

# T3EX Group's Investor Conference



**—承載信賴—傳遞未來—**  
CARRYING TRUST, DELIVERING THE FUTURE

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# Outline

**01 Company Overview**

**02 2020 Operating Performance**

**03 Logistics Market Review and Outlook**

**04 T3EX Group's Future Prospectus**



# Company Overview

# Core Products



# Group Members



	International Logistics		China Domestic Logistics		Supply Chain Finance
Services	Multi-modal transportation including ocean freight, air freight and railway	Supply chain management – ocean freight, air freight, warehousing, delivery	Import Custom Brokerage & Warehousing	B2B2C Warehousing & Distribution	Supply Chain Finance
Markets	Long Distance Routes within N. America, Europe, New Zealand, Australia, Africa, India and Intra-Asia Routes	Intra-Asia	China	China	China
Branches	Taiwan: 4 China: 31 Hongkong: 1 Northeast Asia: 3 Southeast Asia: 13 Total: 52	Taiwan: 8 China: 5 Hong Kong: 1 Singapore: 1 Total: 15	China: 6	China: 4	China: 3

**\*7 Brands / 29 Subsidiaries / 81 Branches**

# Business Scale (2020FY)



**205,000  
Shipments**

Customs Clearance



**65,000 Tons**

Air Freight Volume



**81 Trucks**

Truck Fleet



**332,000 TEU**

Ocean Freight Volume



**17 Warehouses  
120,000 m<sup>2</sup>**

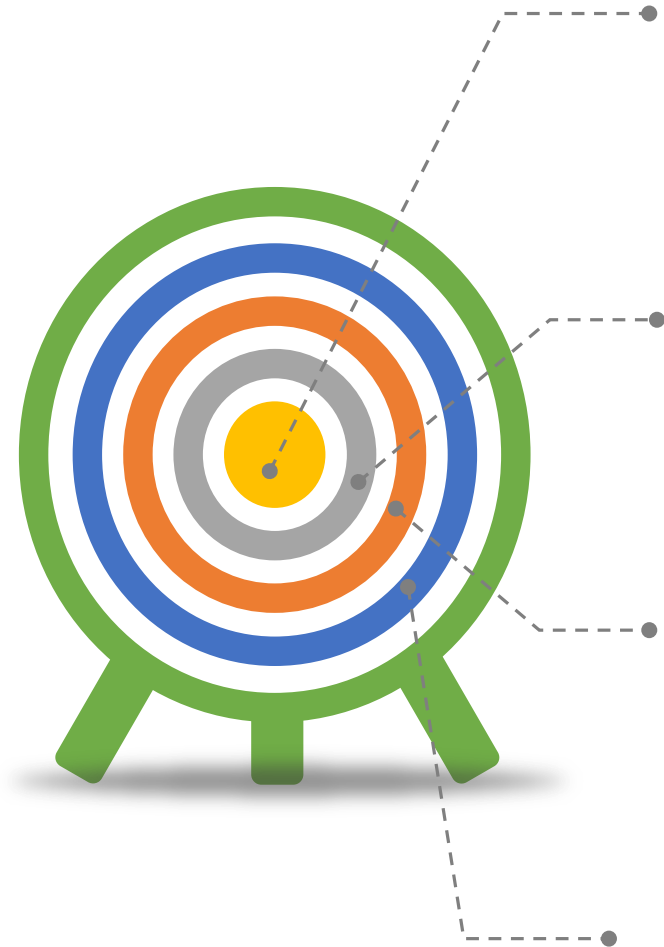
Warehouses & Size



**1,864 Staff**

Headcount

# Synergy Created via Holding Structure (2012→2020)



## Operating Scale

- **29** subsidiaries
- Revenue grew by **83%** (8.3 billion ↗ 15.2 billion)
- Operating Expense Ratio decreased by **2%** (14% ↘ 12%)
- Market Value increased by **265%** (13.7 billion ↗ 50 billion)

## Front End

- Diversified products, comprehensive market coverage
- Diluted the risk of having only single product
- Increased service scope for customers

## Middle Platform

- Increased economies of scale, as well as bargaining power
- Product mix synergy
- Integrated backend support that results in cost saving of customs, warehousing, transportation personnel

## Back End

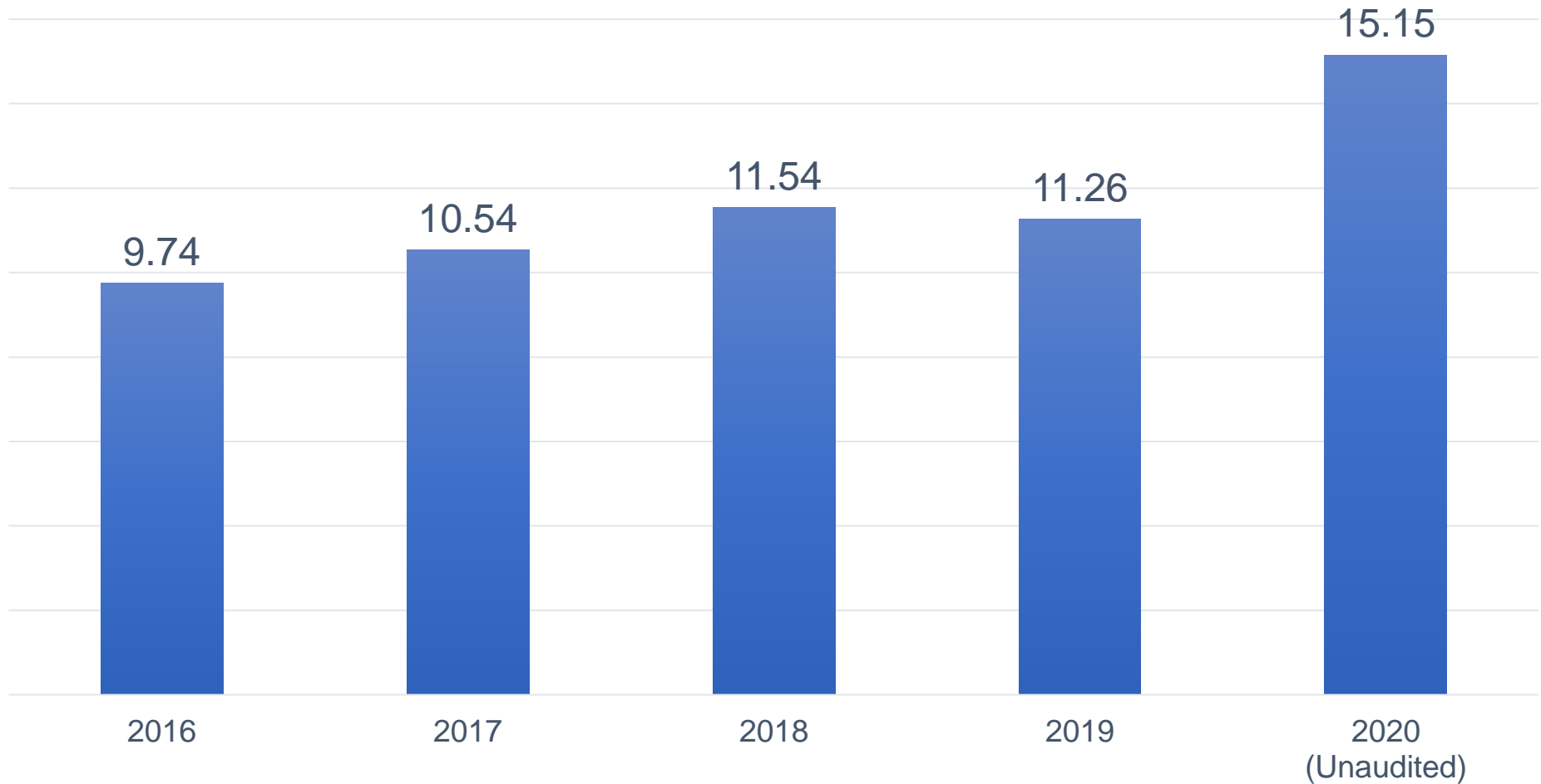
- Enhanced financial structure
- Decreased financing costs
- Minimized operating risk
- Employee career development & reward system

# 2020 Operating Performance

# Consolidated Revenue

**2020FY revenue grew 35% YoY**

Consolidated Revenue (Unit: NTD billions)

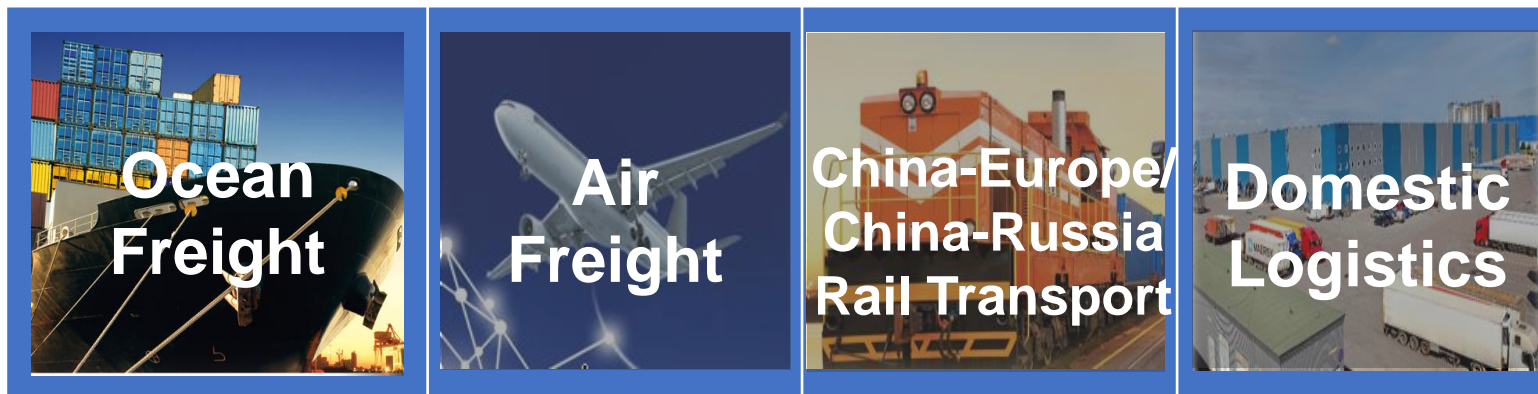


# Operating Performance of 2020Q3

**Accumulated Revenue of 2020Q1-Q3 grew 124.7% YoY, while accumulated EPS grew 80.6% YoY**

Unit: NTD thousands	2020	2019	YoY
	Jan. to Sept.	Jan. to Sept.	
Revenue	10,292,550	8,294,540	24.09%
Gross Profit	1,736,240	1,492,992	16.29%
Operating expense	1,257,607	1,280,040	-1.75%
Operating income	478,633	212,952	124.76%
Non-operating income and expenses	-20,020	37,028	-154.07%
Net income	366,835	197,046	86.17%
EPS(dollars)	3.07	1.7	80.59%
Gross Margin	16.87%	18.00%	-1.13%

# Revenue Breakdown by Business



**2020  
Revenue  
Breakdown  
(unaudited)**

52%

33%

5%

10%

**2019  
Revenue  
Breakdown**

53%

30%

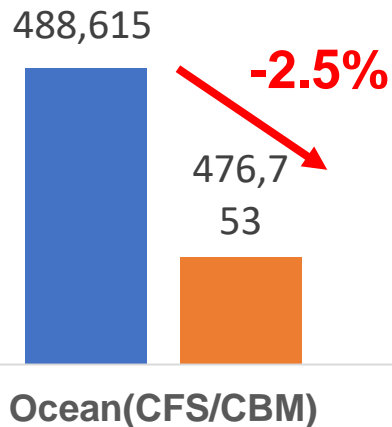
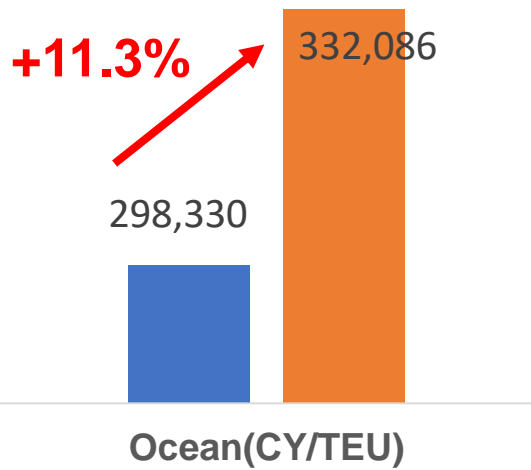
4%

13%

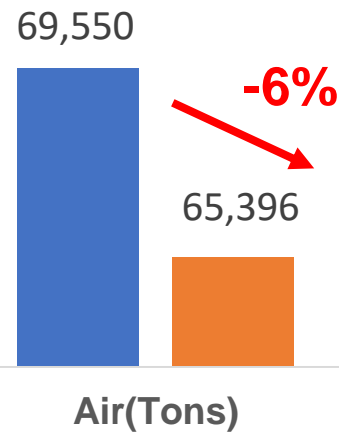
# Volume Breakdown by Business



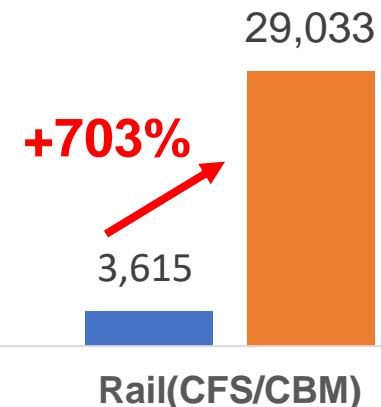
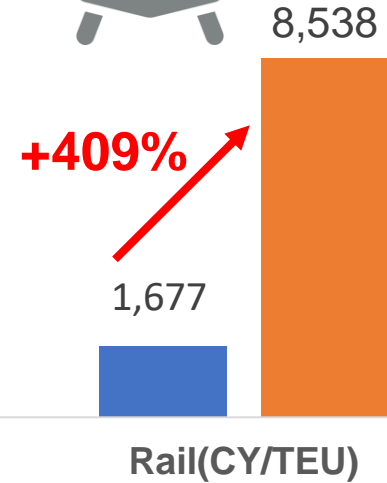
## Ocean Freight



## Air Freight

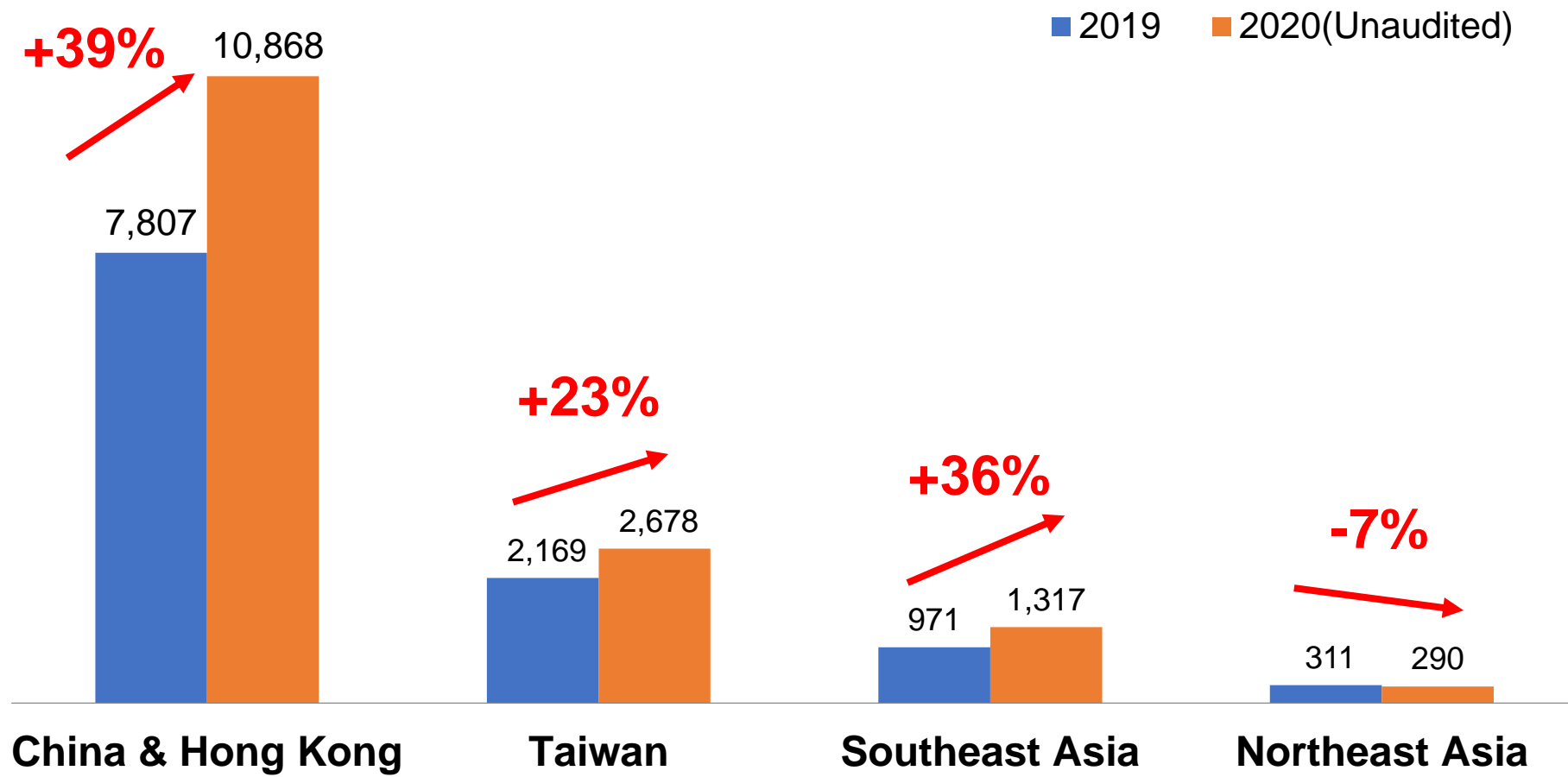


## Rail



■ 2019 ■ 2020(Unaudited)

# Revenue Breakdown by Geography



Unit: Millions NTD

# 2021 Financial Structure Analysis

Book value per share can potentially increase by NTD\$6.17 to 6.67

\*BVPS: Book value per share

\*All of the following numbers are forecasts and not actual financial results

**BVPS increase by \$1.5 to 2**

**BVPS increase by \$2.28**

**BVPS increase by \$2.39**

## Financial Investment

Mainly long term investment in publicly traded shipping companies that is booked under Other Comprehensive Income (OCI), which has amounted to 42 million NTD up to Q3. As stock price continues to rise in Q4, we expect an increase in OCI as well, which in turn contributes to our book value.

## Capital Fundraising by issuing 10 million shares

Raising NTD300 million capital which result in 8.05% dilution of shares.

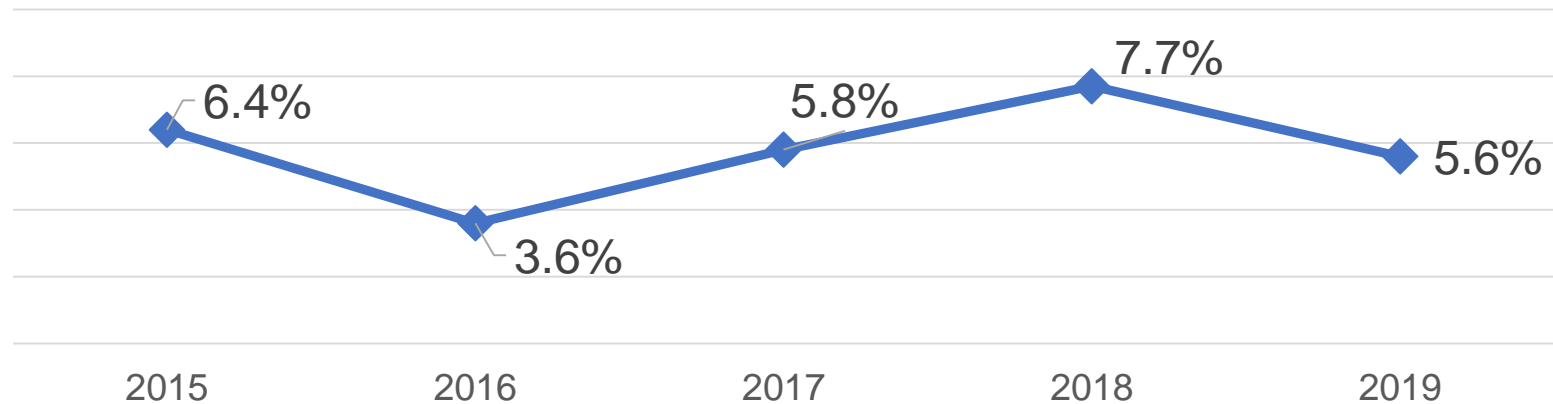
## Issue 3 million shares of Convertible Bonds

Raising NTD 315 million with the convertible price NTD 39.5 per share. The total shares of converting increase 7,595,000 shares which result in 5.76% dilution of shares.

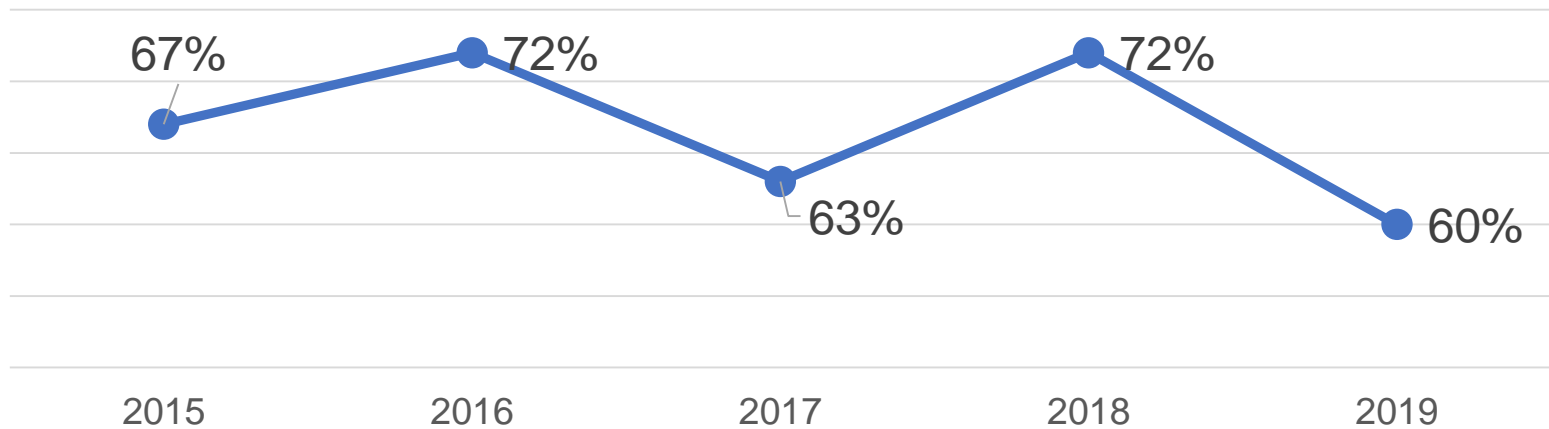
Note: Total outstanding shares are 131,835,000 which include fundraising and converting shares from convertible bond.

# Historical Dividend Policy

## Yield Ratio of Cash Dividend



## Dividend Paid Out Ratio



# **Logistics Market Review and Outlook**

# Looking back on 2020: From Deep Downturn to Big Rebound

**Q1**

The global pandemic outbreak caused city-wide lock-downs and supply chain cutoffs. The logistics market slumped heavily as a result

**Q2**

The surging needs of PPE delivery caused high demand of air cargo spaces, and freight prices increased over 400%

**Q3**

Work from home & inventory restock created strong import demand from USA and Europe, which in turn fueled the growth of ocean, air, rail freight market

**Q4**

Global Covid cases continued to peak, and purchasing power in USA and Europe remained strong, causing severe ocean container shortage, further encumbered by insufficient port labor resulted in explosive growth in ocean freight prices

# The T3EX Published Forecast vs. Actual Performance

Published Date: 6/16~7/31

## **T3EX Group's performance:**

The Group's 2020Q2 performance will rebound from Q1's dip and experience an explosive growth, we expect the global economy will recover in 2020Q3, so overall we hold an optimistic outlook for the Group's 2020H2 performance

Actual Performance by the end of 2020

## **T3EX Holding's performance:**

The Group's revenue, gross profit, and net profit all reached record highs

Forecast

Actual

Published Date: 6/2~7/31

## **Ocean Freight Business:**

The U-shape rebound of ocean freight market will occur in 2020Q3. Following the growth of air freight, the ocean freight volume and prices are expected to increase monthly, and become the main growth driver in 2020H2.

## **Ocean Freight Business:**

All ocean freight routes grew multiple times. Strong cargo demand resulted in double digit growth. Container shipping companies' profit reached 10-year high. The company's ocean freight revenue from 2020H2 grew 67% YoY.

# The T3EX Published Forecast vs. Actual Performance

Published Date: 6/16~7/31

## Air Freight Business:

The launch of new electronic products, grounded belly cargos, and increased semi-conductor demand fueled by remote communication needs, result in cargo space shortage, thus keeping freight rates high

Actual Performance by the end of 2020

## Air Freight business:

During 2020H2, air freight rates remained high, and the Company's air freight revenue grew 37% YoY.

Forecast

Actual

Published Date:6/2~7/31

## China-Europe Rail Business:

Clients transferred orders to China-Europe rail transport, we expect Q3 to follow Q2's excellent performance, and we have an optimistic outlook for the entire year

## China-Europe Rail Business:

Space shortage caused the freight rate to rise 80%~100%, and the Company's 2020 freight volume increased over 400% YoY

Forecast

Actual

Published Date:6/2, 10/23

## China Domestic Logistics:

Since June, China domestic warehousing and transportation business have been increasing steadily. In 2020Q3, as the China domestic market demand recovers, logistics business profits will improve as well

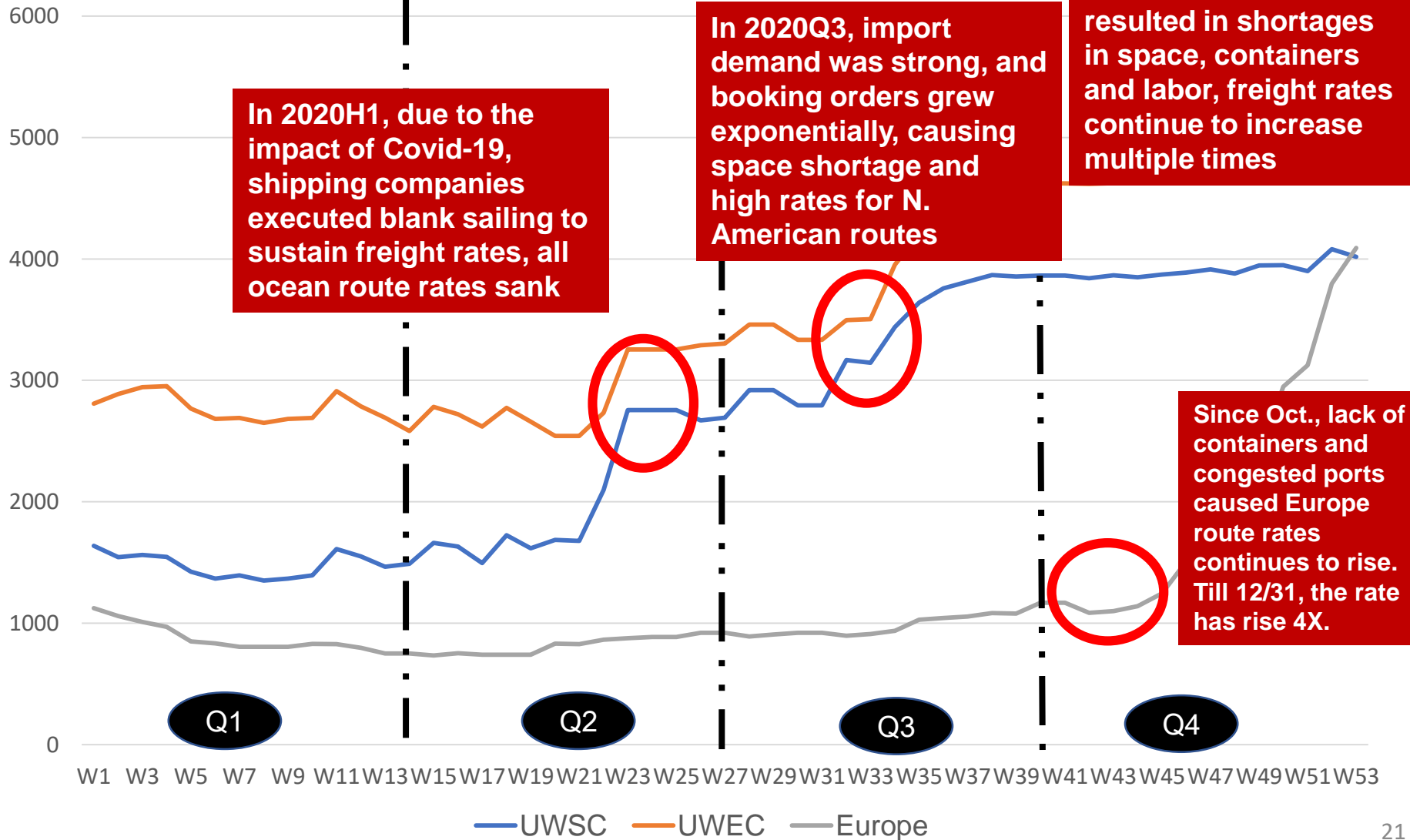
## China Domestic Logistics:

Since 2020Q3, T-Cube logistics became profitable and continued to be profitable in Q4, achieving the annual profit goal of 2020

# Ocean Market Analysis in 2020 by Long Haul Route

Date resource: SCFI, T3EX holdings

## The Trend of Long Haul Route in 2020



# Ocean Market Analysis in 2020 by Southeast Asia Route

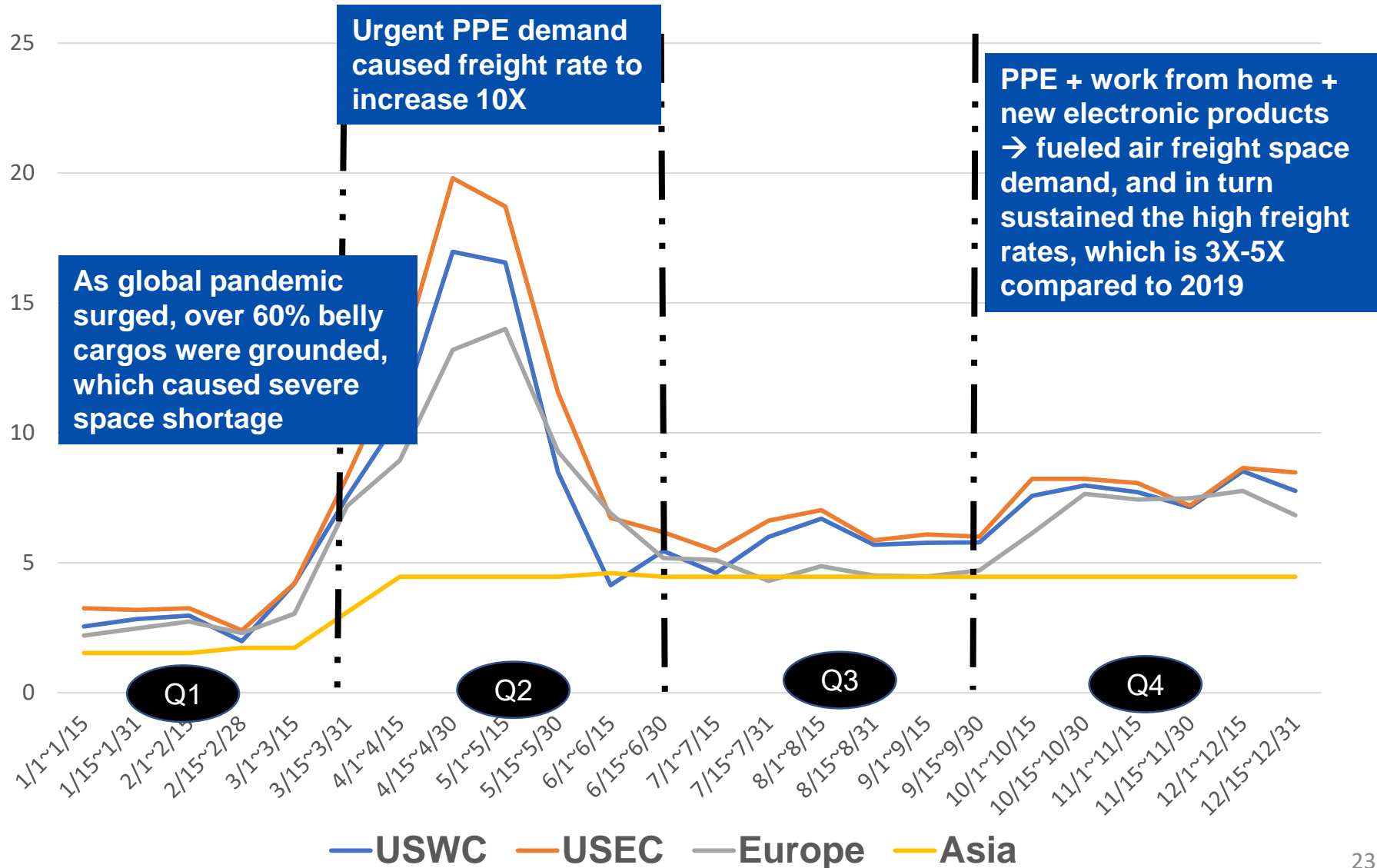


Date resource: SCFI, T3EX holdings

# Air Market Analysis in 2020

## The Trend of Air Freight in 2020

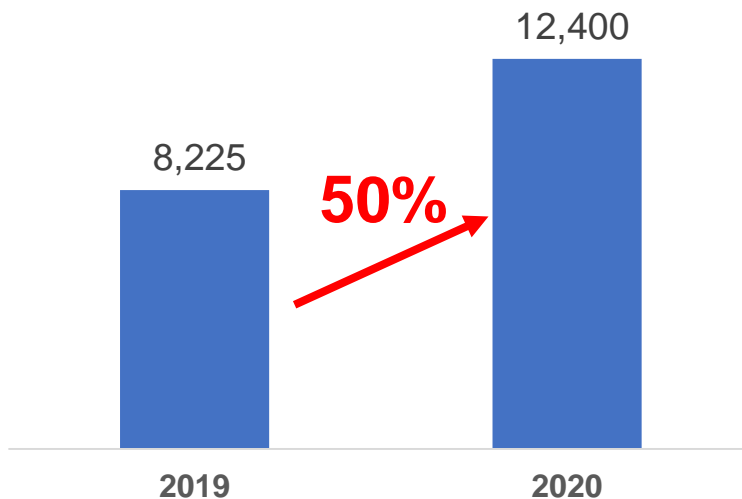
Unit: USD/KG



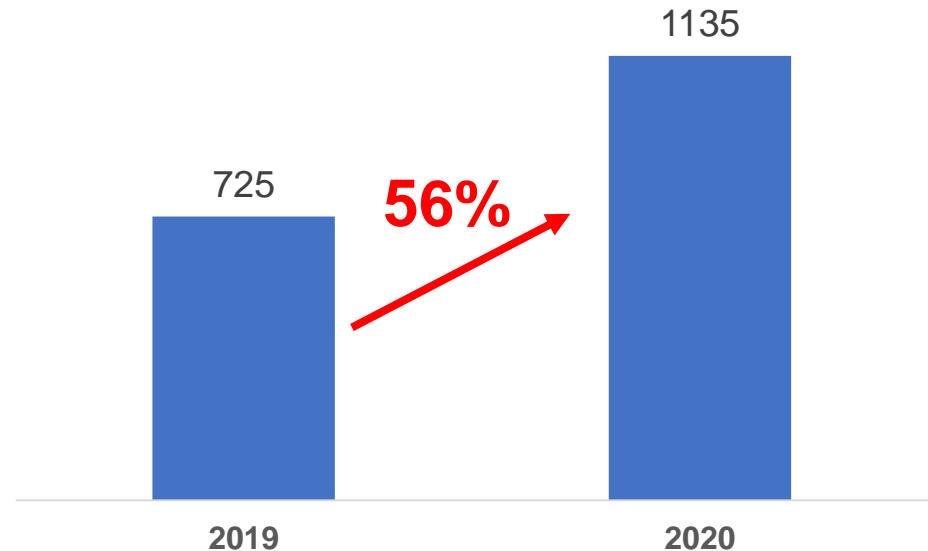
# China-Europe/ China-Russia Rail Market 2020 Analysis

Ocean and Air Freight market were impacted by Covid-19, which caused severe space shortage. Since April 2020, a lot of cargos were redirected to China-Europe/China-Russia railway transportation.

China-Europe/ China Russia Trains



Containers (Thousands)



Data resource: China State Railway Group Co., Ltd.

**China-Europe/China-Russia rail has also faced shortages of container and warehouses, as well as congested depots. The freight rate has been adjusted 3 times and increased by 80%~100% in 2020.**

# China Domestic Logistics Market Analysis 2020

Q1

The outbreak of Covid-19 within China caused the cut-off of cross-city transportation. Domestic expenditure declined, which impacted warehousing and transportation.

Q2

China implemented strict protocol to contain the virus, while the pandemic spread to US and Europe, which delayed cargo import to China. The domestic market in China began to recover.

Q3

Domestic needs rebounded which propelled the growth of import, customs, warehousing and transportation. T-Cube Logistics, the Company's domestic logistics subsidiary, turned profitable this quarter.

Q4

Following the trend in Q3, China's domestic spending power kept growing. T-Cube Logistics' revenue grew substantially and achieved the annual profit goal.

# Logistics Market Outlook in 2021H1

**Demand:** Low inventory level in USA and Europe, and vaccine transportation needs will force some air cargos to be redirected to ocean cargos, so we expect space booking to remain strong

**Supply:** Lack of containers and labor will continue; freight rate of USA and Europe routes will remain high

2021(F)	Supply	Demand	Gap
Alphaliner	3.9%	3.5%	0.4%
Drewry	4.5%	8.9%	-4.4%
Clarksons	2.8%	5.4%	-2.6%

Ocean

**Demand:** Vaccines are transported globally via chartered flights, according to IATA report, approximately 8,000 Boeing 747 cargos planes are needed to deliver vaccine the next 18 to 24 months, but only 2,000 planes are currently available

**Supply:** Vaccine transportation will occupy most air cargo capacity, currently 60% of belly cargo is grounded, we expect air freight price to remain high, like the PPE demand in 2020Q2

Air

**Demand:** Freight rate of Europe routes remains high; some customers will move cargos from ocean freight to rail for the shorter delivery time

**Supply:** China-Europe rail space supply expected to be tight due to air freight and ocean freight cargo transfer

Rail

Domestic Logistics

The vaccine has just started to be distributed and administered, so international travel ban is expected to continue. China domestic demand will rebound strongly, especially during Chinese New Year and Labor's Day Long Weekend in May. Unless the pandemic cases surge again in China, the domestic demand is expected to thrive.

# Logistics Market Outlook in 2021



## To be monitored closely for the second half of 2021:

1. Global Covid-19 situation
2. Global vaccine rollout progress
3. U.S. trade policy towards China under the Biden administration

**If the virus is effectively contained in 2021H2, global economies will stabilize and recover, and we can expect a positive outcome in 2021**

# **T3EX Group's Future Prospectus**

# Logistics Industry Transformation and Strategy

## Post China-USA Trade War and Post-Covid



### **Duo Headquarters, Duo Growth Engines**

After supply chain restructuring, there are duo economic cycles, including the China domestic consumer market – domestic manufacturing and consumption; and the other “made in Taiwan and Southeast Asia” for America consumption economy



### **Raising sufficient capital to expand market share post-Covid**

In the post-Covid era, many forwarders and logistics companies that lacked cash or human resources will be bankrupt or close down

# T3EX Group's Future Growth Driver



China-Europe Rail business and China domestic warehousing and transportation will be the new growth driver

The new U.S. administration will continue the US-China trade war, thus fueling Southeast Asia's explosive growth

# T3EX Group's Future Development Strategy

**Expand the scale of supply chain finance business in the post-Covid era**

**Form strategic partnerships with Northeast Asia partners through M&A or JV to develop wider warehousing and transportation networks in Asia**



# The Operating Strategy of Duo Headquarters

## Shanghai Headquarter (China Market)

1. Enhance one-stop logistics service in China (Import + Custom Clearance+ Warehousing + Transportation + Supply Chain Finance), increase investment in import logistics business
2. Develop Africa and Latin America market via JV and closer partnerships with overseas agents
3. Develop comprehensive China-Russia / China-Europe railway business
4. Expand supply chain finance business
5. Build digital B2B2C warehouses

## Taipei Headquarter (Non-China Market)

1. Capture the opportunity of returning Taiwanese manufacturers from China, and increase investment in Taiwan
2. Increase investment in Southeast Asia market
3. Strengthen long haul route business from Asia to USA and Europe
4. Expand network locations within Asia
5. Deepen collaborations with WPG Holdings

### Target

1. Average gross margin reaches **20%** in the next five years
2. Ocean freight, air freight and domestic logistics will each account for **30%** of total gross profit
3. China and Non-China revenue will each account for **50%** of total revenue



Thank You