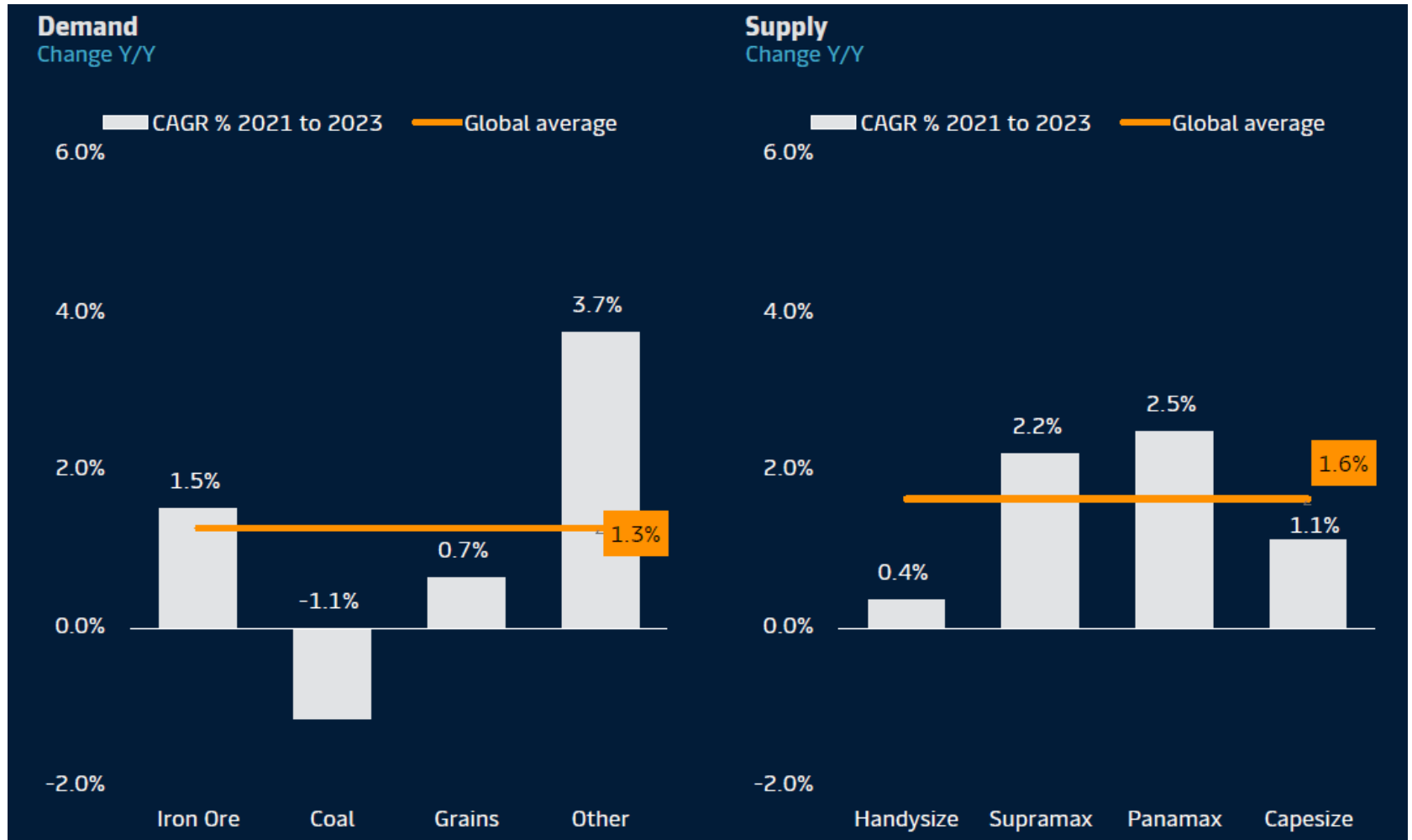
Source: IMF & Clarksons Platou

# Dry Bulk Seaborne Trade Expects to Grow in 2022



Source: Clarksons Platou

# Dry Bulk Seaborne Trade vs. Fleet Growth

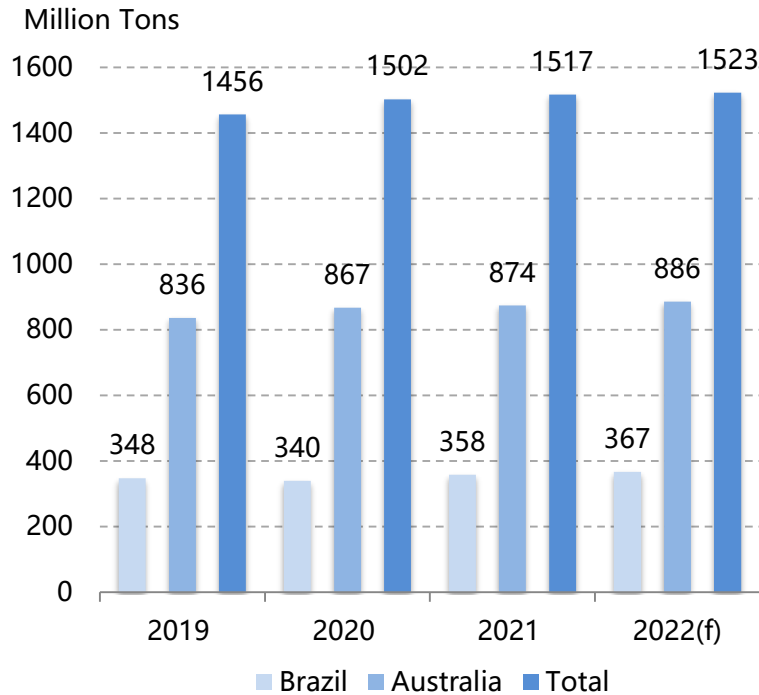


Source: Maersk Broker

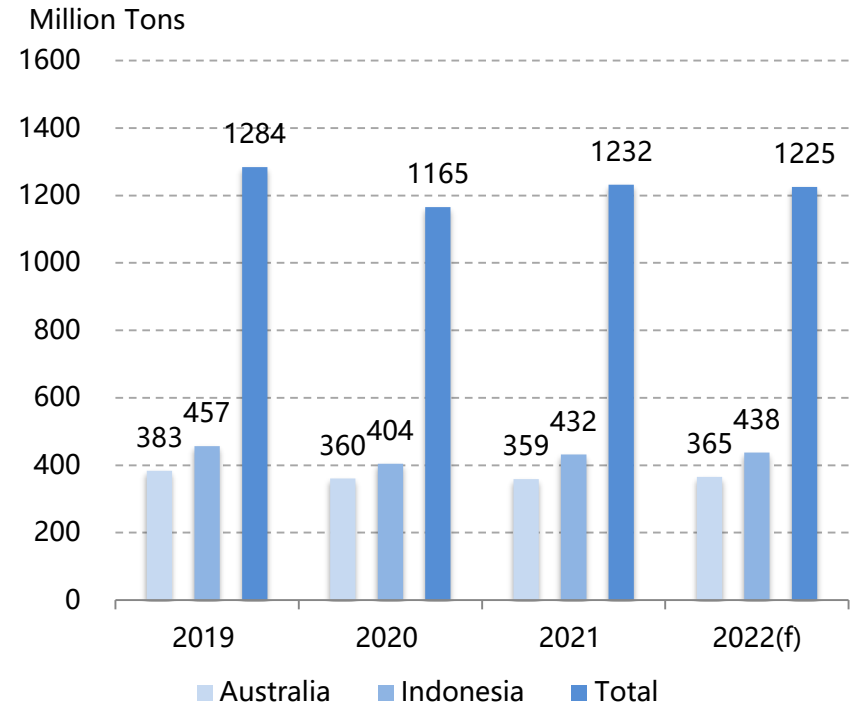
# Global Iron Ore/Coal Exports

Clarksons Platou forecasts global iron ore exports with slight growth while coal exports to drop by 1% in 2022

## Iron Ore

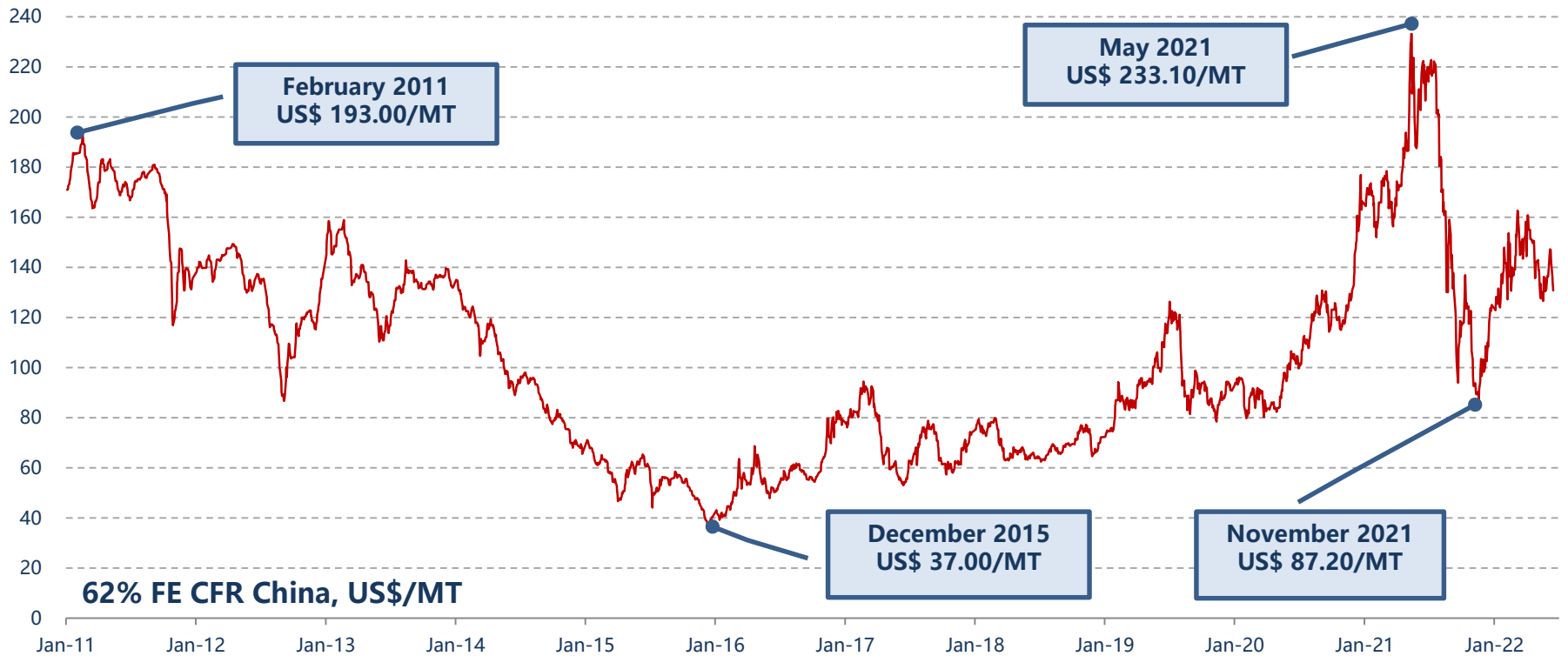


## Coal



Source: Clarksons Platou

# Iron Ore Price Trend



Source: SSY

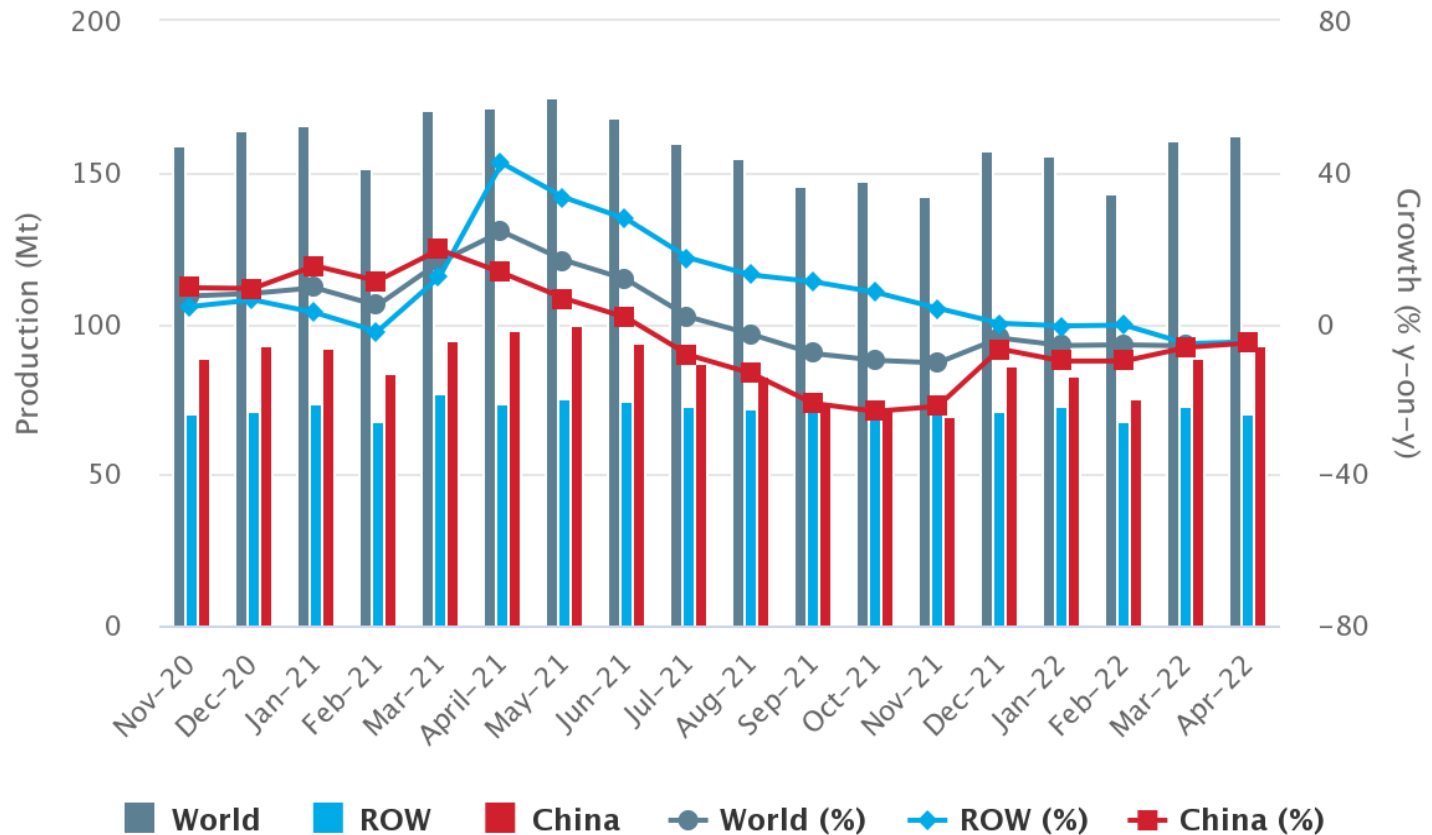
# PRC Crude Steel Price



Source: SSY & MarcoMicro

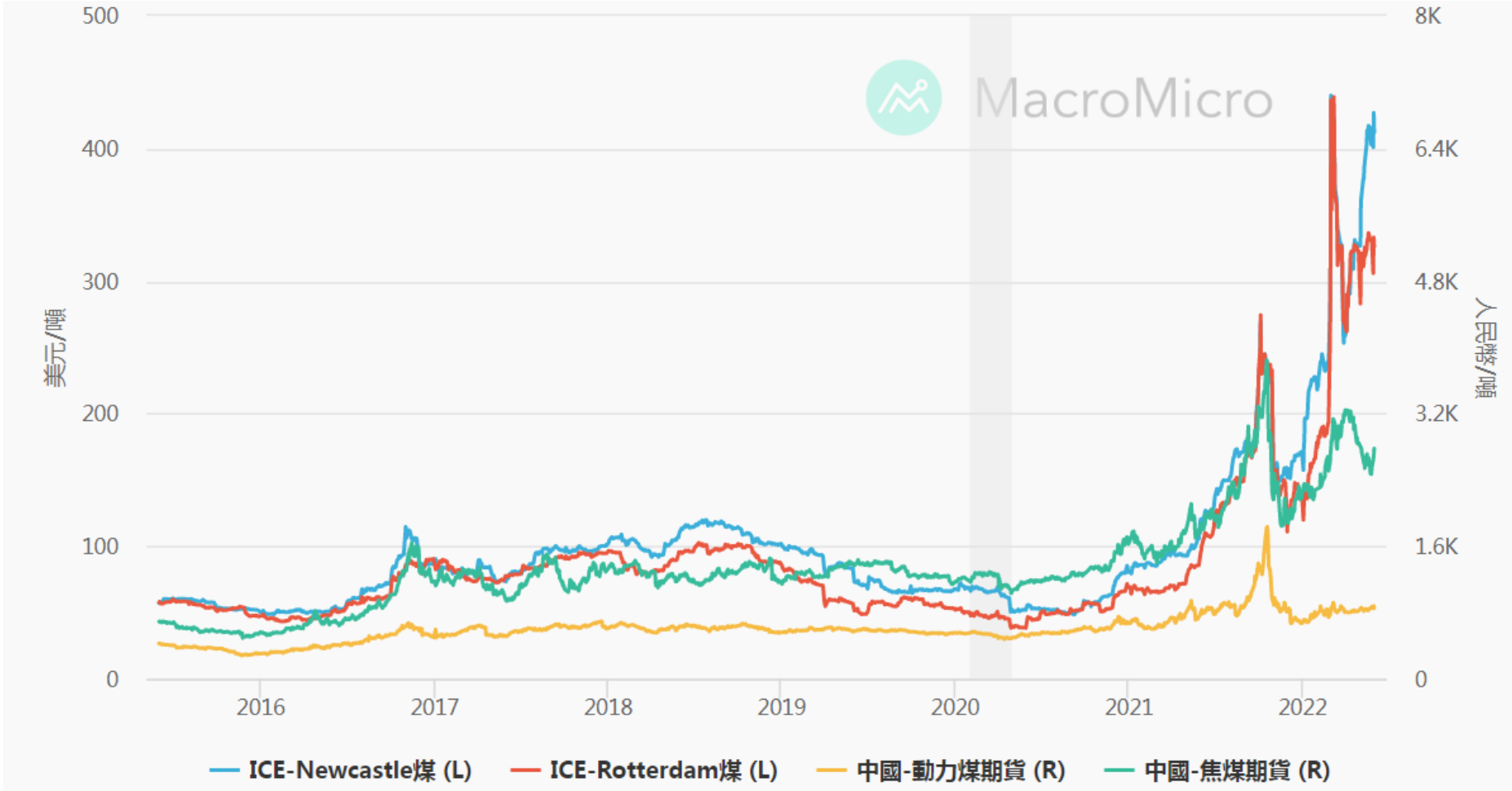
# Global Steel Production

PRC' s y-o-y growth rate in 2021: -3.0%;  
 Full year y-o-y projection for 2022: +0.0%



Source: World Steel Association

# Global Coal Price

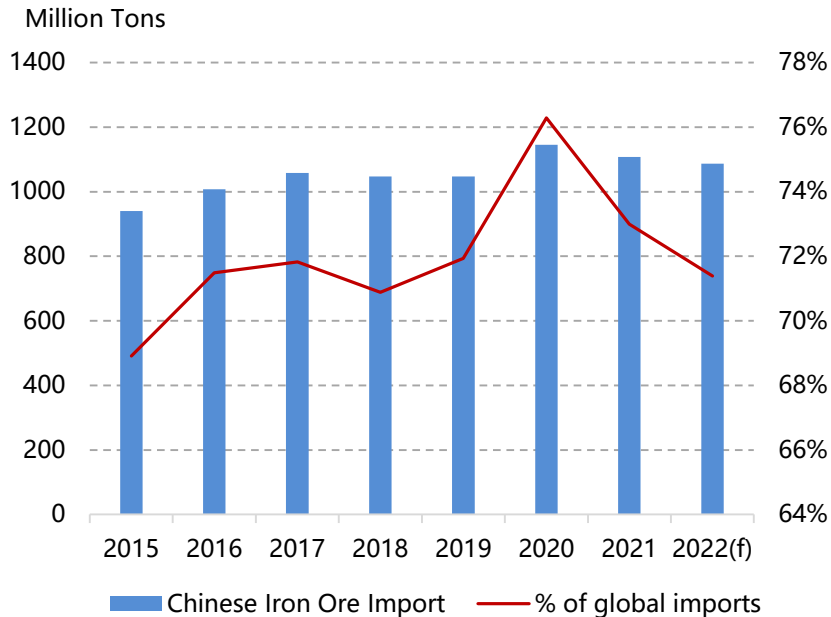


Source: MarcoMicro

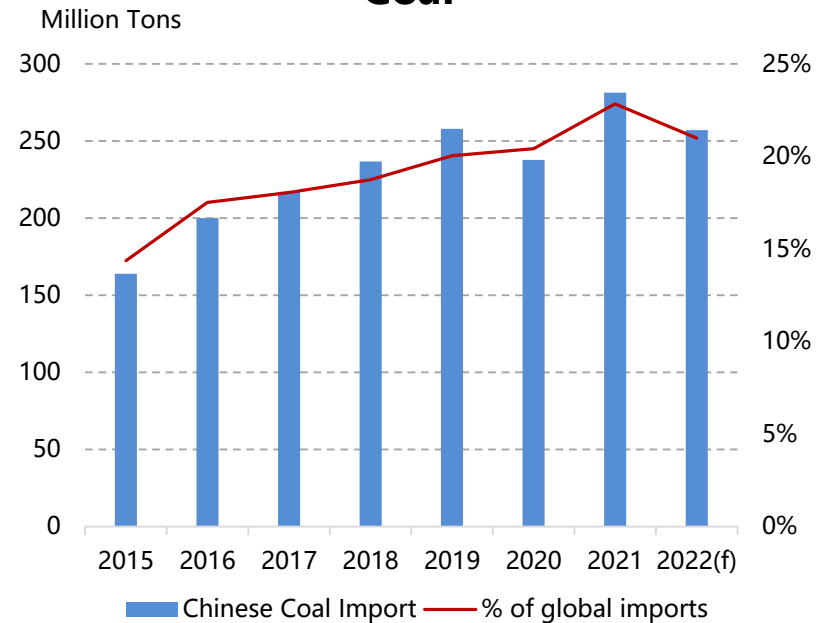
# PRC Commodity Imports

- PRC' s demand for iron ore is estimated to decrease by 2% in 2022 to 1.09 billion tons
- PRC' s demand for coal imports is projected to decrease by 9% in 2022 to 260 million tons

## Iron Ore

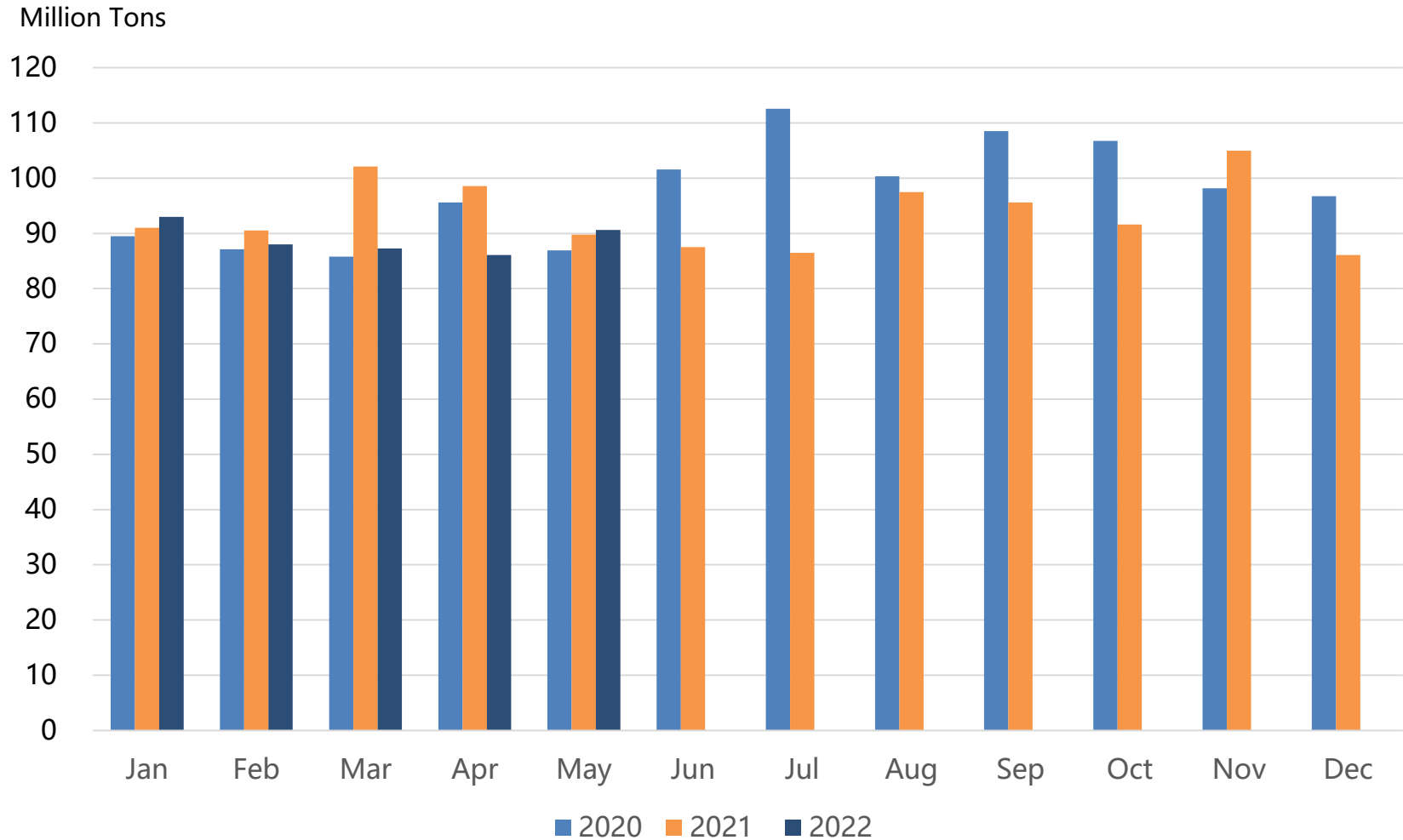


## Coal



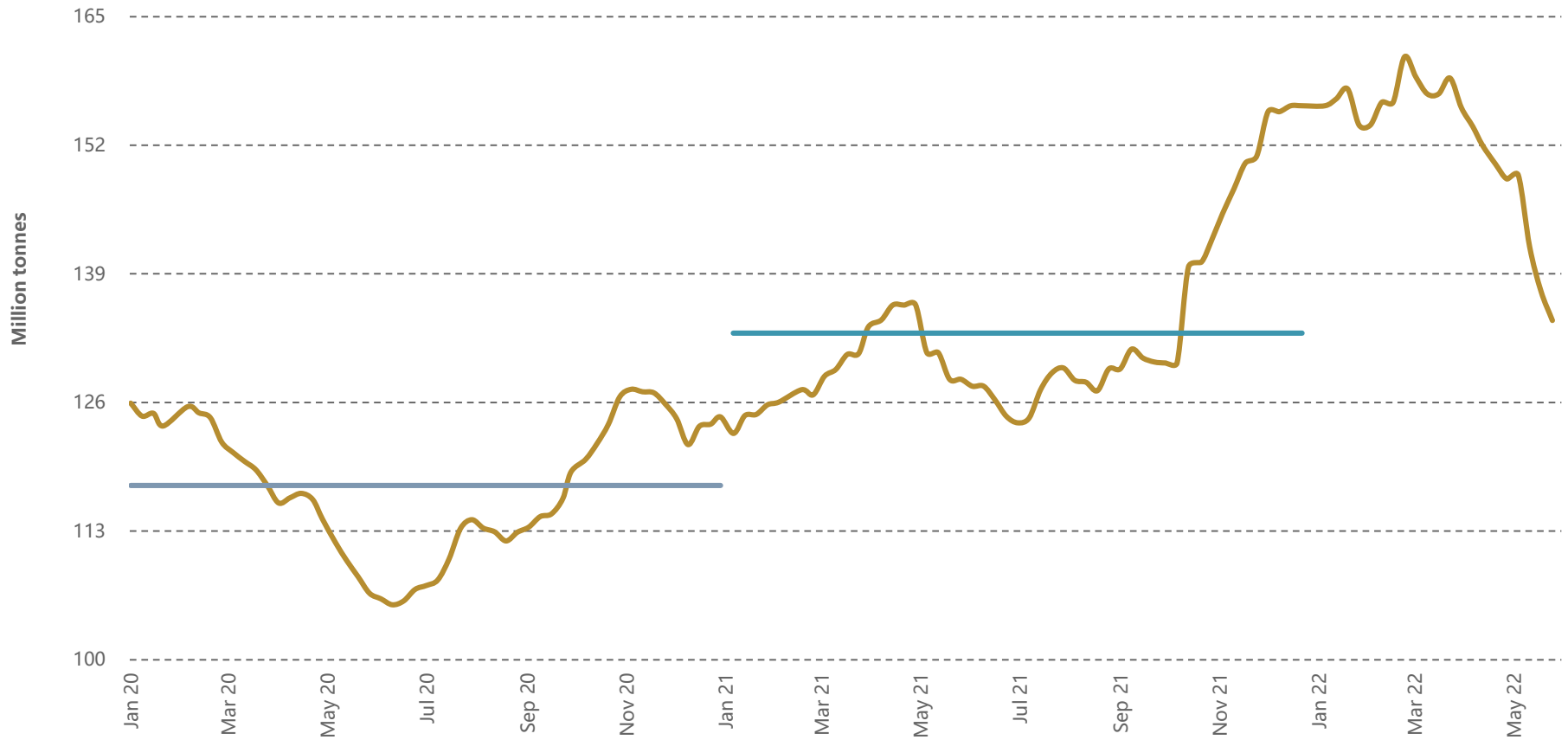
Source: Clarksons Platou

# PRC Iron Ore Imports



Source: Thurlstone Research

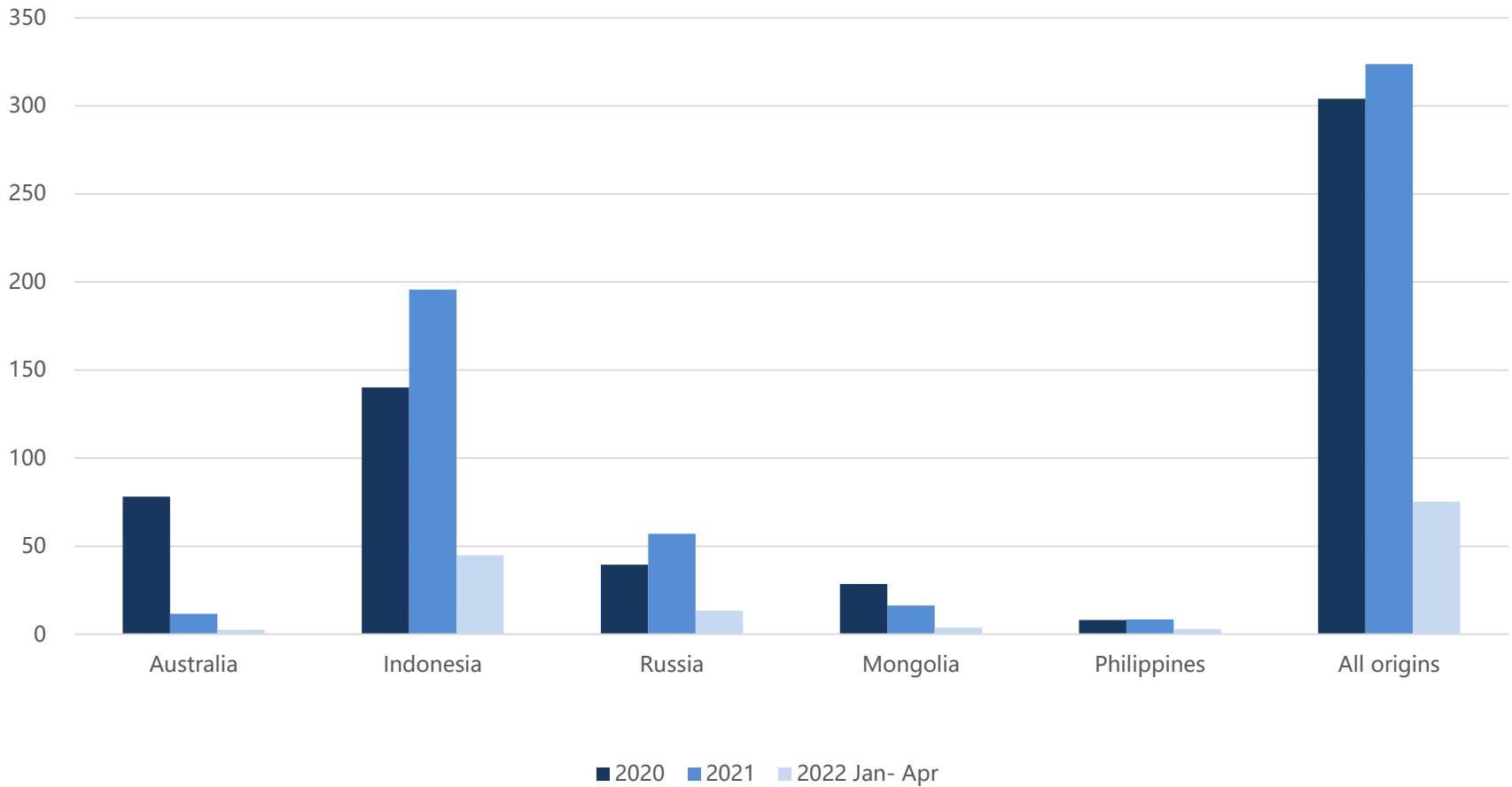
# Iron Ore Stockpiles at PRC Ports



Source: Drewry Maritime Research

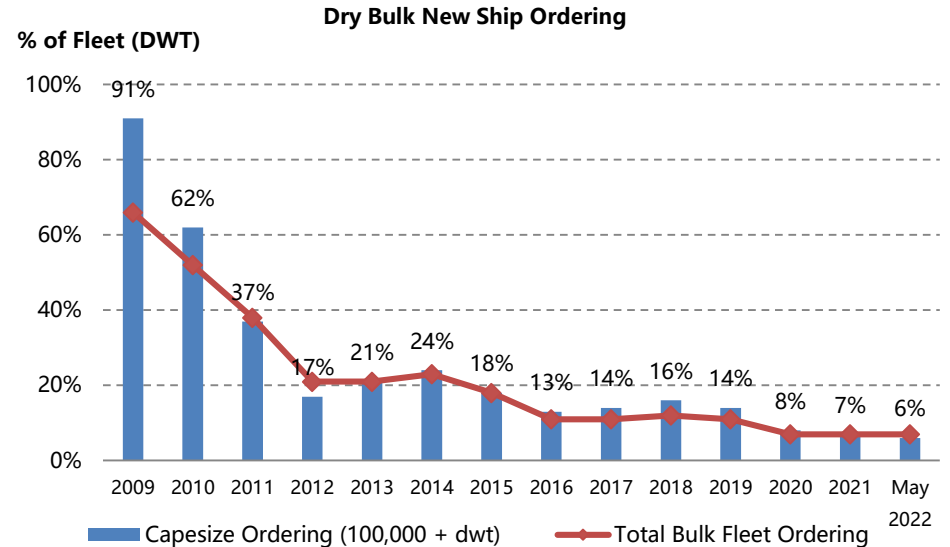
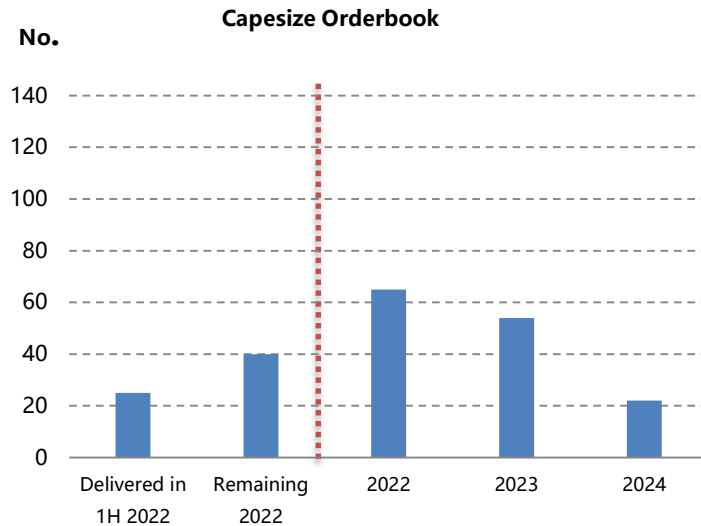
# PRC Coal Imports





Million Tons



Source: PRC Customs

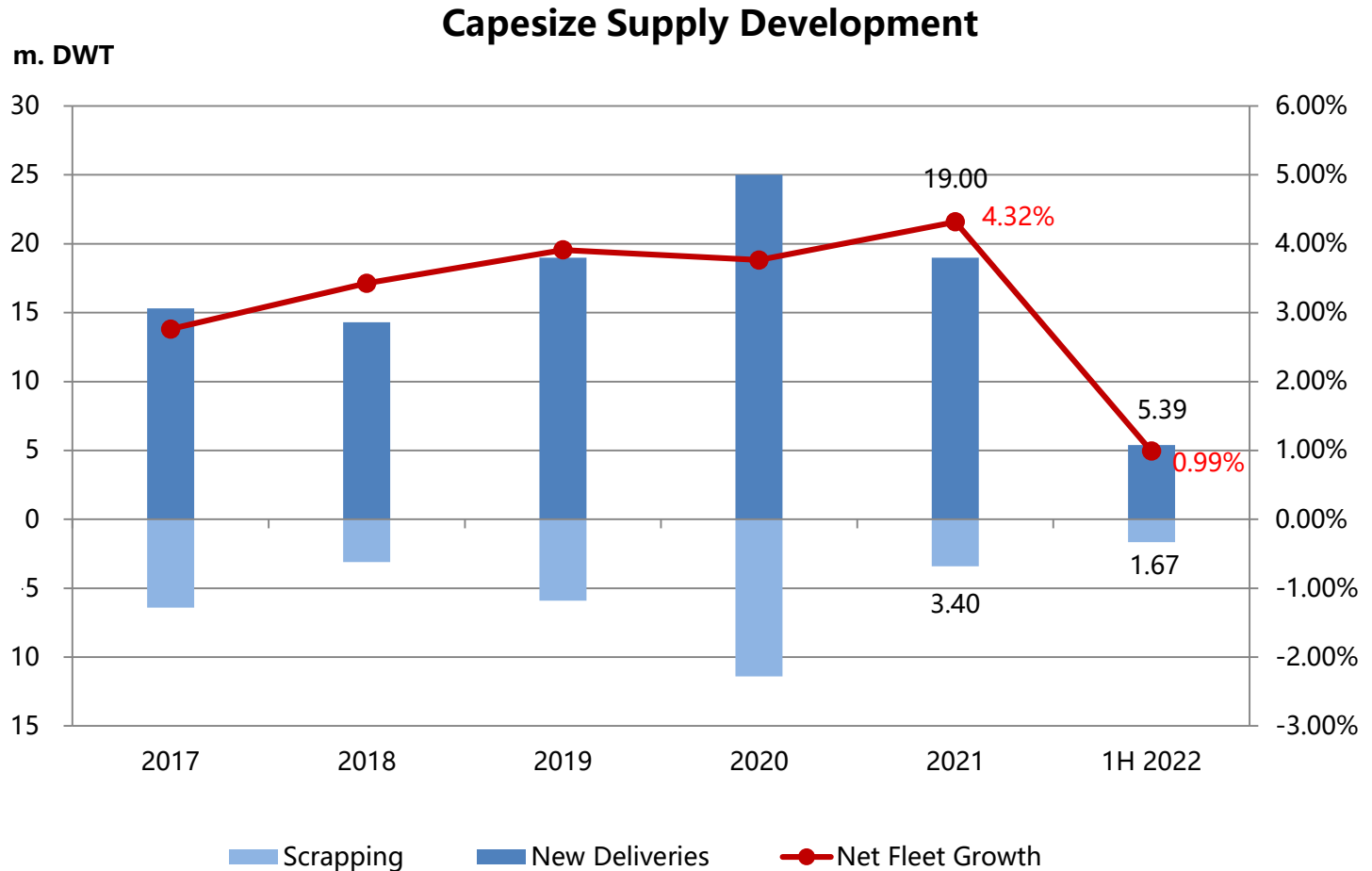
# Bulker Newbuilding Orders are Shrinking



	ORDERBOOK AS % OF EXISTING FLEET	AVERAGE AGE	OVER 20 YEARS OLD	MAY 2022 SCRAPPING AS % OF EXISTING FLEET
 Handysize (10,000 - 40,000 dwt)	5%	12.6	14%	0.00%
 Handymax (incl. Supramax & Ultramax) (40,000 - 65,000 dwt)	7%	11.0	9%	0.04%
 Panamax (incl. Kamsarmax) (65,000 - 100,000 dwt)	8%	11.1	12%	0.04%
 Capesize (100,000 + dwt)	<b>6%</b>	<b>9.4</b>	<b>2%</b>	<b>0.34%</b>
Total Dry Bulk > 10,000 dwt	7%	11.3	8%	0.16%

Source: Clarksons Platou

# Capesize Fleet Growth Decelerates



Source: Clarksons Platou

# Newbuilding/2<sup>nd</sup> Hand Sale Prices

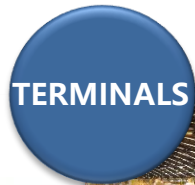
TYPE		PRICE (IN US\$ MILLION)				
YEAR		2020	2021		JUN 2022	
208,000 DWT	NB	52.0	67.0	29%	70.0	4%
180,000 DWT	NB	46.5	60.5	30%	63.0	4%
180,000 DWT (ECO)	5-YR	35.5	47.0	32%	53.0	13%
180,000 DWT	10-YR	19.5	33.0	69%	37.0	12%
176,000 DWT	15-YR	12.8	21.0	64%	24.0	14%

Source: Clarksons Platou & Internal Assessment

# The Company Overview



# Company Profile



## Shipping :

CMT owns and manages a fleet of 10 capesize bulkers to offer dedicated services to customers for transportation of dry bulk commodities around the globe

## Trucking :

Associated Transport Inc. is one of Taiwan' s largest intermodal container trucking operators that provides container drayage and related services island-wide

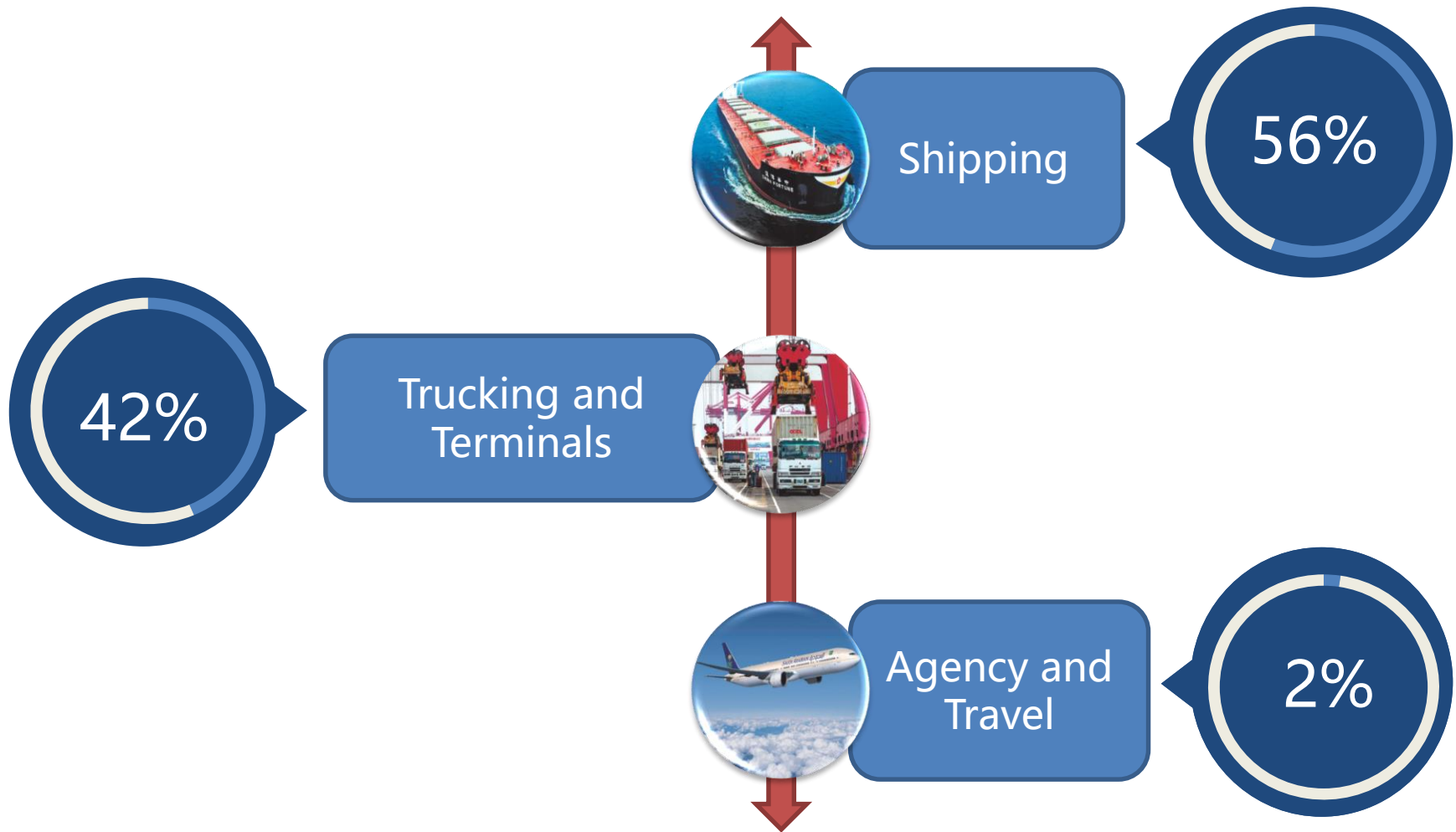
## Terminals :

CMT Logistics Co., Ltd. operates two containers terminals in northern Taiwan with great access the country' s major ports to offer import/export express services to customers

## Air & Tourism :

CMT Air Cargo Department is the General Sales Agent (GSA) of Saudi Arabian Airlines in Taiwan

# Entities Revenue Ratio for 2022Q1



# CMT Capesize Fleet

China Peace  
中華和平輪  
174,413 DWT



China Progress  
中華富進輪  
174,322 DWT



China Pride  
中華榮耀輪  
177,856 DWT



China Triumph  
中華光輝輪  
203,028 DWT



China Prosperity  
中華鴻運輪  
203,028 DWT



China Pioneer  
中華先鋒輪  
206,079 DWT



China Fortune  
中華偉運輪  
206,061 DWT



2005

2006

2009

2011

2012

2012

2013

2024

2024

2023

2023

2017

2017

2016



青島北海船舶重工有限責任公司  
QINGDAO BEIHAI SHIPBUILDING HEAVY INDUSTRY CO.,LTD



青島北海船舶重工有限責任公司  
QINGDAO BEIHAI SHIPBUILDING HEAVY INDUSTRY CO.,LTD



青島北海船舶重工有限責任公司  
QINGDAO BEIHAI SHIPBUILDING HEAVY INDUSTRY CO.,LTD



青島北海船舶重工有限責任公司  
QINGDAO BEIHAI SHIPBUILDING HEAVY INDUSTRY CO.,LTD



Newbuilding  
210,000 DWT

Newbuilding  
210,000 DWT

Newbuilding  
210,000 DWT

Newbuilding  
210,000 DWT

China Honour  
中華名望輪  
179,562 DWT

China Enterprise  
中華偉業輪  
207,986 DWT

China Harmony  
中華和諧輪  
179,505 DWT



中國航運股份有限公司  
Chinese Maritime Transport Ltd.

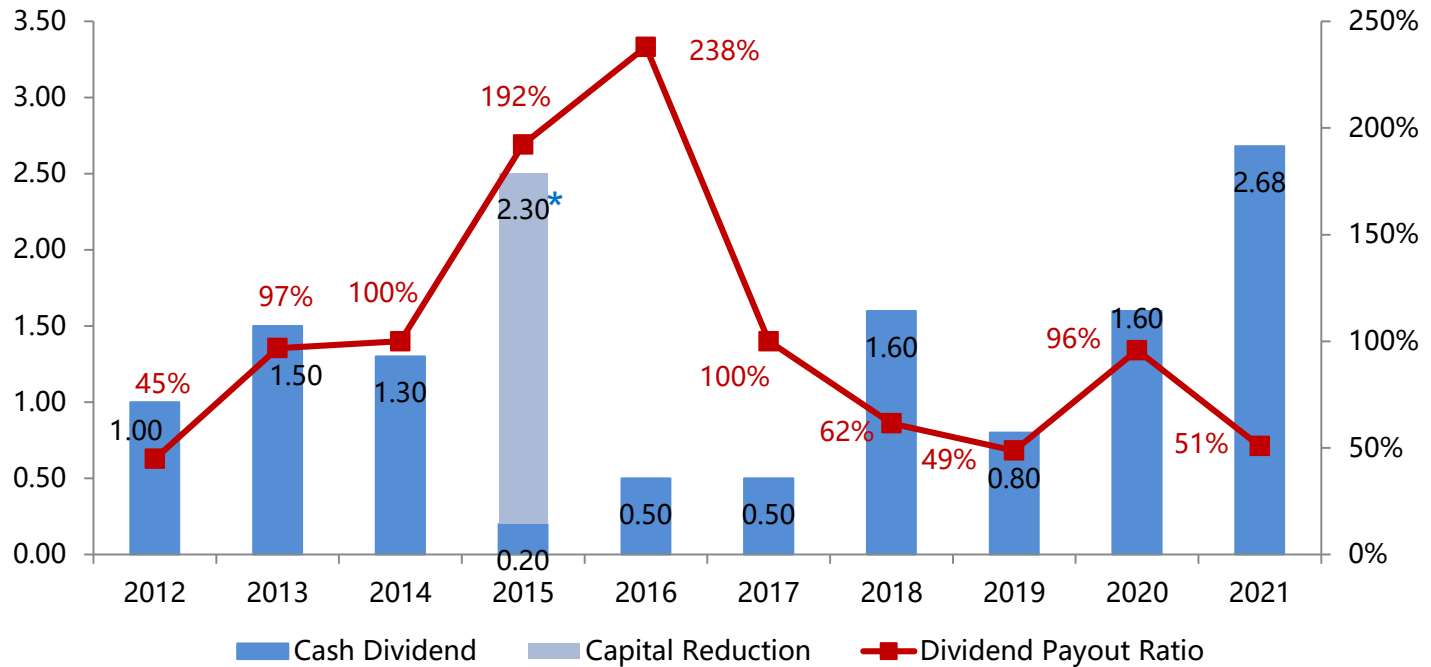
# 2017-2021 Financial Highlights

Expressed in millions of New Taiwan Dollars

Year	2017	2018	2019	2020	2021	2022 1Q
Revenue	3,218	3,820	3,763	3,132	3,554	1,007
Net Profit/(Loss)	98	514	324	320	1,031	184
EPS	0.50	2.60	1.64	1.67	5.27	0.94
Cash and cash equivalents	2,940	3,345	3,288	3,221	3,057	3,555
Total liabilities	10,652	10,237	10,022	9,735	8,650	9,274
Total equity	9,427	10,187	9,934	9,750	10,428	10,647
ROE %	1.0%	5.2%	3.2%	3.3%	10.3%	7.0%
ROA %	1.3%	3.5%	2.5%	2.3%	5.8%	4.2%
Liability %	53%	50%	50%	50%	45%	47%

# Dividends Distribution

Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Cash dividends/ Capital Reduction (NT\$)	1.00	1.50	1.30	2.50*	0.50	0.50	1.60	0.80	1.60	2.68
EPS (NT\$)	2.23	1.55	1.30	1.30	0.21	0.50	2.60	1.64	1.67	5.27



\*Cash dividend NT\$ 0.20 plus capital reduction NT\$2.30 = NT\$2.50

# Appendix 1 : Condensed Balance Sheet

Expressed in millions of New Taiwan Dollars

Assets	Mar 31, 2022	Dec 31, 2021	Mar 31, 2021
Current assets	4,826	4,409	4,638
Property, plant and equipment	12,813	12,261	12,071
Intangible assets	7	8	10
Other non current assets	2,274	2,400	1,794
<b>Total assets</b>	<b>19,920</b>	<b>19,078</b>	<b>18,513</b>
<b>Liabilities and Equity</b>			
Current liabilities	3,543	3,221	2,355
Non Current liabilities	5,730	5,429	6,070
<b>Total liabilities</b>	<b>9,273</b>	<b>8,650</b>	<b>8,425</b>
<b>Equity attributable to owners of parent</b>			
Common stock	1,975	1,975	1,975
Capital surplus	53	53	53
Retained earnings	8,974	9,317	8,817
Other equity interest	(371)	(935)	(810)
Equity attributable to predecessors' interests under common control	-	-	30
Non-controlling interests	16	18	23
<b>Total equity</b>	<b>10,647</b>	<b>10,428</b>	<b>10,088</b>
<b>Total liabilities and equity</b>	<b>19,920</b>	<b>19,078</b>	<b>18,513</b>

# Appendix 2 : Condensed Statement of Comprehensive Income

Expressed in thousands of New Taiwan Dollars

	2022 1Q	2021	2021 1Q
Operating Revenues	1,006,675	3,553,782	793,307
Operating costs	723,807	2,779,417	659,211
Gross profit	282,868	774,365	134,096
Operating expenses	116,329	420,378	102,468
Net operating income	166,539	353,987	31,628
Non operating income and expenses	53,707	759,013	189,620
Profit before tax	220,246	1,113,000	221,248
Less: tax expenses	35,963	81,992	4,784
<b>Profit</b>	184,283	1,031,008	216,464
Other comprehensive income, net	563,690	(61,552)	64,309
Comprehensive income	747,973	969,456	280,773
<b>Earnings per share</b>	<b>0.94</b>	<b>5.27</b>	<b>1.12</b>

## Appendix 3 : Corporate Bonds Issuance

Tranche	2017	2020-1	2020-2
Amount (NT\$ 100M)	8	15	10
Tenor	5 Years	5 Years	5 Years
Due Date	10-Apr-2022*	28-Aug-2025	28-Aug-2025
Interest Rate	1.13%	0.64%	0.66%
Interest Payment	Annually	Annually	Annually
Guarantee Bank	Shanghai Commercial Bank	Mega Bank	Shanghai Commercial Bank

\* Amount of NTD 400 million was repaid in APR 2020

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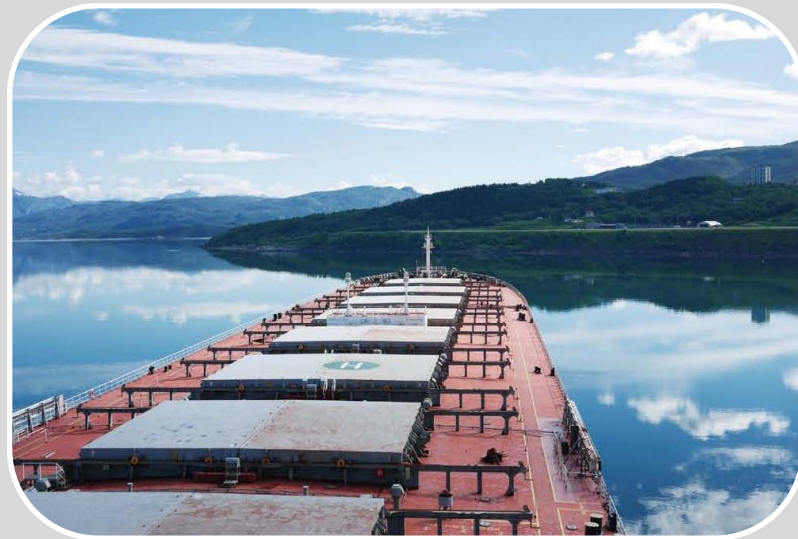
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# Thank You !

