



**Jinhui Shipping & Transportation Limited**

**Q1 2010 Presentation**

***26 May 2010***



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Key risk factors that could cause actual results to differ materially from those discussed in this presentation will include but not limited to the way world economies, currencies and interest rate environment may evolve going forward, general market conditions including fluctuations in charter rates and vessel values, counterparty risk, changes in demand in the dry bulk market, changes in operating expenses including bunker prices, crewing costs, drydocking and insurance costs, changes in governmental rules and regulations or actions taken by regulatory authorities, potential liability from pending or future litigation, general domestic and international political conditions, potential disruption of shipping routes due to accidents, piracy or political events, and other important factors described from time to time in the reports filed by the Company.

# Q1 2010 Highlights

## Financial Highlights

■ Q1 2010 revenue: US\$76 million

■ Net profit for Q1 2010: US\$34 million

■ Basic earnings per share: US\$0.4067

■ Gearing ratio as at 31 March 2010: 52%

## Fleet Highlights

■ 2 newly built Supramaxes and 1 newly built Post-Panamax were delivered to the Group



# Q1 2010 Financial Highlights

For the 3 Months Ended 31 March 2010

US\$'000	Q1 2010 (Unaudited)	Q1 2009 (Unaudited)	QoQ (%)
Revenue	75,625	82,565	-8.4%
EBITDA	44,800	61,260	-26.9%
Operating profit	35,266	53,303	-33.8%
Net profit for the period	34,185	50,445	-32.2%
Basic earnings per share	US\$0.4067	US\$0.6002	-32.2%



# Q1 2010 Key Financial Ratios

For the 3 Months Ended 31 March 2010

	Q1 2010 (Unaudited)	Q1 2009 (Unaudited)
<b>Total assets (US\$'000)</b>	<b>1,305,711</b>	<b>1,112,492</b>
<b>Return on average equity (%)</b>	<b>5.0%</b>	<b>9.3%</b>
<b>Return on average assets (%)</b>	<b>2.7%</b>	<b>4.7%</b>
<b>Interest coverage (X)</b>	<b>32.6X</b>	<b>18.7X</b>
<b>EBITDA / Finance costs (X)</b>	<b>41.4X</b>	<b>21.4X</b>
<b>Net gearing (%) *</b>	<b>51.7%</b>	<b>66.3%</b>

\* = Total interest bearing debts - bank balances and cash - marketable equity & debt securities  
shareholders equity

# Continuous Fleet Development



	No. of Vessels Owned <sup>(1)</sup>	Key Milestone
1987	1	● Group founded
1991	3 <sup>(2)</sup>	● Parent, Jinhui Holdings listed on Hong Kong Stock Exchange
1992	5	● Purchased a second-hand Handysize and acquired interests in two other Handysizes
1994	4	● Jinhui Shipping listed on Oslo Stock Exchange
2000	7	● Embarked on tonnage renewal program with newbuilds
2002	11	● Diversified into panamax class vessels in light of grain demand from China
2005	13	● Ranked 8th by Marine Money International for outstanding financial performance in 2004
2006	12	● Further fleet renewal: Disposed of 5 vessels, (1 old Handymax, 2 old Handysize and 2 Panamaxes). Took delivery of 4 additional vessels.
2007	18	● 1st order in China - 8 Supramaxes from Shanghai Shipyard; Disposed of a 2001 built Supramax at US\$54mm
2008	21	● Took delivery of 6 additional vessels; Disposed of 3 vessels
2009	24	● Took delivery of 8 additional vessels; Disposed of 5 vessels
2010	31	● Additional 7 vessels to be delivered
2011	37	● Additional 6 vessels to be delivered
2012	40	● Additional 3 vessels to be delivered
2013	41	● Additional 1 vessel to be delivered

(1) As of the end of the specified period

(2) Jinhui held 40% interest in 2 vessels



# Jinhui's Fleet - one of the youngest in the industry

## Owned Vessels

Current Fleet	Type	Size (dwt)	Year Built	Status	Shipyard
1 Jin Mei	Post-Panamax	93,204	2010	Owned	Jiangsu New Yangzi
2 Jin Rui	Panamax	76,583	2009	Owned	Imabari
3 Jin Yue	Supramax	56,934	2010	Owned	Shanghai Shipyard
4 Jin Ao	Supramax	56,920	2010	Owned	Shanghai Shipyard
5 Jin Heng	Supramax	55,091	2010	Owned	Nantong Kawasaki
6 Jin Gang	Supramax	56,927	2009	Owned	Shanghai Shipyard
7 Jin Ji	Supramax	56,913	2009	Owned	Shanghai Shipyard
8 Jin Wan	Supramax	56,897	2009	Owned	Shanghai Shipyard
9 Jin Jun	Supramax	56,887	2009	Owned	Shanghai Shipyard
10 Jin Mao	Supramax	54,768	2009	Owned	Oshima
11 Jin Shun	Supramax	54,768	2009	Owned	Oshima
12 Jin Sui	Supramax	56,968	2008	Owned	Shanghai Shipyard
13 Jin Tong	Supramax	56,952	2008	Owned	Shanghai Shipyard
14 Jin Yuan	Supramax	55,496	2007	Owned	Oshima
15 Jin Yi	Supramax	55,496	2007	Owned	Oshima
16 Jin Xing	Supramax	55,496	2007	Owned	Oshima
17 Jin Sheng	Supramax	52,050	2006	Owned	IHI
18 Jin Yao	Supramax	52,050	2004	Owned	IHI
19 Jin Cheng	Supramax	52,961	2003	Owned	Oshima
20 Jin Quan	Supramax	51,104	2002	Owned	Oshima
21 Jin Ping	Supramax	50,777	2002	Owned	Oshima
22 Jin Fu	Supramax	50,777	2001	Owned	Oshima
23 Jin Li	Supramax	50,777	2001	Owned	Oshima
24 Jin Zhou	Supramax	50,209	2001	Owned	Mitsui
25 Jin An	Supramax	50,786	2000	Owned	Oshima
26 Jin Hui	Supramax	50,777	2000	Owned	Oshima
27 Jin Rong	Supramax	50,236	2000	Owned	Mitsui
28 Jin Bi	Handymax	48,220	2000	Owned	Oshima

As of 26 May 2010

Total Capacity of Owned Vessels: 1,567,024 dwt

Average Age: 4.29 years



# Jinhui's Fleet - one of the youngest in the industry

## Chartered-in Vessels

Name of Vessel	Type	Size (dwt)	Year Built	Charter in date	Expiry
1 Scope	Capesize	174,008	2006	Jul-08	Apr-13
2 Golden Shui	Capesize	169,333	2009	May-09	Feb-14
3 Red Lily	Panamax	76,500	2004	Sep-04	Sep-11
4 Tenmyo Maru	Supramax	58,470	2008	Nov-08	Oct-13
5 Aston Trader	Supramax	55,496	2008	Jun-09	Jul-10

*As of 26 May 2010*

**Total Capacity of Chartered-in Vessels:** 533,807  
**Average Age:** 3.0 years



# Jinhui's Fleet - one of the youngest in the industry

## Vessels to be Delivered

Name	Type	Built	Size (dwt)	Expected delivery	Builder
1 Jin Yang	Supramax	2010	57,948	May 2010	Tsuneishi
2 Jin Lang	Post-Panamax	2010	92,500	Jun 2010	Jiangsu New Yangzi
3 Jin Ming	Supramax	2010	60,500	Dec 2010	Oshima
4 Jin Han	Supramax	2011	60,500	Mar 2011	Oshima
5 Jin Chao	Panamax	2011	75,000	Apr 2011	Sasebo
6 Jin Feng	Supramax	2011	57,700	Jun 2011	STX (Dalian)
7 Jin Ning	Supramax	2011	59,760	Jun 2011	Oshima
8 Jin Ying	Supramax	2011	61,000	Jun-Jul 2011	Imabari
9 Jin Hong	Supramax	2011	60,500	Sep 2011	Oshima
10 Jin Ze	Supramax	2012	57,948	Mar 2012	Tsuneishi
11 Jin Yu	Handysize	2012	38,000	Jun 2012	Naikai Zosen
12 Jin Xiang	Supramax	2012	60,500	Sep 2012	Oshima
13 Jin Qing	Supramax	2013	58,100	Feb 2013	Tsuneishi

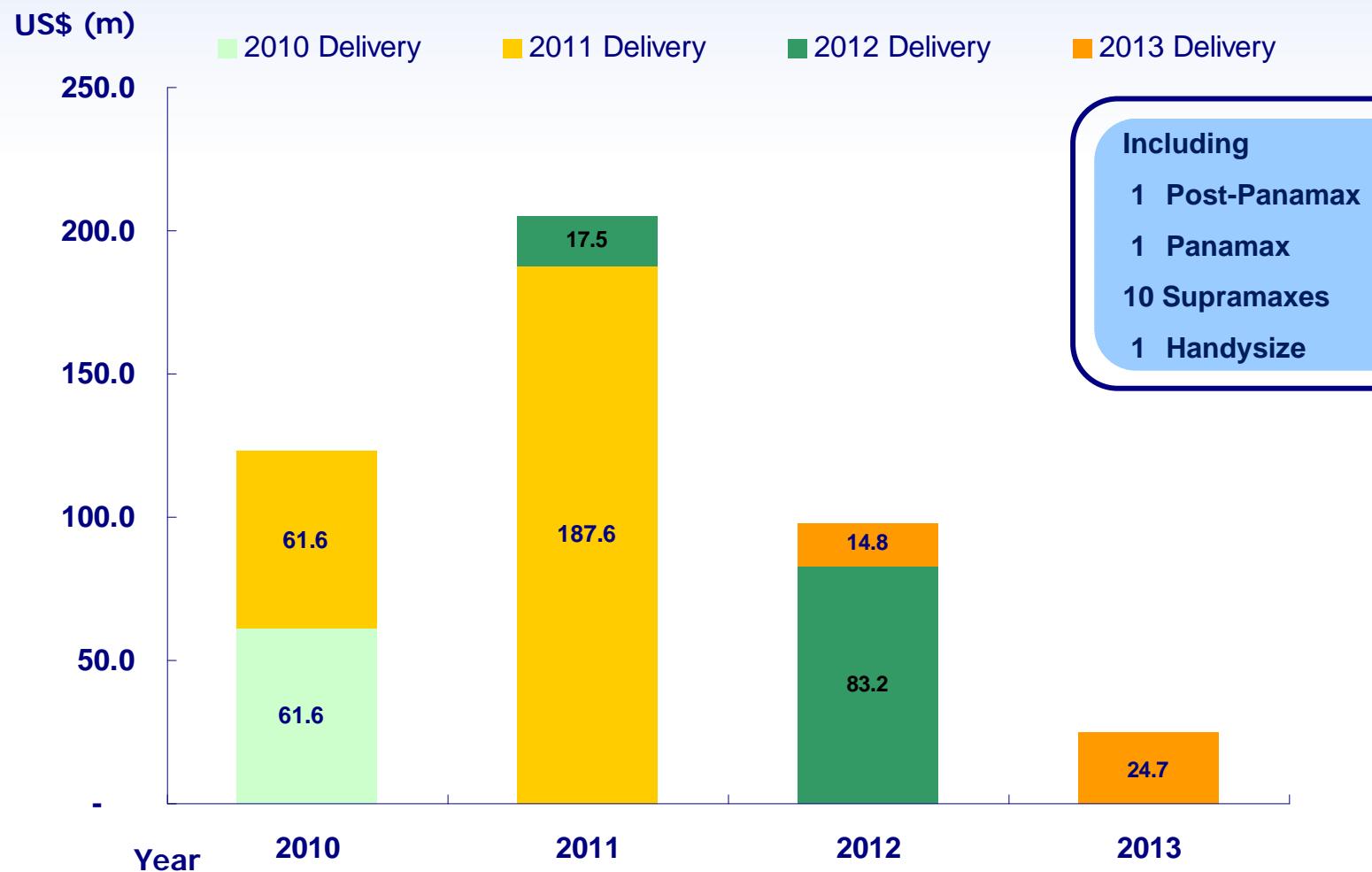
As of 26 May 2010

Total Capacity of Ordered Vessels: 799,956 dwt

# Capital Expenditure

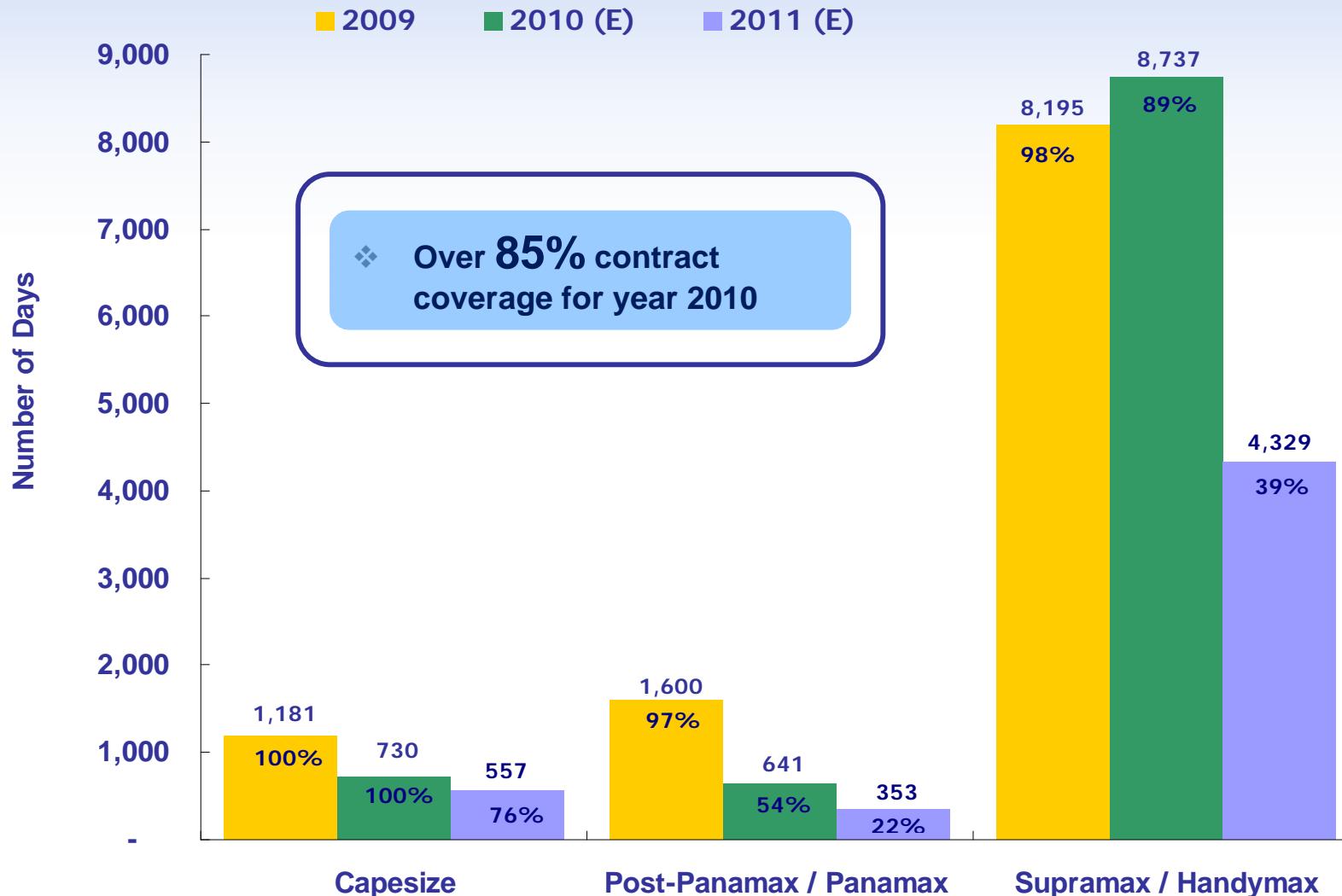
As at 26 May 2010

Capital expenditure represented 13 vessels to be delivered to the Group in year 2010 to 2013



# Contract Coverage of Owned and Chartered-in Vessels

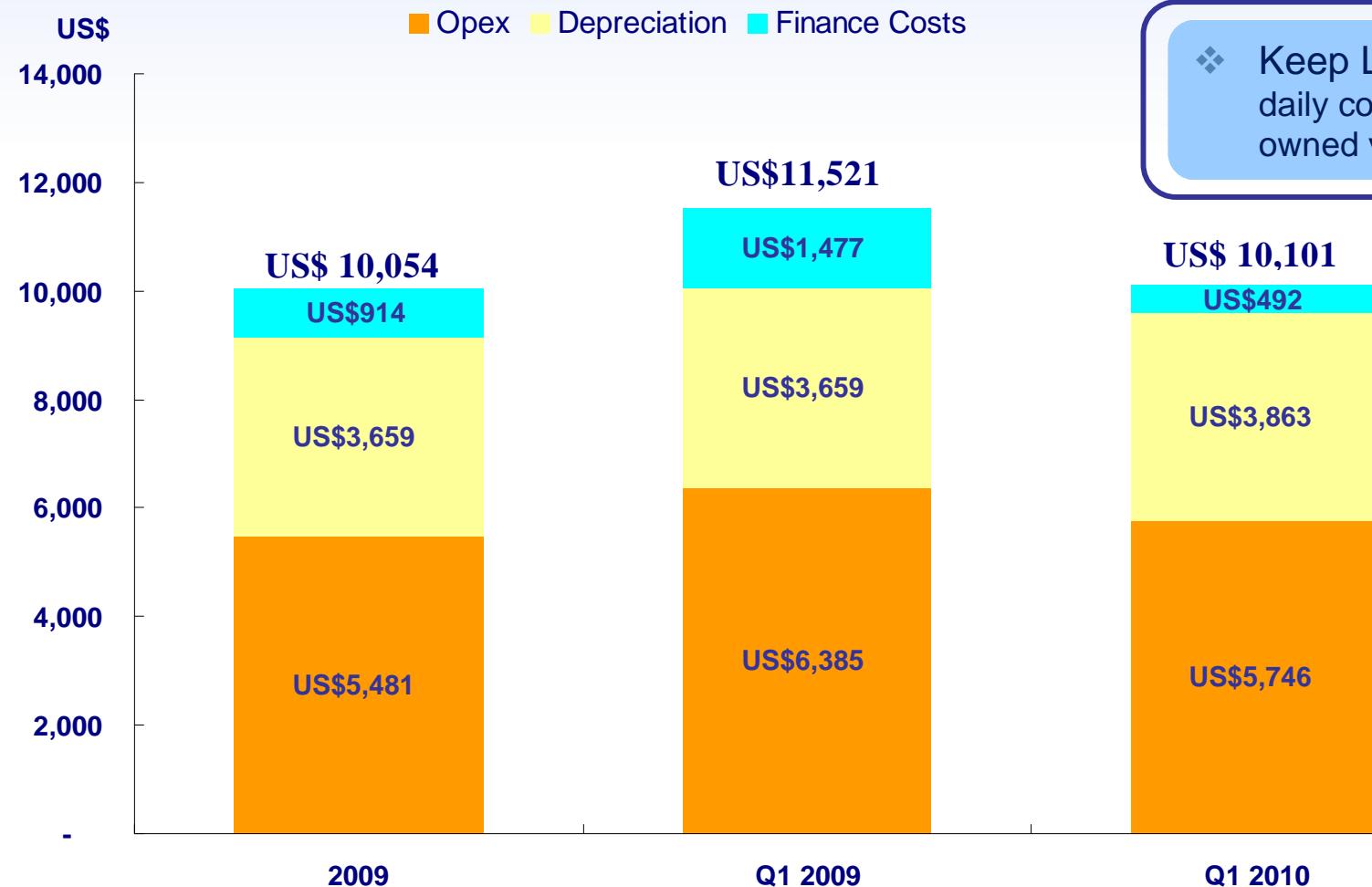
## Covered Days 2010 - 2011 Forecast



# Daily Cost of Owned Vessels

**Daily Cost = Operating Expenses + Depreciation + Finance Costs**

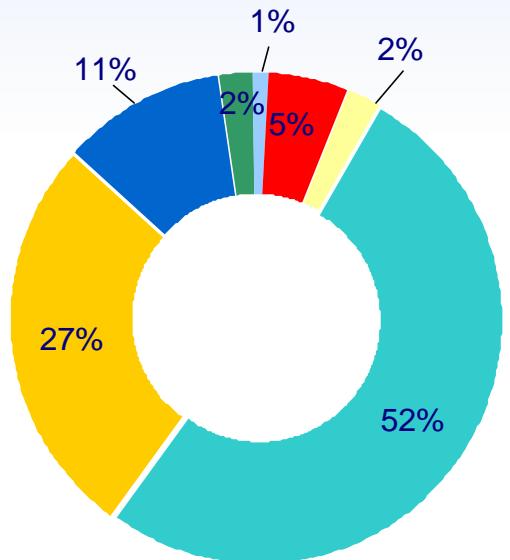
Operating expenses include crew expenses, insurance, dry-docking written off, consumable stores, spare parts, repairs and maintenance and exclude impairment loss on trade receivables



# Breakdown by Cargo Types

## Total Cargo Volume by Cargo Types

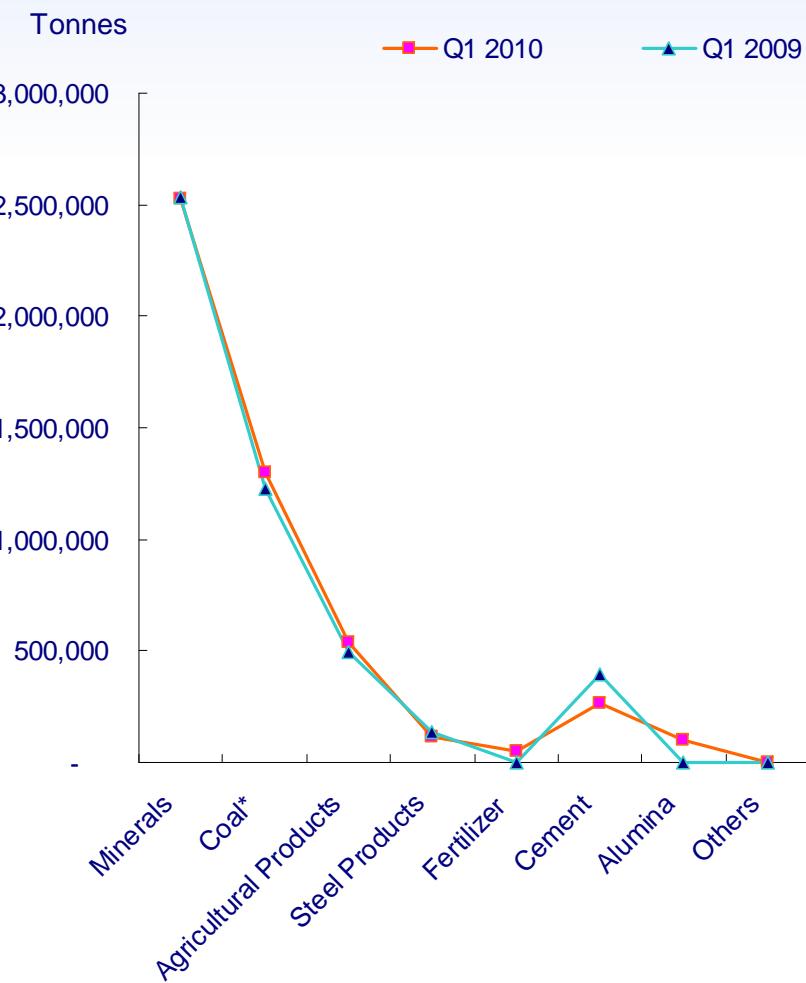
### Cargo Volume Q1 2010



■ Minerals  
■ Agricultural Products  
■ Fertilizer  
■ Alumina  
■ Coal\*  
■ Steel Products  
■ Cement

\* Including steaming coal and coking coal

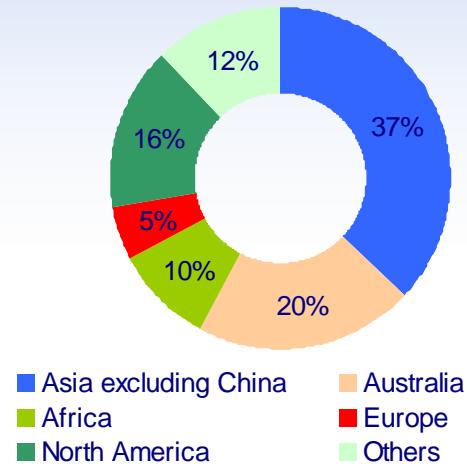
### Cargo by Volume Q1 2010 vs Q1 2009



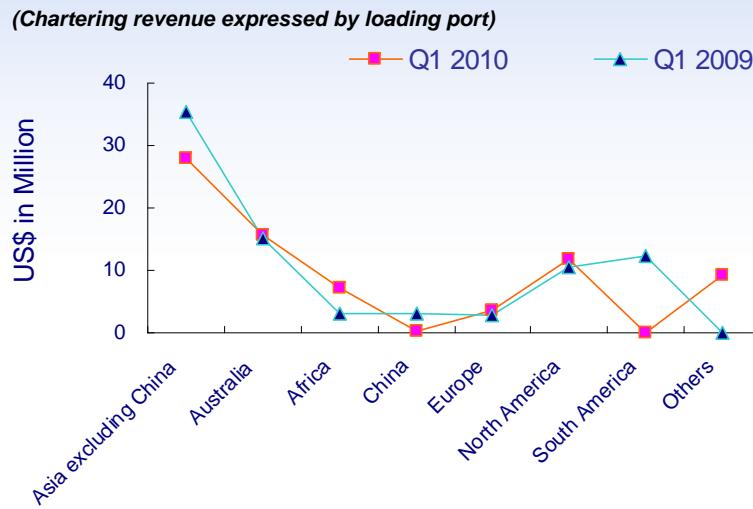
# Breakdown by Geography

## Total Revenue by Loading Ports and Discharging Ports

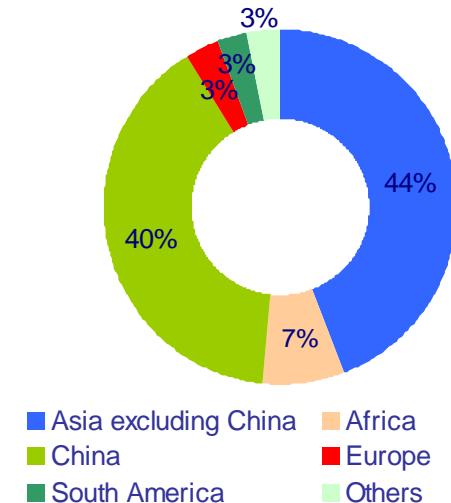
### Loading Port Analysis Q1 2010



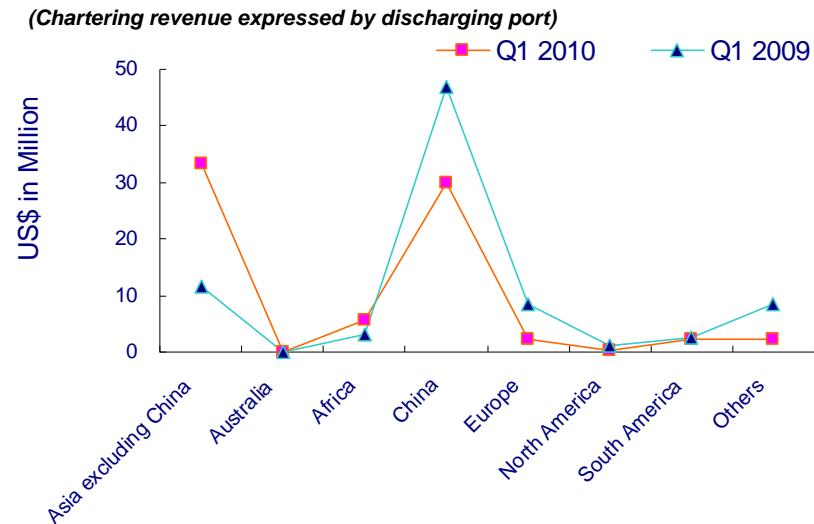
### Loading Port Analysis Q1 2010 vs Q1 2009



### Discharging Port Analysis Q1 2010



### Discharging Port Analysis Q1 2010 vs Q1 2009





## Owned and Chartered-in Fleet - Revenue Covered

		<i>Unit</i>	2010	2011
<b>Capesize Fleet</b>	Coverage	%	100	76
	Operating days	<i>Days</i>	730	557
	Daily TCE	US\$	83,691	73,641
<b>Post-Panamax / Panamax Fleet</b>	Coverage	%	54	22
	Operating days	<i>Days</i>	641	353
	Daily TCE	US\$	35,350	38,200
<b>Supramax / Handymax Fleet</b>	Coverage	%	89	39
	Operating days	<i>Days</i>	8,737	4,329
	Daily TCE	US\$	26,618	31,707

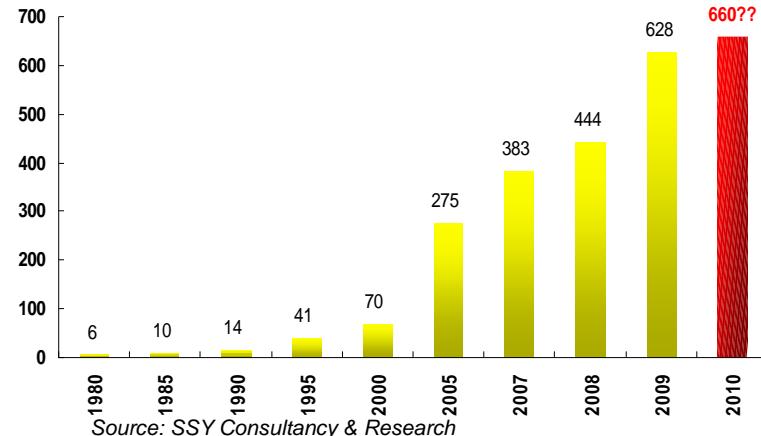
# Daily Cost of Chartered-in Vessels



		<i>Unit</i>	2010	2011
<b>Capesize Fleet</b>	Operating days	<i>Days</i>	730	730
	Daily TCE cost	<i>US\$</i>	40,750	40,750
<b>Panamax Fleet</b>	Operating days	<i>Days</i>	365	259
	Daily TCE cost	<i>US\$</i>	22,500	22,500
<b>Supramax Fleet</b>	Operating days	<i>Days</i>	547	365
	Daily TCE cost	<i>US\$</i>	28,597	36,000

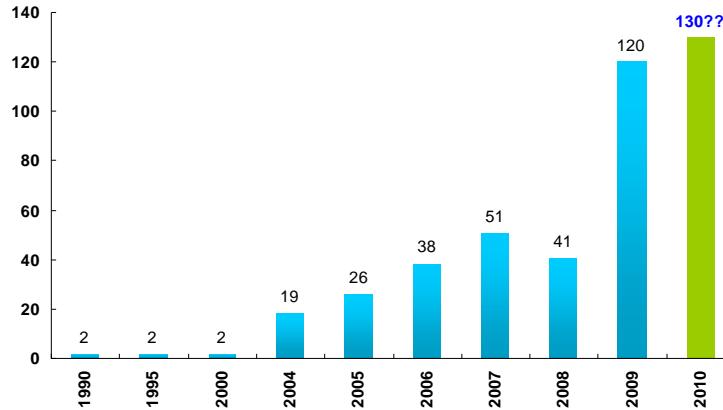
# Chinese imports of the backbone dry cargo

## Iron Ore (mm tons)



Source: SSY Consultancy & Research

## Thermal + Coking Coal (mm tons)



Source: SSY Consultancy & Research

### Outlook - Iron Ore

- ❖ Global Iron Ore market shifted from surplus to XS demand
- ❖ Supply tight, prices rising (both spot and long term)
- ❖ 2009 imports up 41% on 2008
- ❖ "Fe" content of domestic ore falling, cheaper for mills to buy foreign ore
- ❖ Increasing world pellet production
- ❖ More ore being sold index linked
- ❖ Expect high volatility in freight cost (esp. Capesize)
- ❖ Steel price in China stable so far
- ❖ Long term steel demand driven by infrastructure and public works programmes

### Outlook - Coking Coal

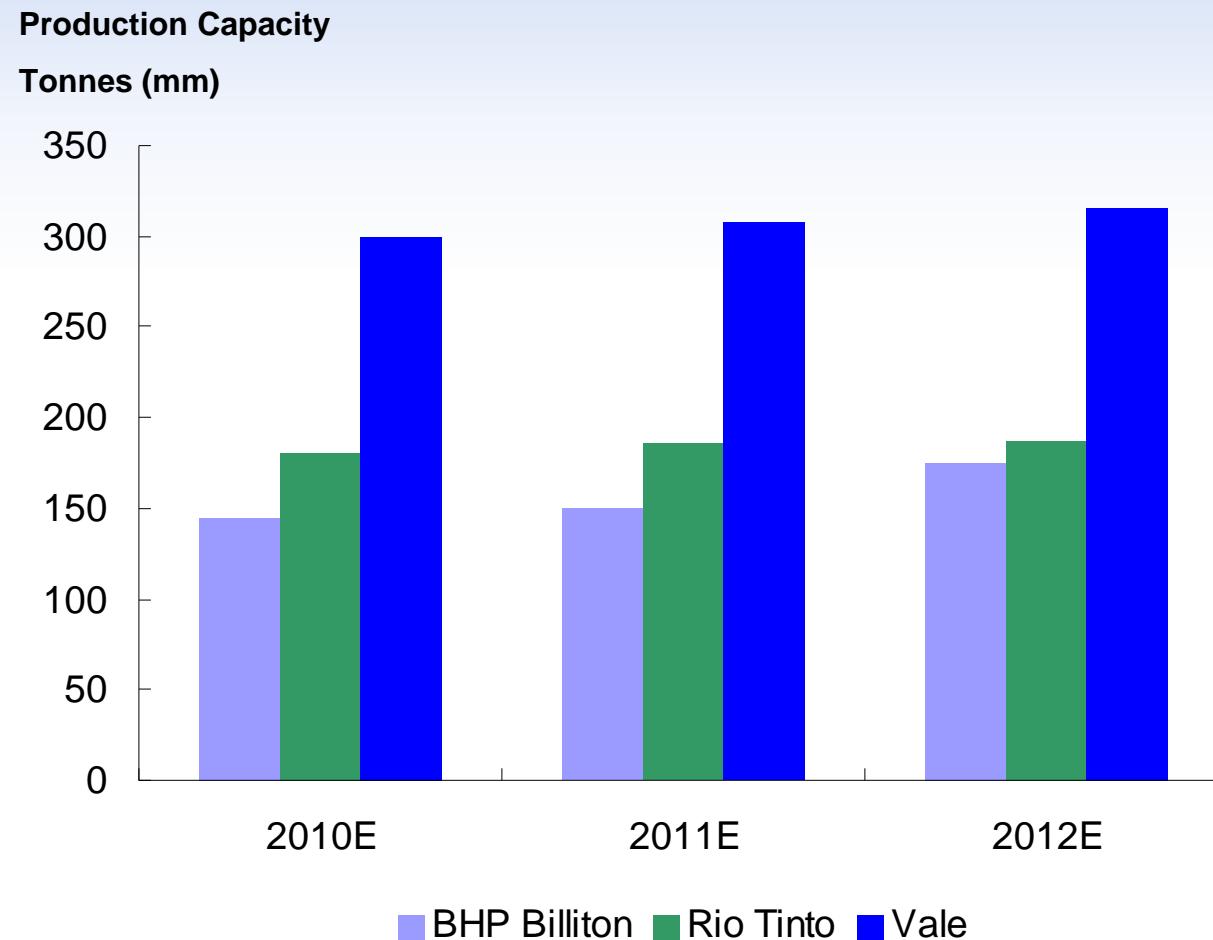
- ❖ Very short supply, expect price increase
- ❖ Japan recently agreed to quarterly price negotiation, price increase of 55% to 2009
- ❖ Better for China to import due to low quality local coal, high number of mill accidents, and lack of investment

### Outlook - Thermal Coal

- ❖ Domestic Chinese production cannot keep pace with country strategy and development
- ❖ Chinese railway network overstretched
- ❖ China / India purchasing coal from as far as Colombia
- ❖ India - massive growth in coal fired electricity in next 10-15 years
- ❖ Port congestion may add oil to the fire

# Expansion plans of the mining giants

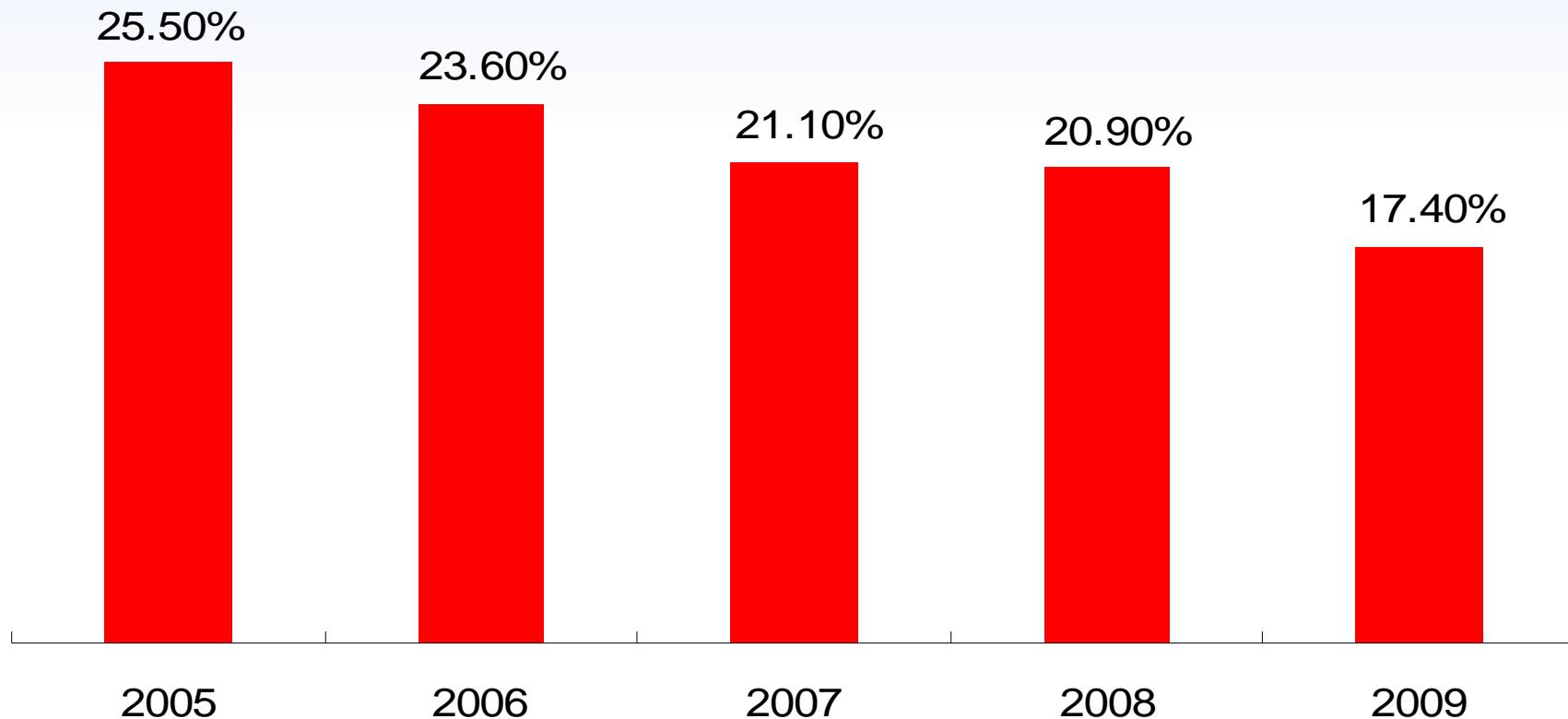
## Capacity Expansion of the BIG THREE



Capacity of Vale, Rio Tinto, and BHP is likely to be fully utilized

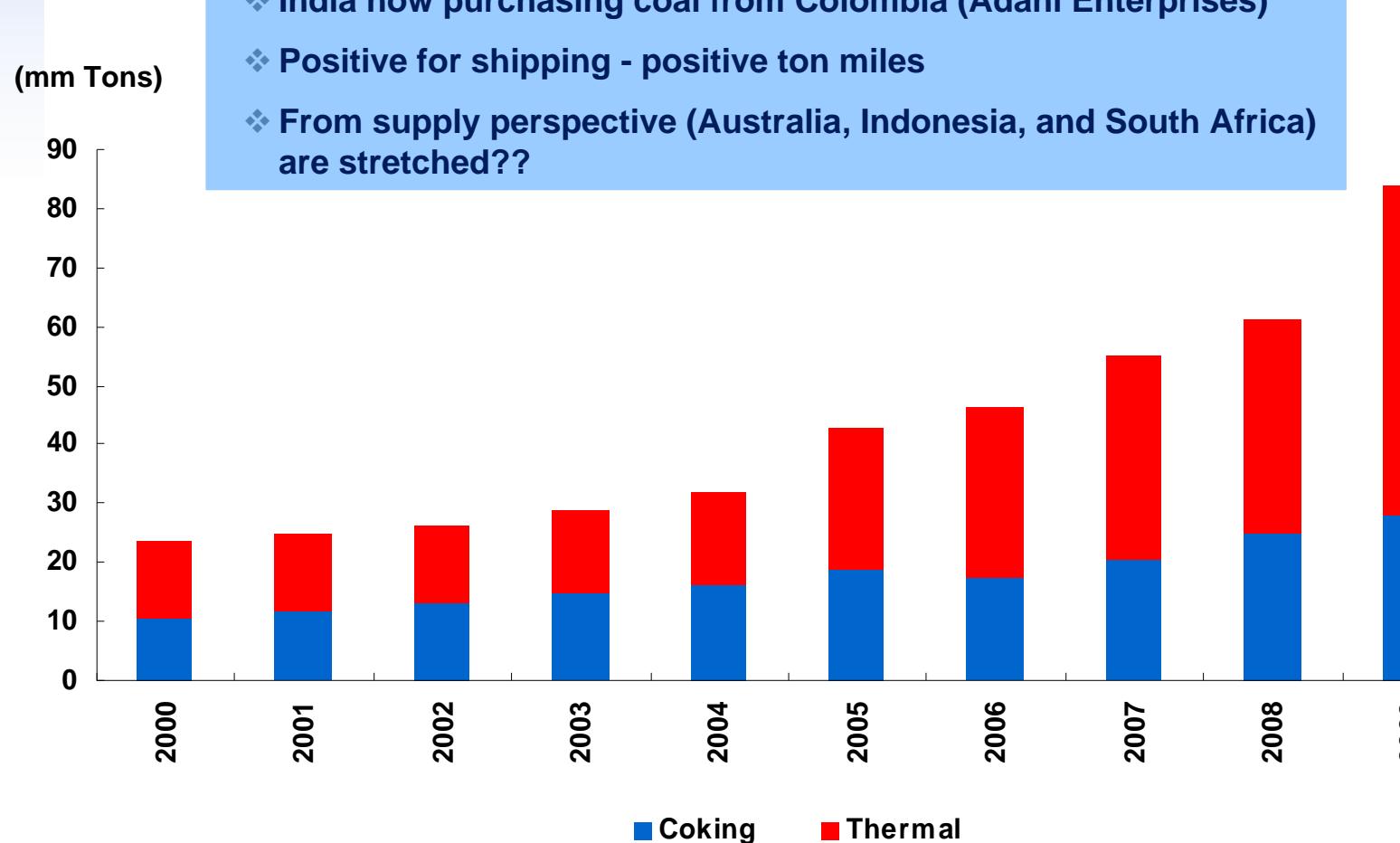
# India also stepping up iron ore requirements

## Iron Ore: Indian Exports as % of China's Imports



# India now the world's 4th largest coal importer

## Indian Coal Import (Thermal + Coking)



# Outlook

- China industrialisation process continues to be the main driver of global seaborne trade
- Growing Asia's demand of commodities in the longer term
- Supply of drybulk vessels continue to add to the world fleet, plenty of new large ships coming
- Recent renewed round of newbuilding orders, some from new aspiring shipowners
- Excess shipbuilding capacity remains?
- Potential tightening of government monetary policy + Sovereign risk in Europe



**Delicate risk / reward balance..... Don't grow for growth's sake**