



Stock Code : 2612 TT

Investor Presentation

by : Sheu-Dih Hong, President

6th October 2017

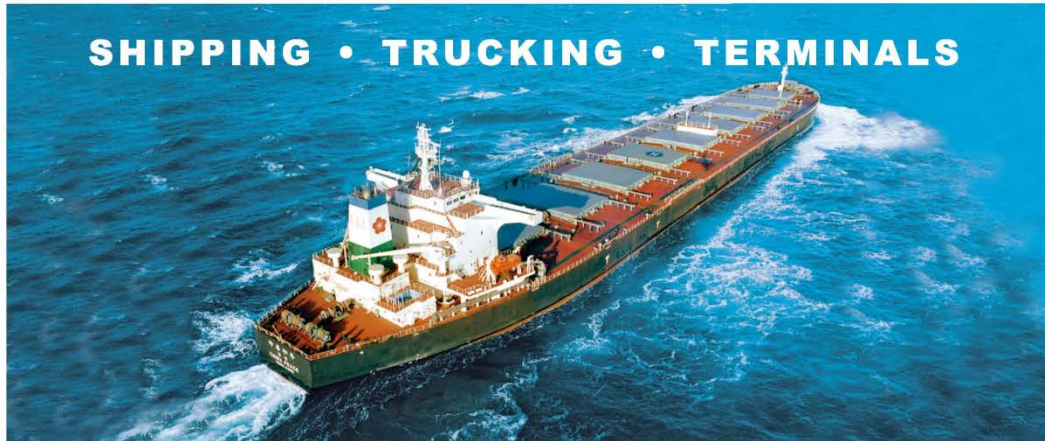
Summary of Presentation

- Outlook and Strategies
- The Company Overview
- World Economic and Shipping Market Trends
- Appendices

Outlook and Strategies



SHIPPING • TRUCKING • TERMINALS



Outlook and Strategies

- Outlook of Chinese iron ore and coal remains firm on the back of increasing investment in infrastructure and power generation
- Surplus of tonnage is contained and recovery of dry bulk sector should have positive impact on upcoming charter renewal
- To manage risks, we continue to forge stronger relationships with major miners and operators to have a mixture of long and short period charters in order to prevail in a cyclical market

Shipping Market- Renewed Optimism

1



IRON ORE - Chinese demand will remain strong due to additional spending in infrastructure and closure of high-polluting mills

Chinese imports- 7 % increase y-on-y

2



COAL - Power consumption will continue to grow particularly in China in which concern of safety will curb domestic output. Focus on reducing import of low-quality coal will also boost ton-mile

Chinese imports- 9% increase y-on-y

3



NEWBUILDINGS - pace of deliveries will continue to fall in medium term as Owners are cautious to order with implementation of new environmental regulations in coming years

Only 52 NBs scheduled for delivery in 2018

4

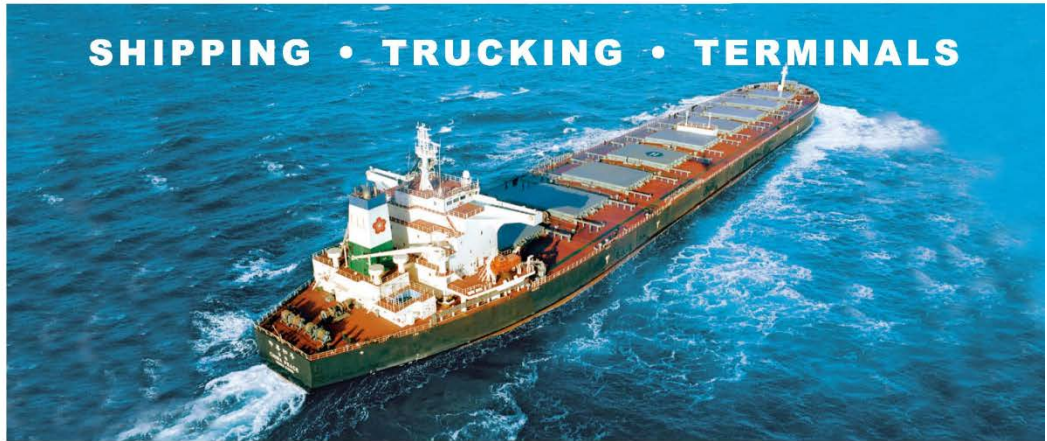


DEMOLITION - aged VLOCs will gradually be scrapped by their Owners due to age and rising operation costs therefore benign tonnage growth will benefit the freight market

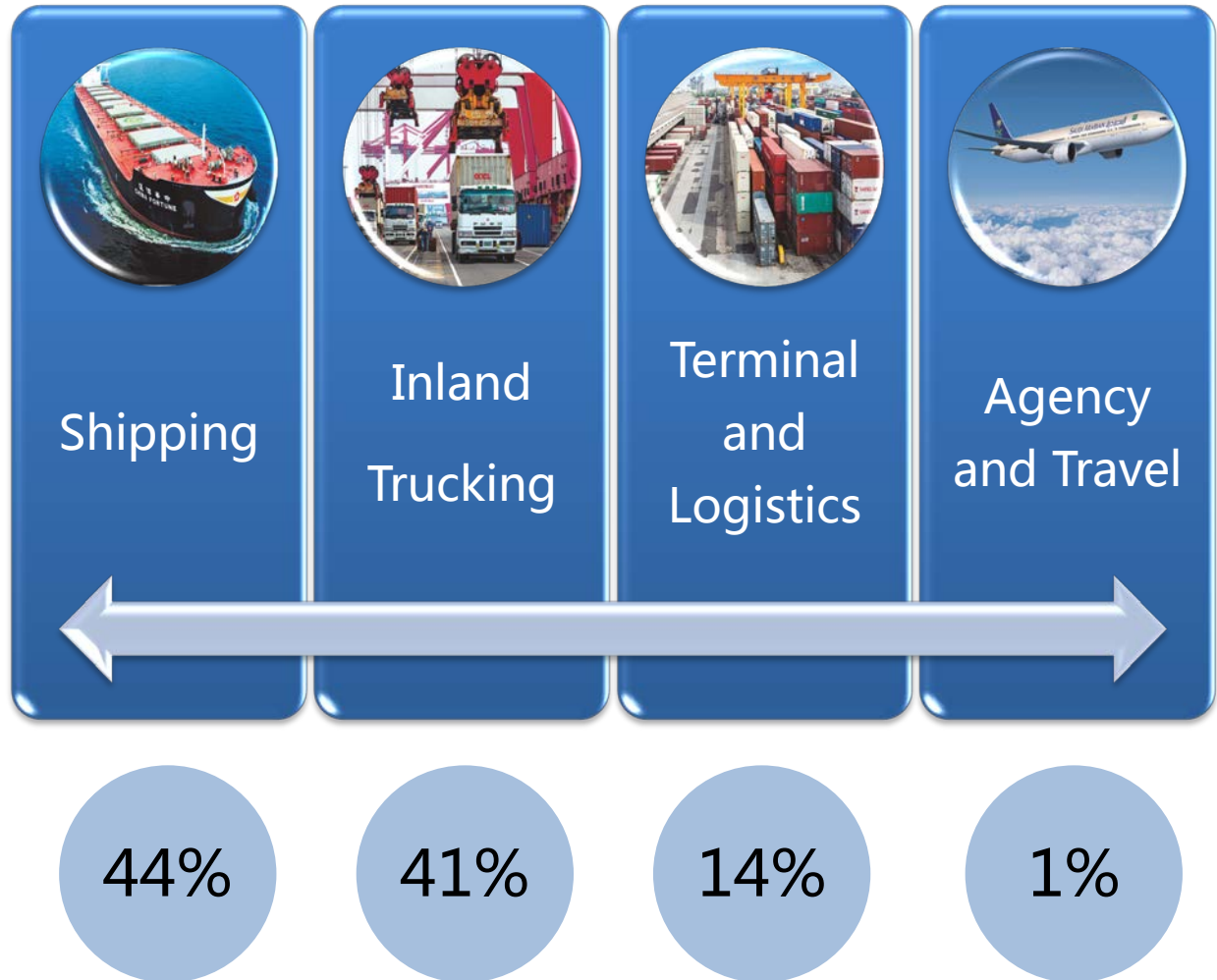
About 45 converted VLOCs to be scrapped

Stronger sentiment

The Company Overview

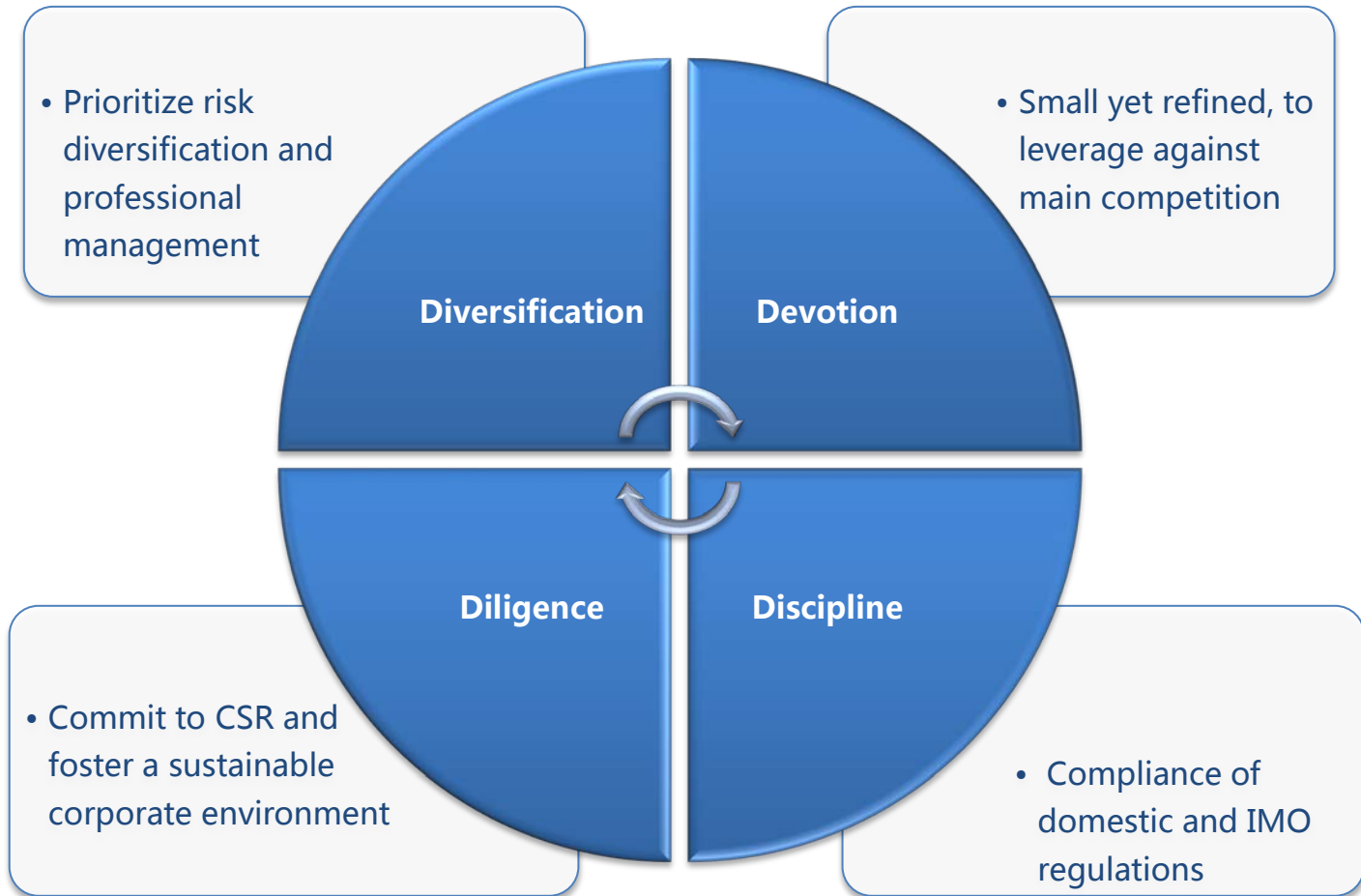


Major Operating Functions



% of Total Revenue
in 2017 1H

4 Operating Philosophies



Corporate Social Responsibility



- Promote environmental sustainability
 1. Capesize Fleet : eco-friendly, energy saving ships
 2. Inland Trucking: low emission trucks
 3. Terminal : electric cargo forklift

- Educational Alliances: to encourage youth to become seamen

- Charity Foundation: to help people from disadvantaged backgrounds in time of need

- Corporate Earning Policy: to distribute dividends and offer a generous incentive program

CMT Capesize Fleet

Vessel Name	Built	Registry	Class	DWT	Draft(M)
中華和平 China Peace	2005	Hong Kong	ABS	174,413	18.10
中華富進 China Progress	2006	Hong Kong	ABS	174,322	18.10
中華榮耀 China Pride	2009	Hong Kong	ABS	177,856	18.10
中華光輝 China Triumph	2010	Hong Kong	ABS	203,028	18.10
中華鴻運 China Prosperity	2011	Hong Kong	ABS	203,028	18.10
中華先鋒 China Pioneer	2012	Hong Kong	ABS	206,079	18.49
中華偉運 China Fortune	2013	Singapore	ABS	206,061	18.49
中華和諧 China Harmony	2016	Hong Kong	ABS	179,505	18.10
中華偉業 China Enterprise	2017	Singapore	ABS	207,984	18.50
中華名望 China Honour	2017	Hong Kong	ABS	179,562	18.10

- Fleet Size: 10 Capesize Bulk Carriers
- Total DWT: 1.91 Million Tons
- Average Age: 5.4 Years

Inland Trucking





- Associated Transport Inc., is one of Taiwan's largest intermodal container trucking operators, providing inland container drayage and related services
- CMT stresses safe, punctual, efficient service and is fully responsive to customers' requirement of transporting empty/laden containers to designated depot and locations
- Currently owns 255 modern tractors and over 482 semi-tractors

Terminal and Logistics



- CMT Logistics Co., Ltd. is located in Yangmei, Taoyuan County in northern Taiwan
- Inland container terminal with area coverage of 110,000 square meters, providing services of consolidation, repairs, warehousing, logistics, and distribution centers for top shipping line
- Except for obtaining ISO9002QA certification and Taiwan Customs Bureau' s authorization to operate independently

Major Investment and Joint Venture

Name of Company	Holding Since	Effective Ownership Interest as of 30 th June 2017	Main Operating Activities
 <p>Taiwan Navigation, Co., Ltd.</p>	2006	10.41%	50,000-80,000 DWT Bulk Carriers
 <p>Global Energy Maritime Co., Ltd.</p>	2011	12.00%	Crude and Product Tankers including VLCCs

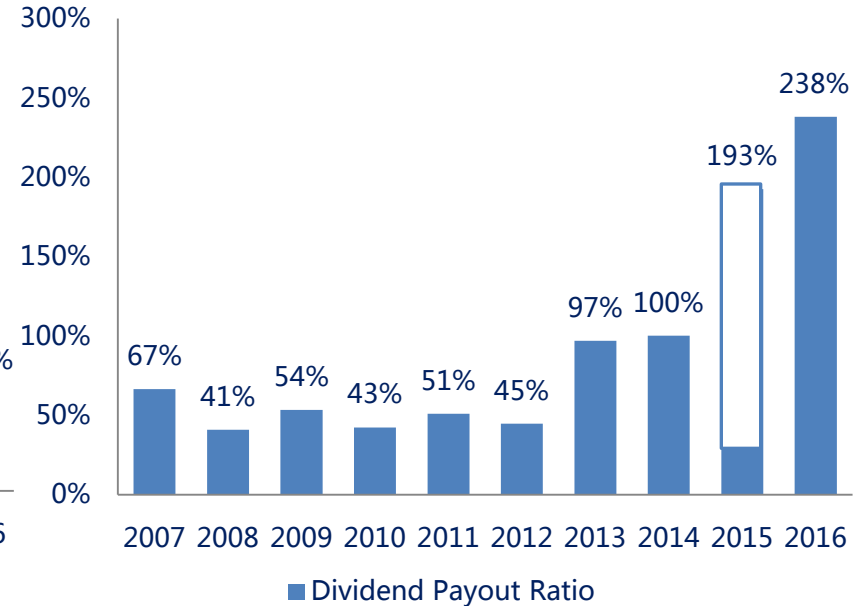
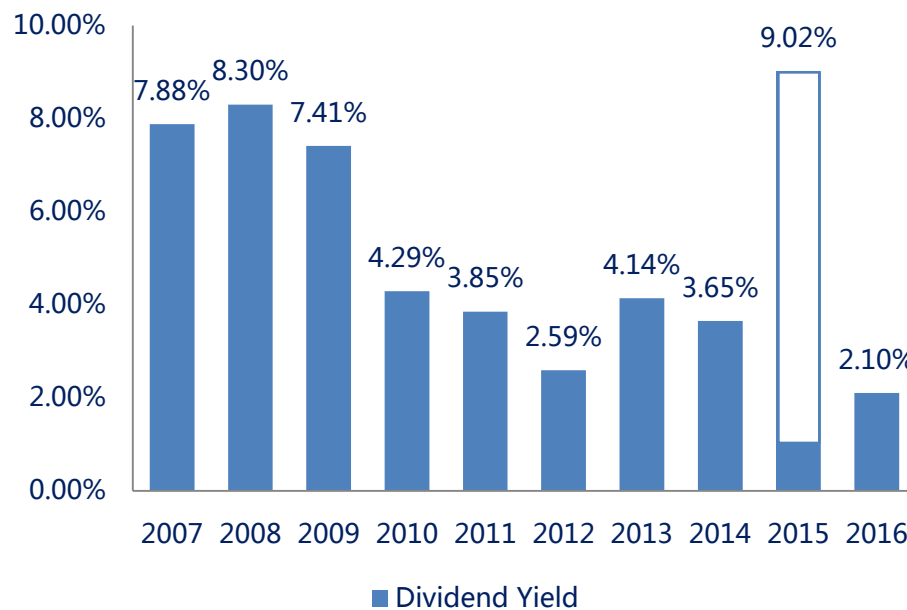
2012-2017 Financial Highlights

Expressed in thousands of New Taiwan Dollars

Year	2012	2013	2014	2015	2016	2017 1H
Revenue	3,661,884	3,333,395	3,491,281	3,361,457	3,294,834	1,576,537
Net Profit/(Loss)	570,403	396,648	332,714	332,787	47,941	(109,244)
EPS	2.22	1.55	1.30	1.30	0.21	(0.55)
Cash on hand	6,639,180	5,246,802	4,610,003	4,506,458	3,685,514	2,914,461
ROE %	5.74%	4.00%	3.19%	3.04%	0.45%	-2.21%
ROA %	3.51%	2.59%	2.27%	2.08%	0.89%	-0.20%
Liability %	57%	54%	50%	48%	52%	52%

Dividends Distribution

年份	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Cash dividends/ Capital Reduction (NT\$)	6.00	6.80	6.00	3.20	2.00	1.00	1.50	1.30	2.50*	0.50
EPS (NT\$)	9.01	16.56	11.20	7.53	3.92	2.23	1.55	1.30	1.30	0.21
Share Price (NT\$)	76.14	81.95	80.98	74.58	51.99	38.57	36.25	35.66	27.73	23.80



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

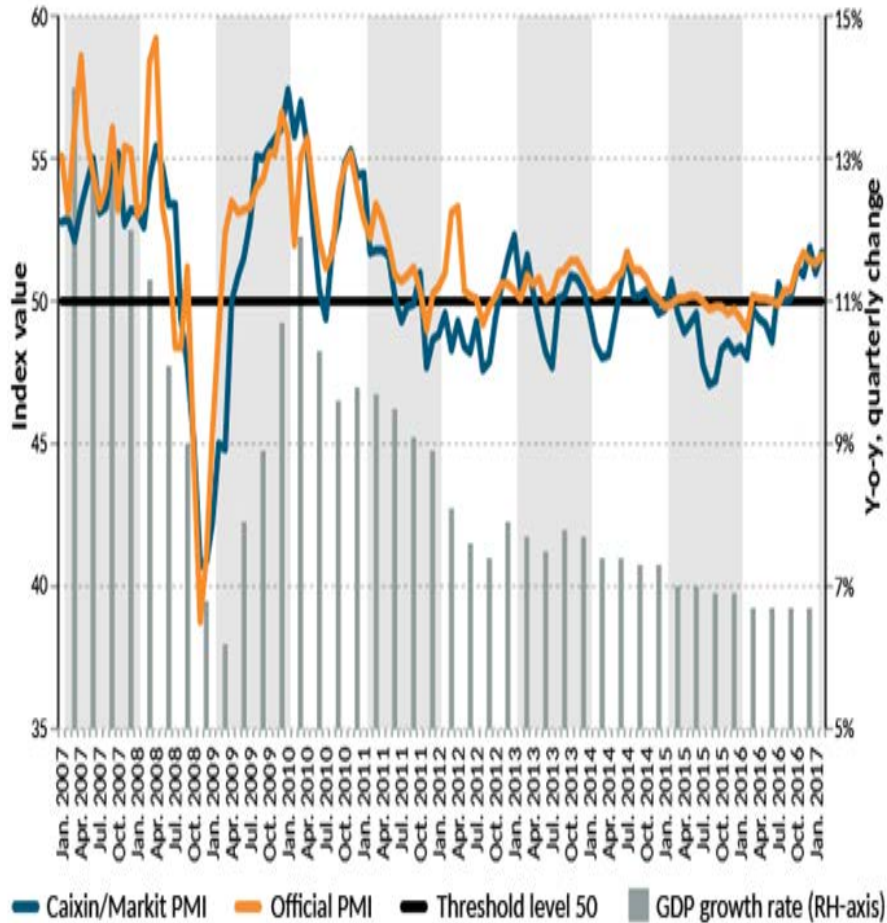
Corporate Bonds Issuance

Tranche	2016-1	2016-2	2017
Tenor	5 Years	5 Years	5 Years
Due Date	03-16-21	03-16-21	04-10-22
Interest Rate	0.88%	1.00%	1.13%
Amount (NT\$ billion)	0.9	1.4	0.8
Interest Payment	Annually	Annually	Annually
Guarantee Bank	Bank of Taiwan	Mega Bank	Shanghai Commercial Bank

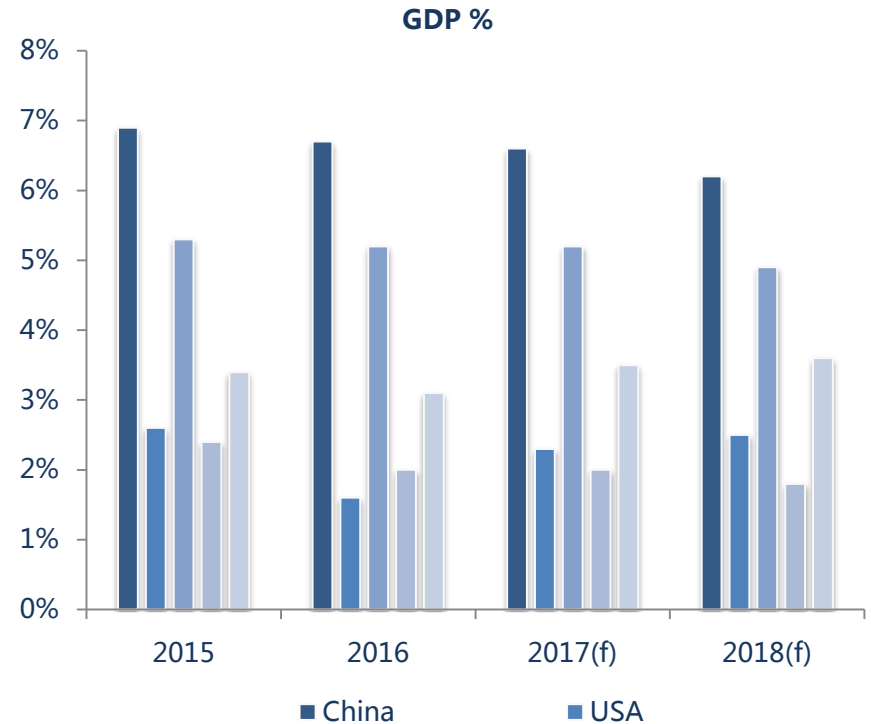
World Economic and Shipping Market Trends



World Economic Recovery



Sources: BIMCO; National Bureau of Statistics China; IHS Market/Caixin; TIER.Org

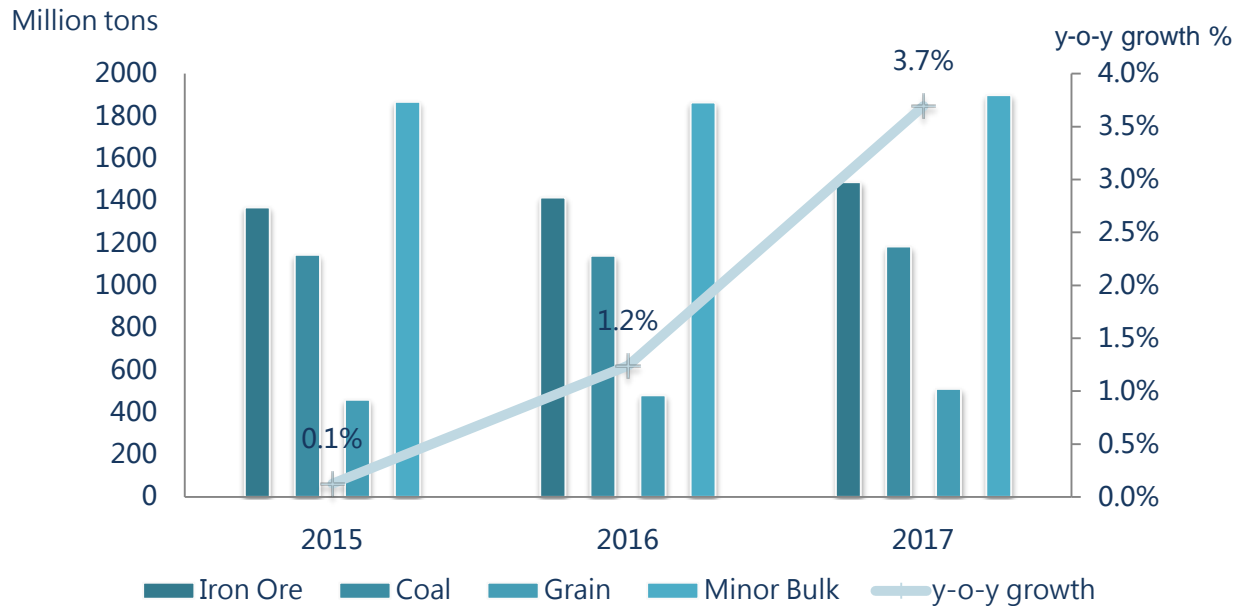


- The U.S. raised its 1st Quarter GDP forecast while PRC 's economic growth was better than expected with Manufacturing PMI expands for 11 consecutive months; Japan Central Bank raises its economic outlook

- World economic activities have shown signs of steady improvement

Dry Bulk Seaborne Trade Expects to Grow by 3.7% in 2017

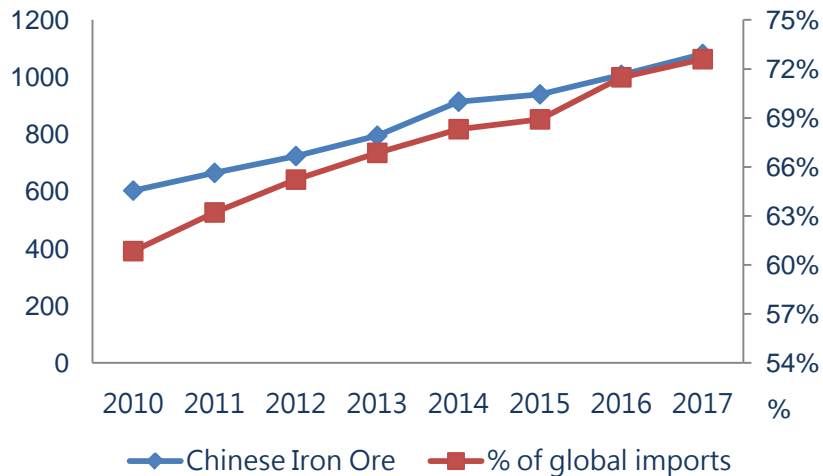
- Dry bulk seaborne trade has seen zero growth in 2015 but improved steadily since then
- Major driving force: PRC' s thirst for iron ore and coal
- Clarksons Platou projects 3.7% growth for FY 2017



Source: Clarksons Platou

Growth of Chinese Iron Ore and Coal

Million tons

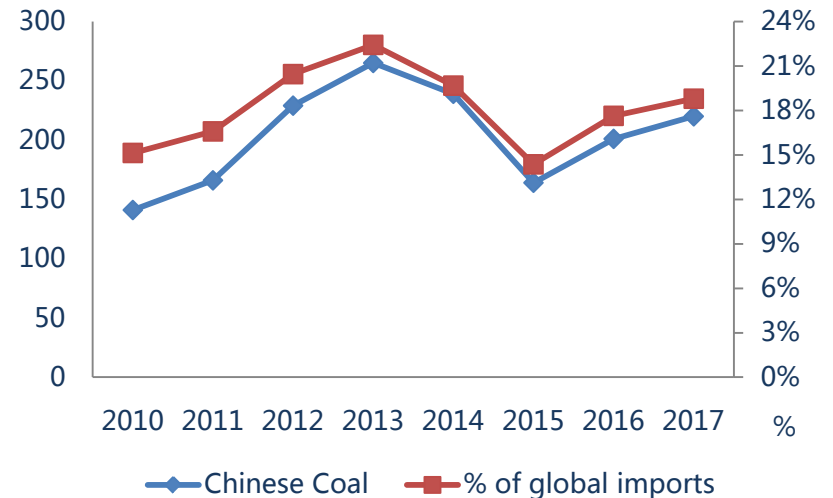


- PRC continues to invest in infrastructure and power generation while shutting down steel mills with low efficiencies so demand for iron ore remains strong
- Concerns over safety and low-quality will curb domestic coal : emphasis on reducing imports of low-quality coal also increase ton-mile
- Clarksons Platou forecasts in 2017:

Chinese iron ore and coal imports grow by 7% and 9.4%, respectively



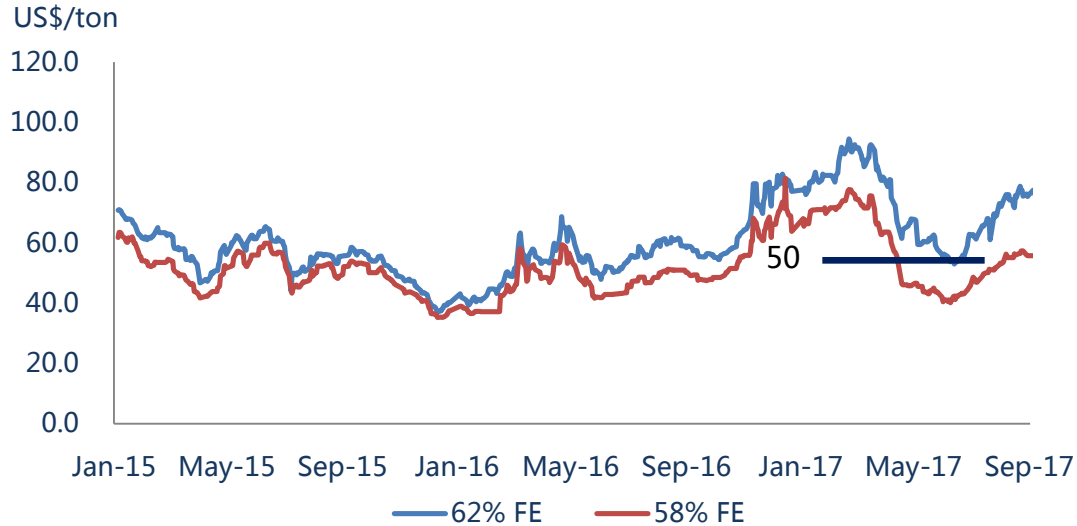
Million tons



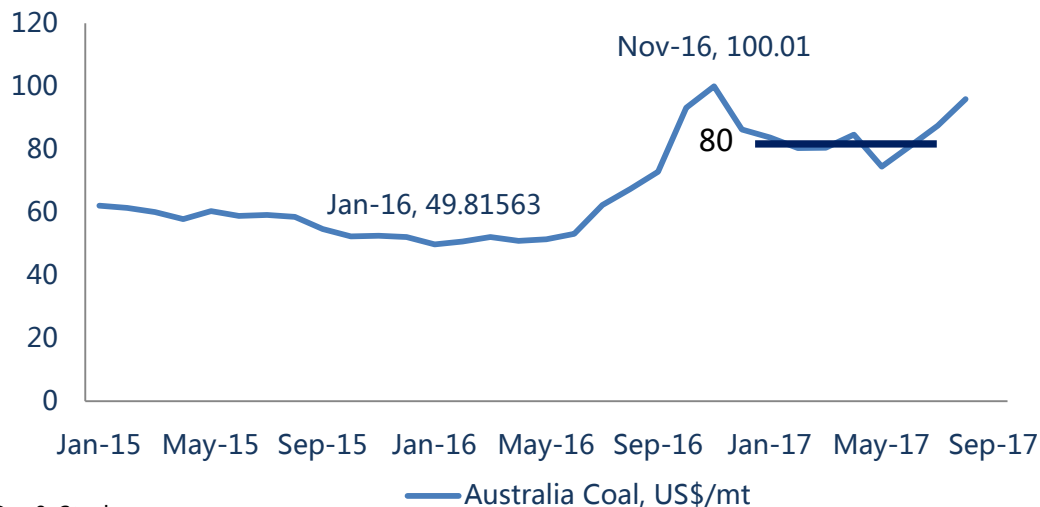
Source: Clarksons Platou

Photo : <http://www.istockphoto.com/>

Iron Ore/Coal Prices Strengthen



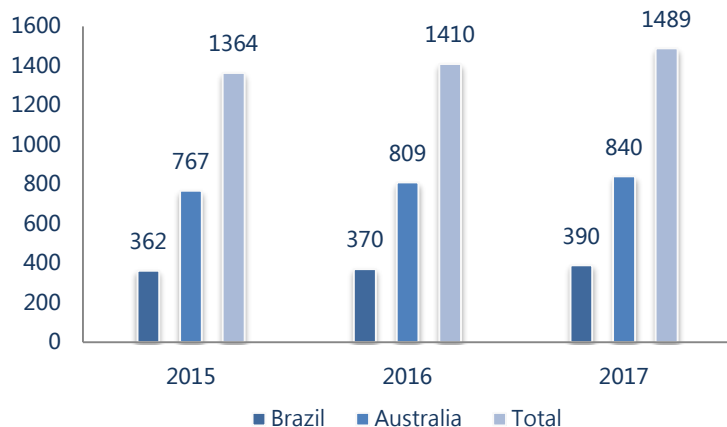
- PRC economy grows steadily with stronger requirement for iron ore and coal to meet demand from expansion of infrastructure and power generation hence prices have been firm
- Iron ore (6%2 Fe content) average price around \$72.60/ton this year
- Australian coal prices should be supported around \$80/ton



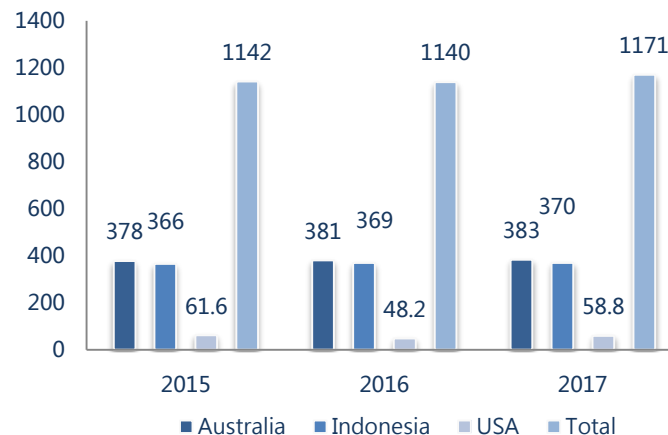
Source: GFI Iron Ore & Steel

Global Iron Ore/Coal Exports

Million tons



Million tons



- PRC economy grows steadily with stronger requirement for iron ore and coal to meet demand from expansion of infrastructure and power generation while replacing low quality domestic production
- Growing production in Brazil and Australia will fulfill PRC demand
- U.S. President Trump plans to promote coal export
- Clarksons Platou forecasts in FY2017:
Global iron ore and coal exports grow by 5.6% and 2.7%, respectively

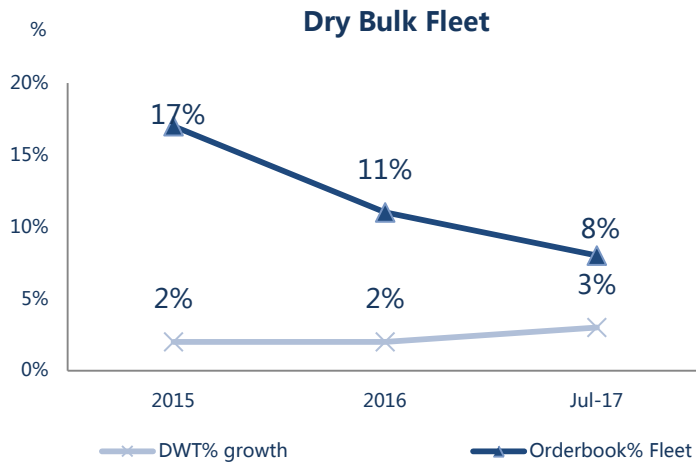
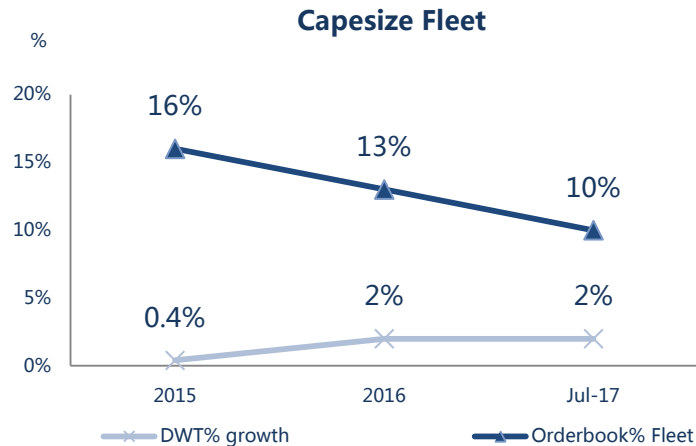
Source: Clarksons Platou

Photo : <http://www.istockphoto.com/>



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

Newbuilding Orders Continues to Shrink



- Capesize fleet net growth is at 2.6% so far this year
- Slippage not expected to be as huge
- Supply/demand balance continues to improve
- Reasons for low ordering interest:
 - Owners are recovering from poor market in last few years while future remains unclear
 - uncertain regulations on NOx and SOx shift Owners' interest away as vessel specifications are unavailable

Source: Clarksons Platou

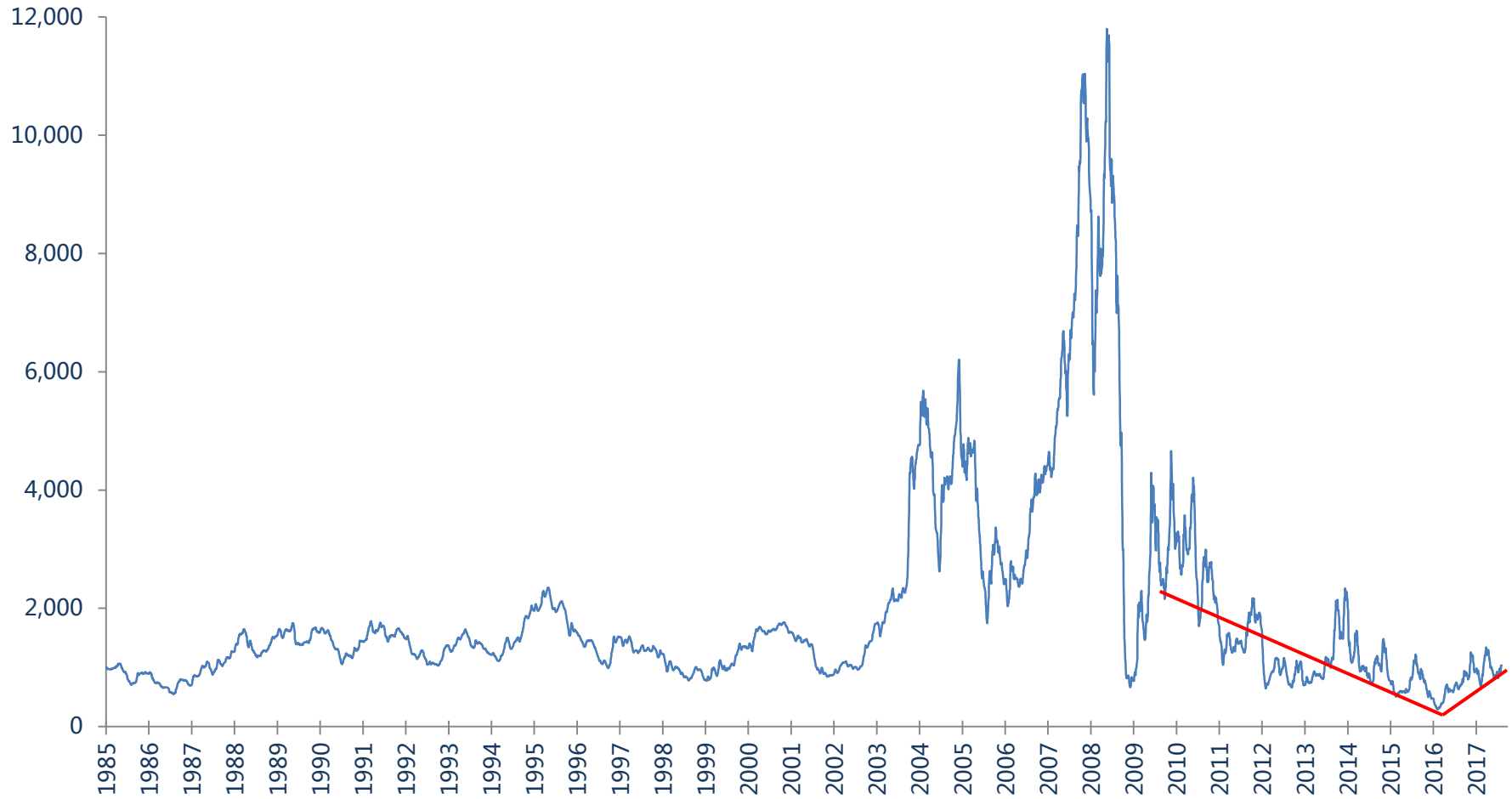
Newbuilding/Secondhand Sale Prices

Prices (US\$ Million)		At End of Year		
		2015	2016	Sep-17
180,000 dwt	NB	46	42	42.5
180,000 dwt	Resale	39	36.5	45
180,000 dwt	5-yr	25	24	33
170,000 dwt	10-yr	13.5	15	21
170,000 dwt	15-yr	8.5	8	15

- Newbuilding orders are increasing in last six months but given the uncertainty of environmental regulations, most Owners remain conservative toward ordering new ships
- As freight market improves, secondhand market is more active with prices firming

Source: Clarksons Platou

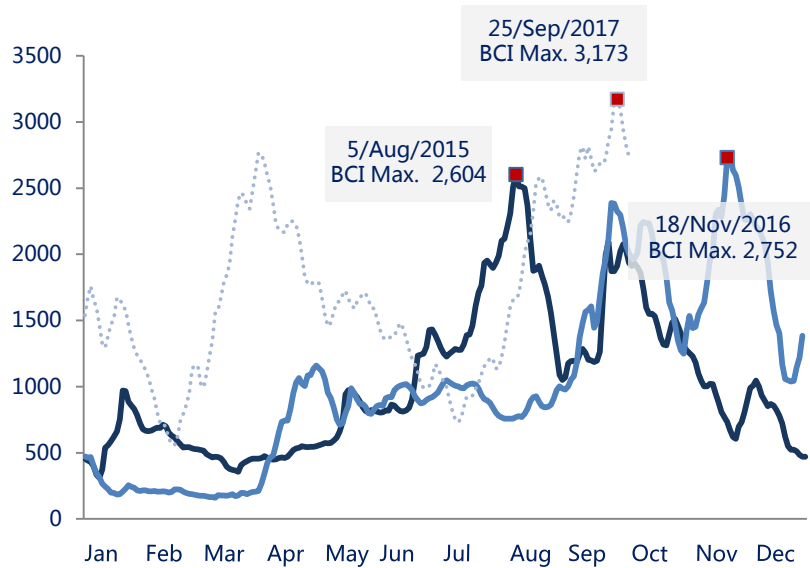
Historical BDI Trend 1985-2017



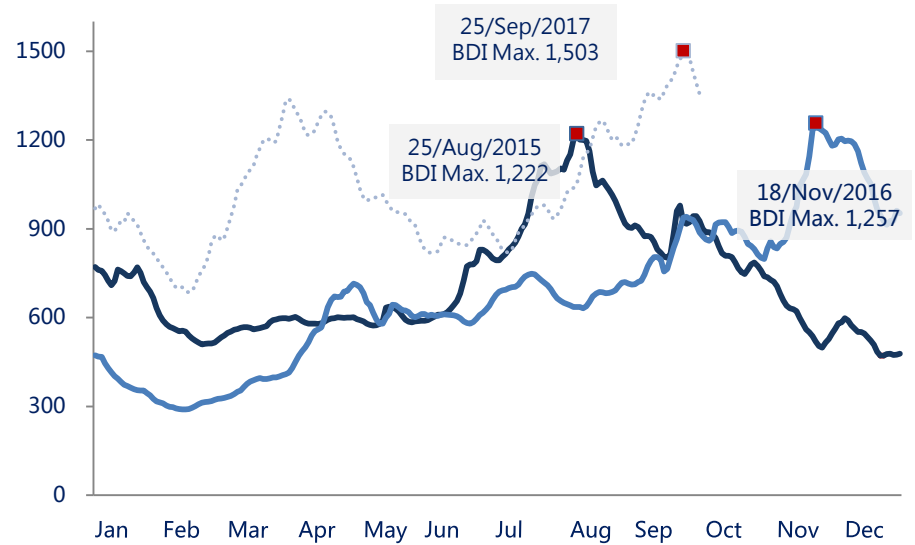
Source: Clarksons Platou

Dry Bulk Market on Road to Recovery

Baltic Exchange Capesize Index



Baltic Exchange Dry Index

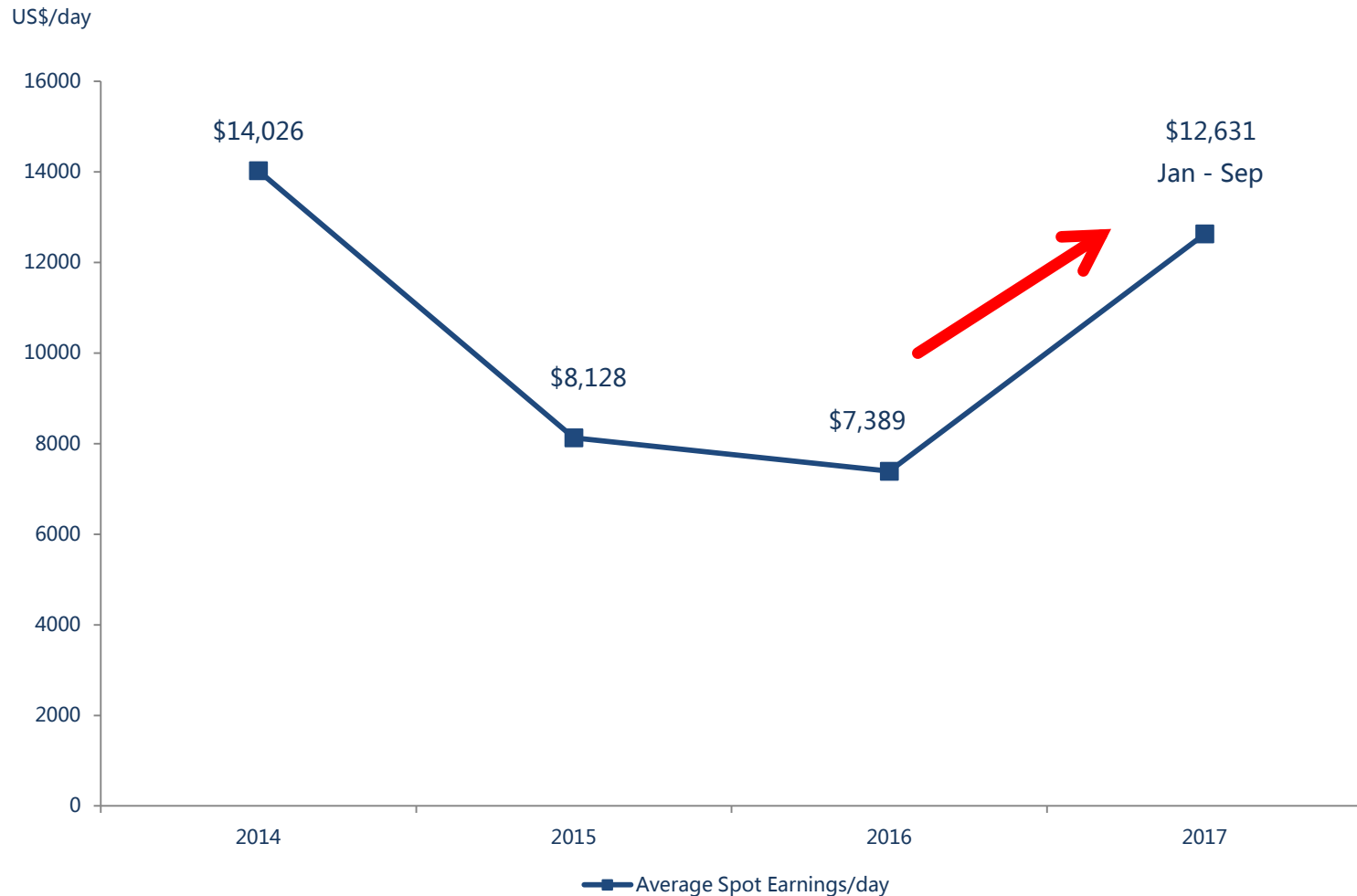


— 2015 — 2016 2017

- Freight indices showed signs of bottoming and market improved significantly since 2015
- BCI averages 1,683 between January and September 2017; the average was 770 in same period last year
- BDI averages 1,030 between January and September 2017; the average was 572 in same period last year

Source: Clarksons Platou

Capesize Freight Market Recovers



Source: Clarksons Platou

Stringent Maritime Regulations

- **IMO: Ballast Water Management Convention**
 - MEPC reached a compromise in July that ships constructed after 8th September 2017 must comply on delivery, while for existing vessels the Convention will enter force on 8th September 2019.
- **IMO : Low Sulphur Fuel Oil Requirement**
 - Sulphur content will be capped at 0.5% m/m (versus 3.5% m/m now) to be implemented on 1st January 2020
- **IMO: NOx Tier III Regulations**
 - The requirement took effect in ECA area from 1st January 2016. Special reference is made to 80% reduction for all Tier III ships

Appendix 1 : Condensed Balance Sheet

	Thousands of New Taiwan Dollars	
	Dec 31,2016	Jun 30,2017
Assets		
Current assets	4,886,636	3,490,660
Property, plant and equipment	14,512,030	14,574,004
Intangible assets	6,670	7,192
Other non current assets	2,065,687	1,746,317
Total assets	21,471,023	19,818,173
Liabilities and Equity		
Current liabilities	3,978,017	2,050,199
Non Current liabilities	7,169,545	8,315,480
Total liabilities	11,147,562	10,365,679
Common stock	1,974,846	1,974,846
Capital surplus	53,411	53,411
Retained earnings	8,023,244	7,815,258
Other equity interest	271,960	(391,021)
Total equity	10,323,461	9,452,494
Total liabilities and equity	21,471,023	19,818,173

Appendix 2 : Condensed Statement of Comprehensive Income

Thousands of New Taiwan Dollars

	2016	2017 1H
Operating Revenues	3,294,834	1,576,537
Operating costs	2,487,097	1,334,891
Gross profit	807,737	241,646
Operating expenses	351,432	172,600
Net operating income	456,305	69,046
Non operating income and expenses	(326,300)	(161,954)
Profit before tax	130,005	(92,908)
Less: tax expense	82,064	16,336
Profit (attributable to owners of parent)	47,941	(109,244)
Other comprehensive income, net	(223,872)	(662,981)
Comprehensive income(attributable to owners of parent)	(175,931)	(772,225)
Earnings per share	0.21	(0.55)

Appendix 3 : Cash Flow Statement

	Thousands of New Taiwan Dollars	
	2016	2017 1H
Net cash flows from operating activities	939,703	315,380
Net cash flows used in investing activities		
Acquisition of property, plant and equipment	(1,564,214)	(1,170,141)
Others	(574,353)	760,683
	(2,138,567)	(409,458)
Net cash flows used in financing activities		
Increase (decrease) in short-term loans	(1,139,810)	810,000
Increase (decrease) in long-term borrowings	(73,755)	677,758
Repayments of bonds	-	(2,800,000)
Proceeds from issuance of corporate bonds	2,300,000	800,000
Cash dividends paid	(51,295)	-
Capital reduction by cash	(589,890)	-
Others	91	(5)
	445,341	(512,247)
Effect of exchange rate changes on cash and cash equivalents	(67,421)	(164,728)
Net increase (decrease) in cash and cash equivalents	(820,944)	(771,053)
Cash and cash equivalents at the beginning of period	4,506,458	3,685,514
Cash and cash equivalents at the end of period	3,685,514	2,914,461

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Contact Information

Web Site: www.cmt.tw

Head Office:

15 Jinan Road Sect 1 Taipei Taiwan R.O.C.

Tel:+886(0)2 2396 3282

Fax:+886(0)2 2391 6165

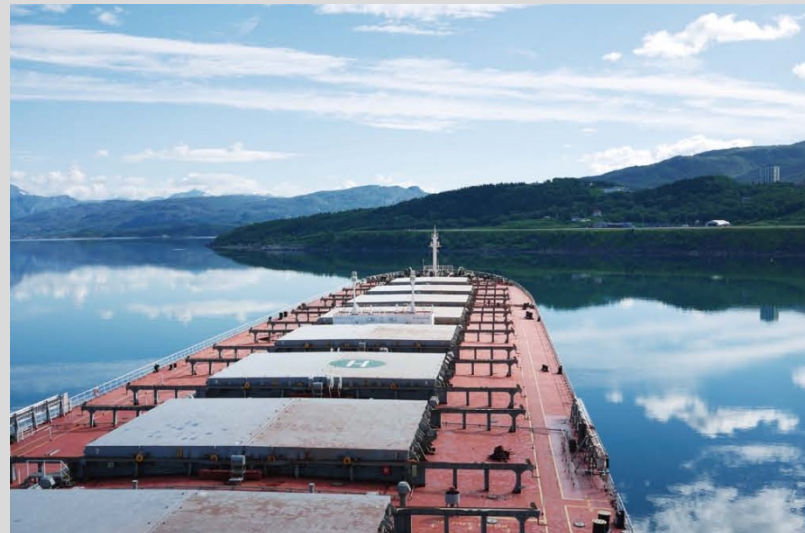
Investor Relations:

Spokesperson: Ms. Man-Hung Yeh

Tel: +886(0)2 2357 5898

Fax: +886(0)2 2351 3082

Email: inv.rel@agcmt.com.tw



Thank You !

