



Stock Code : 2612 TT

Investor Presentation

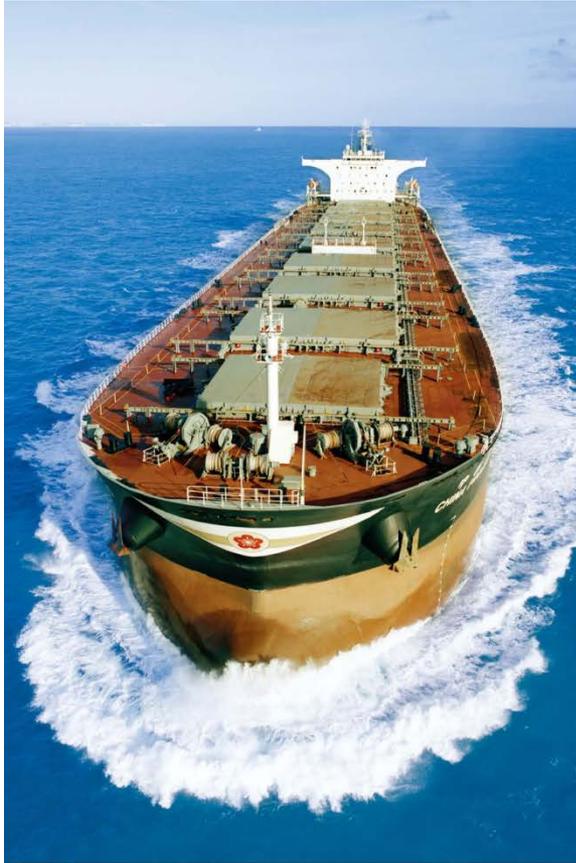
by : Sheu-Dih Hong, President

3rd September 2018

Summary of Presentation

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

Vision and Strategies



Vision and Strategies

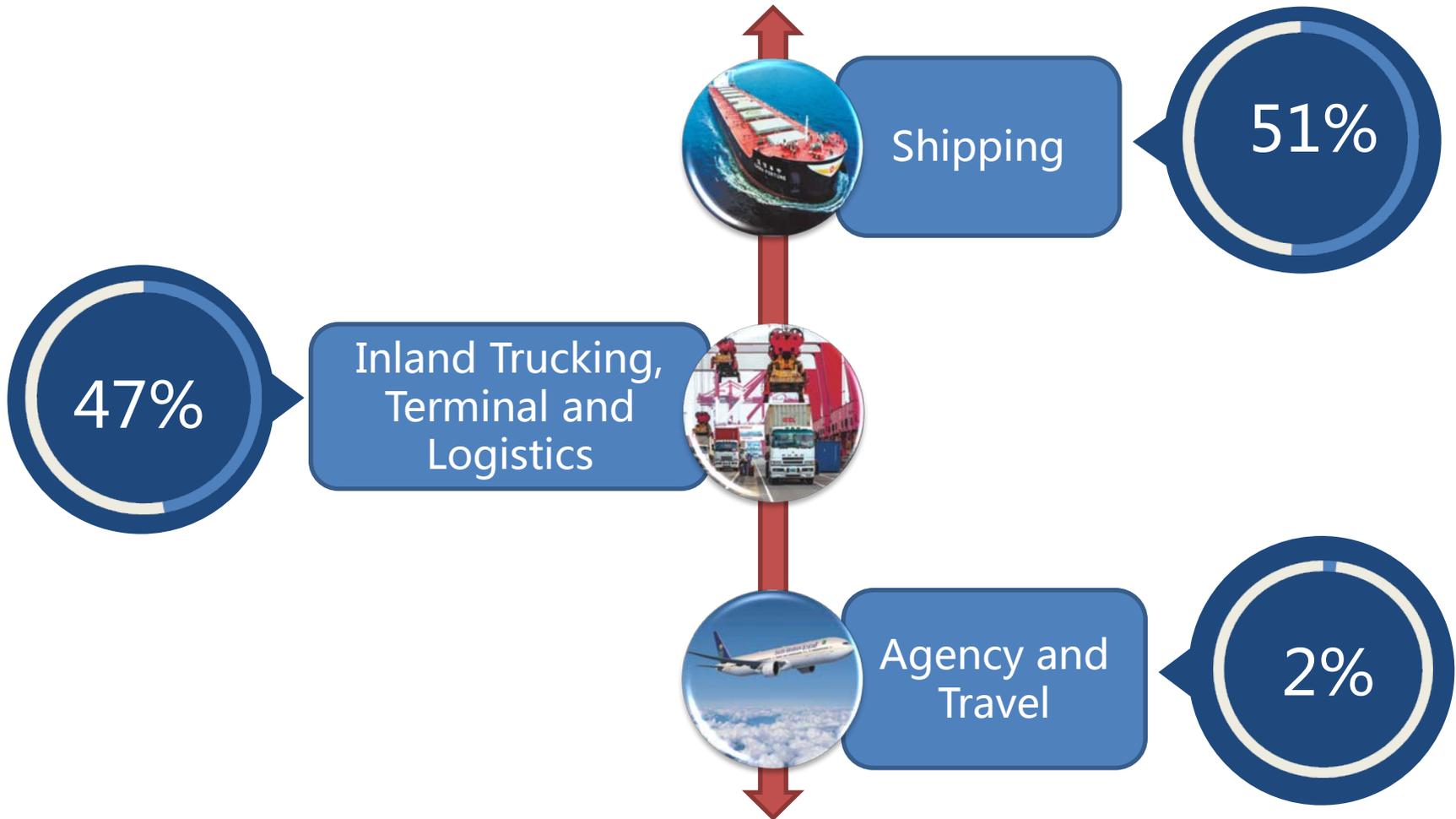
- Adopting artificial intelligence to support customers with reliable service as best shipping partner locally and around the world
- Small yet refined; relentless pursuit of enhancement
- To leverage against main competition; achieving magnitude with immense efforts

The Company Overview



Major Operating Functions

% of Total Revenue in 2018 1H



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 depots and locations
- Currently owns 270 modern tractors and over 468 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 lines
- Except for obtaining ISO9002QA certification and Taiwan Customs Bureau' s authorization to operate independently

CMT Air Cargo Department



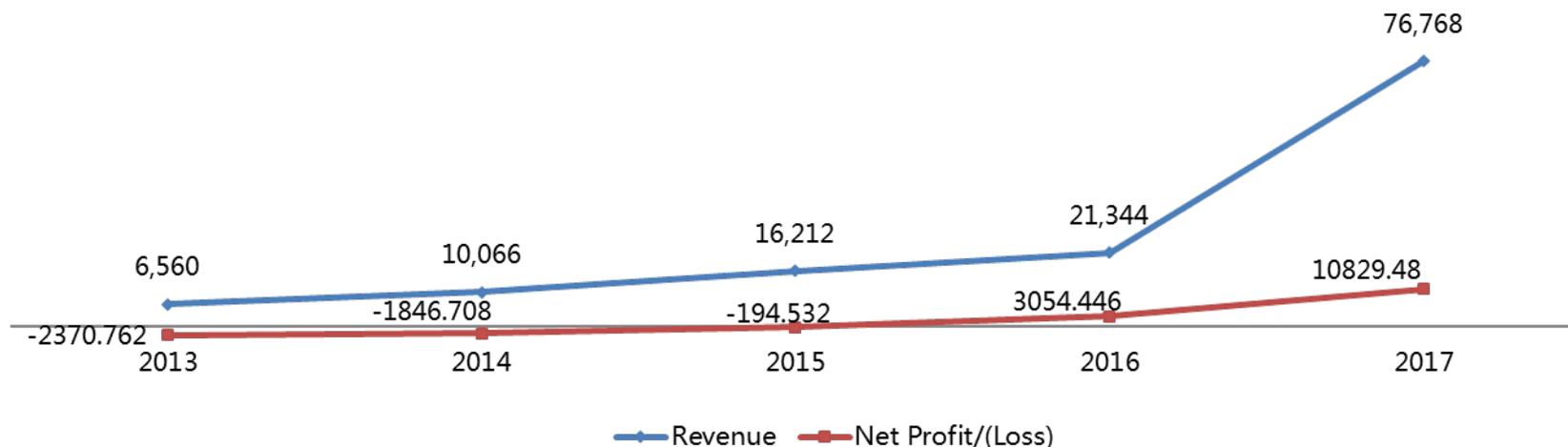
- CMT Air Cargo Department is the General Sales Agent (GSA) of Saudi Arabian Airlines (Saudia). Saudia is the flag carrier of the Kingdom of Saudi Arabia and a member of the SkyTeam Alliance
- Saudia has a complete modern fleet a total of 184 aircrafts, including Boeing-777, 787,747F; Airbus-A330, A320. It reaches 89 destinations in KSA and worldwide

Image Source: <https://www.arabianbusiness.com/transport/398084-saudia-offers-free-whatsapp-data-package-on-domestic-international-flights>
<https://www.flickr.com/photos/canvaswings/15739042055>

2013-2017 Operating Revenue

Expressed in thousands of New Taiwan Dollars

Year	2013	2014	2015	2016	2017
Revenue	6,560	10,066	16,212	21,344	76,768
Net Profit/(Loss)	(2,370)	(1,847)	(195)	3,054	10,829



Business Growth



- CMT Air Cargo Department has a new operating team providing great service to Taiwanese air freight forwarders; increasing willingness to continue using Saudia Cargo service
- Saudia Cargo continues to improve its service and provide reasonable price with high quality, so that the customers can rely on the use of Saudia Cargo service
- Saudia Cargo provides great pricing with stable capacity, so Saudia Cargo has become the first choice for delivery from Taiwanese manufacturers to Middle East/Turkish buyers



Image Source: http://www.airlinecargomanagement.com/feature/airline-profile-saudia-cargo?session_id=91cu16hc8pfrmdpr23b7fb0713
<http://www.saudia.com/TRAVEL-WITH-SAUDIA/On-Board/Classes-of-travel>

Merchant Vessels

- Containers
- Bulk Cargo Ships

Capesize



Panamax



Supramax



Handysize



- Crude Tankers and Product Carriers
- Liquefied natural gas carriers and liquefied petroleum gas carriers
- Others

Baltic Dry Index (BDI)



Daily Summary of Baltic Exchange dry indices and time charter averages
Date: 30 August 2018

Baltic Exchange Dry Index	1614	(-47 ▼)
Baltic Exchange Capesize Index	2826	(-168 ▼)
Baltic Exchange Panamax Index	1608	(-31 ▼)
Baltic Exchange Supramax Index	1128	(+7 ▲)
Baltic Exchange Handysize Index	559	(+3 ▲)

Source: Baltic Exchange Information Service Ltd.

Freight vs. TCE

- Time Charter Equivalent
- Voyage Charter
 - Total Revenue: freight/ton x cargo quantity+ *Demurrage*
 - Total expenses:
 - Bunkers
 - Port charges
 - Commissions
 - Other voyage expenses
 - Despatch*
 - = Net voyage surplus/loss

$$\text{TCE} = \frac{\text{Net voyage surplus/loss}}{\text{Voyage duration}}$$

TCE= Spot TCT Rate
≠ Period TC Rate

Baltic Capesize Index (BCI)

Capesize Routes (BCI)

Ore	Spot	Change
160,000 Tubarao/Rotterdam (C2)	9.756	-0.450
16/170,000 Tubarao/Qingdao (C3)	22.382	-0.245
16/170,000 W Australia/Qingdao (C5)	8.673	-0.354
Coal	Spot	Change
150,000 Richards Bay/Rotterdam (C4)	9.095	-0.225
150,000 Bolivar/Rotterdam (C7)	10.815	-0.230
160,000 Richards Bay / Fangcheng (C15)	15.520	-0.210
Timecharter	Spot	Change
180,000 Gibraltar/Hamburg Trans Atlantic RV (C8_14)	21185	-1000
180,000 Continent/Mediterranean trip China/Japan (C9_14)	37986	-632
180,000 China/Japan Trans Pacific RV (C10_14)	20388	-1533
180,000 China /Brazil RV (C14)	21823	-900
180,000 Revised Backhaul (C16)	6050	-905
Weighted Time Charter Average (C8_14, C9_14, C10_14, C14 & C16)	21354	-1050

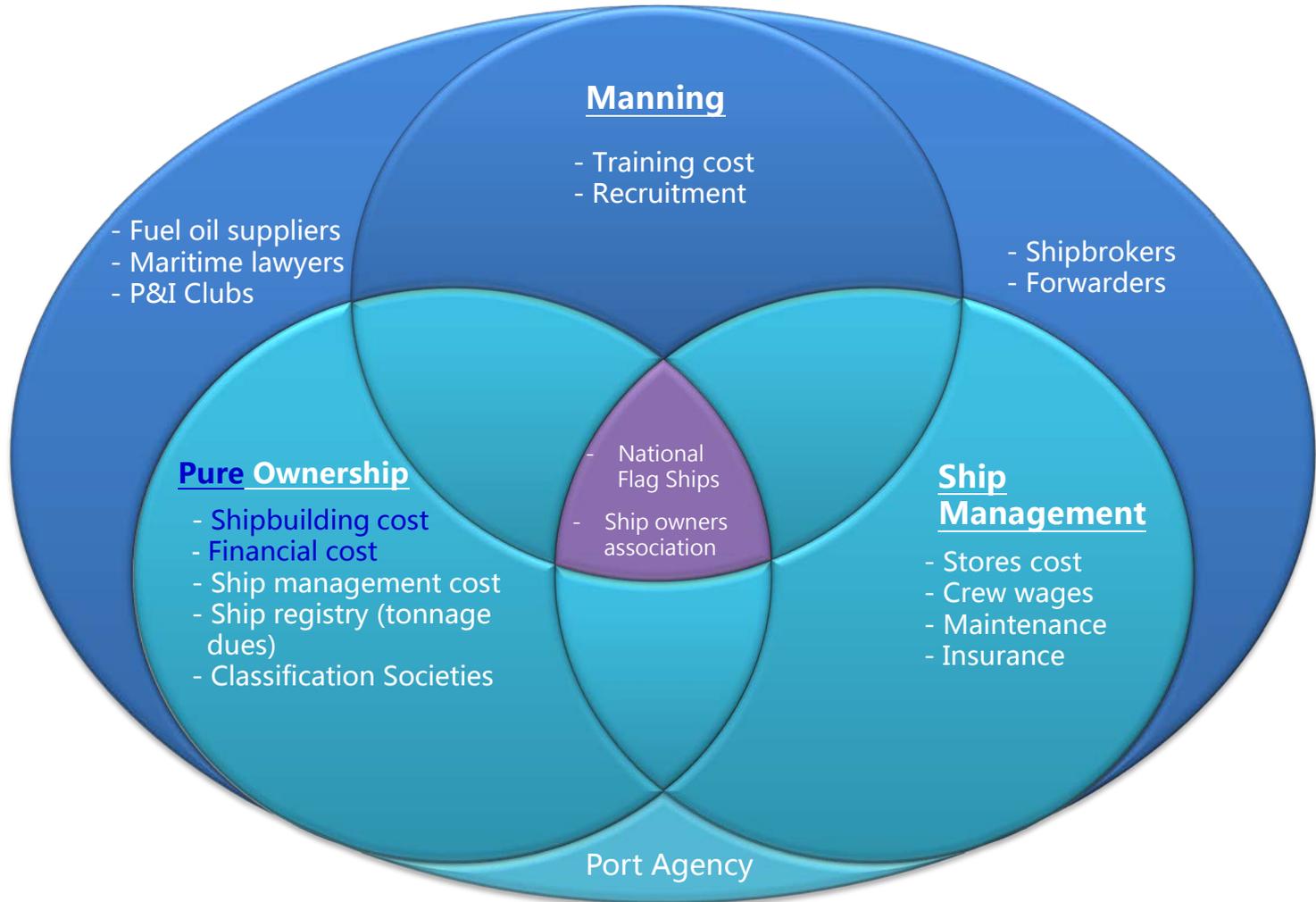
Source: Baltic Exchange Information Service Ltd.

Forward Freight Agreement (FFA)

	C3		C4		C5		C7		Average 5 Time Charter		
	Route Average	Change	Route Average	Change	Route Average	Change	Route Average	Change		Route Average	Change
Spot	22.382 \$/mt	-0.245	9.095 \$/mt	-0.225	8.673 \$/mt	-0.354	10.815 \$/mt	-0.230	Spot	21354 \$/day	-1050
Aug. 18	23.450 \$/mt	0.000	10.020 \$/mt	-0.060	9.417 \$/mt	0.000	11.938 \$/mt	+0.020	Aug. 18	25035 \$/day	-350
Sep. 18	22.950 \$/mt	-0.200	10.079 \$/mt	-0.086	9.583 \$/mt	-0.034	11.827 \$/mt	-0.041	Sep. 18	21900 \$/day	-1050
Oct. 18	22.817 \$/mt	-0.200	10.476 \$/mt	-0.077	9.667 \$/mt	-0.050	12.182 \$/mt	-0.045	Oct. 18	25040 \$/day	-1280
Nov. 18	22.917 \$/mt	-0.100	10.844 \$/mt	-0.061	10.100 \$/mt	-0.033	12.302 \$/mt	-0.044	Nov. 18	26790 \$/day	-420
Dec. 18	21.100 \$/mt	-0.167	11.348 \$/mt	-0.063	9.333 \$/mt	-0.067	12.175 \$/mt	-0.043	Dec. 18	24500 \$/day	-590
Jan. 19	17.817 \$/mt	-0.200	10.073 \$/mt	-0.018	8.450 \$/mt	0.000	11.159 \$/mt	-0.026	Aug./Sep. 18	23468 \$/day	-700
Feb. 19	No Data	No Data	9.677 \$/mt	-0.030	No Data	No Data	10.887 \$/mt	-0.009	Q4 18	25443 \$/day	-764
Mar. 18	No Data	No Data	9.795 \$/mt	-0.014	No Data	No Data	11.005 \$/mt	-0.011	Q1 19	15030 \$/day	-200
Aug./Sep. 18	23.200 \$/mt	-0.100	10.050 \$/mt	-0.073	9.500 \$/mt	-0.017	11.882 \$/mt	-0.011	Q2 19	16440 \$/day	-150
Q4 18	22.278 \$/mt	-0.155	10.889 \$/mt	-0.067	9.700 \$/mt	-0.050	12.219 \$/mt	-0.045	Q3 19	21280 \$/day	-160
Q1 19	17.233 \$/mt	-0.117	9.848 \$/mt	-0.021	8.000 \$/mt	0.000	11.017 \$/mt	-0.015	Q4 19	27230 \$/day	-150
Q2 19	17.683 \$/mt	-0.100	10.253 \$/mt	-0.010	8.217 \$/mt	0.000	11.167 \$/mt	-0.012	Q1 20	16690 \$/day	-20
Q3 19	18.300 \$/mt	-0.133	10.523 \$/mt	-0.010	8.550 \$/mt	0.000	11.590 \$/mt	-0.015	Cal 19	19995 \$/day	-165
Cal 19	17.933 \$/mt	-0.084	10.368 \$/mt	-0.005	8.617 \$/mt	0.000	10.951 \$/mt	-0.003	Cal 20	20100 \$/day	-50
Cal 20	18.333 \$/mt	-0.067	10.523 \$/mt	-0.002	No Data	No Data	11.971 \$/mt	-0.003	Cal 21	16790 \$/day	+20
Cal 21	17.883 \$/mt	-0.050	10.075 \$/mt	-0.003	No Data	No Data	10.908 \$/mt	-0.005	Cal 22	15600 \$/day	+10
Cal 22	No Data	No Data	10.075 \$/mt	-0.003	No Data	No Data	10.779 \$/mt	-0.001	Cal 23	15460 \$/day	-10
Cal 23	No Data	No Data	10.045 \$/mt	-0.002	No Data	No Data	10.779 \$/mt	-0.001	Cal 24	15460 \$/day	+10
									Cal 25	15460 \$/day	+10

Source: Baltic Exchange Information Service Ltd.

Ship-owning Company Structure



CMT Capesize Fleet

船名	年份	船籍	船級	噸載重位	吃水(米)
中華和平 China Peace	2005	香港	ABS	174,413	18.10
中華富進 China Progress	2006	香港	ABS	174,322	18.10
中華榮耀 China Pride	2009	香港	ABS	177,856	18.10
中華光輝 China Triumph	2010	香港	ABS	203,028	18.10
中華鴻運 China Prosperity	2011	香港	ABS	203,028	18.10
中華先鋒 China Pioneer	2012	香港	ABS	206,079	18.49
中華偉運 China Fortune	2013	新加坡	ABS	206,061	18.49
中華和諧 China Harmony	2016	香港	ABS	179,505	18.10
中華偉業 China Enterprise	2017	新加坡	ABS	207,986	18.50
中華名望 China Honour	2017	香港	ABS	179,562	18.10

- Fleet Size: 10 Capesize Bulk Carriers
- Total DWT: 1.91 Million Tons
- Average Age: 6.4 Years

Major Investment and Joint Venture

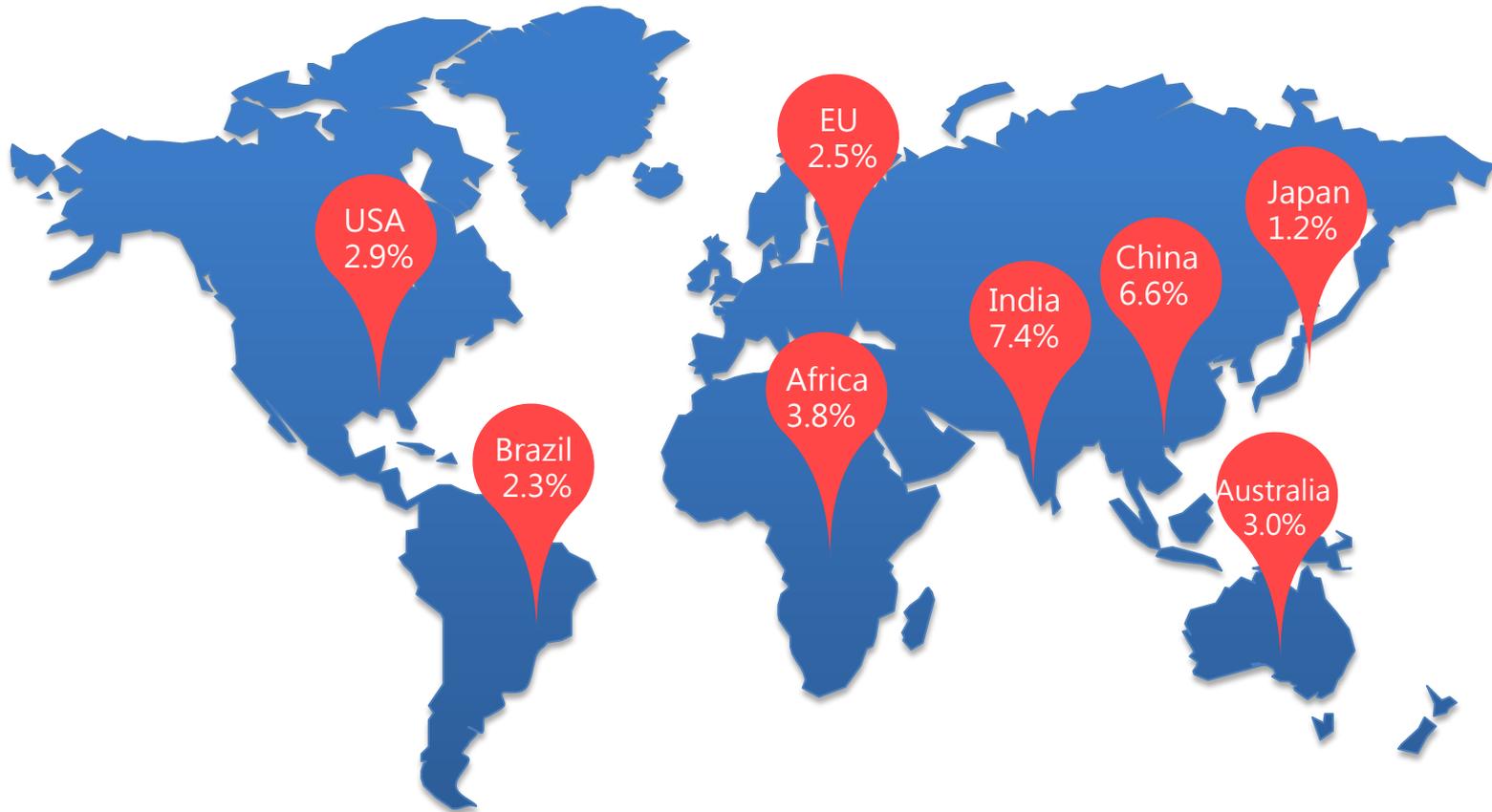
Name of Company	Holding Since	Effective Ownership Interest as of 30 th June 2018	Main Operating Activities
 <p>Taiwan Navigation, Co., Ltd.</p>	2006	10.41%	50,000-80,000 DWT Bulk Carriers
 <p>Global Energy Maritime Co., Ltd.</p>	2011	12.00%	Crude and Product Tankers including VLCCs

World Economic and Shipping Market Trends



World Economic Recovery

- Global GDP to grow by 3.9% in 2018
- Uncertainty: USA' s tough stance against trading partners

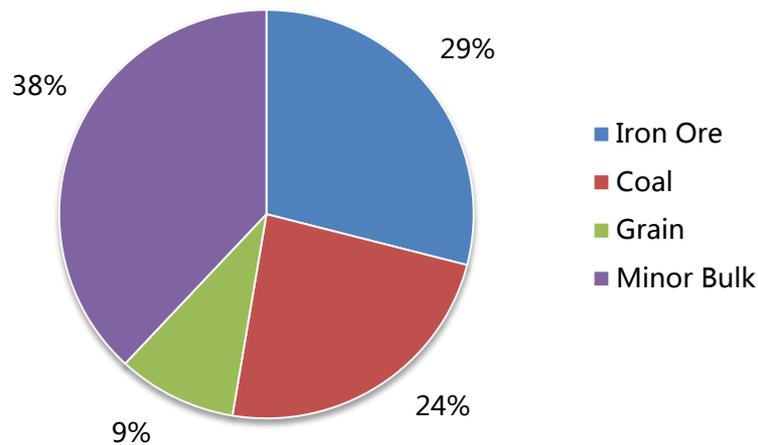


Source: IMF

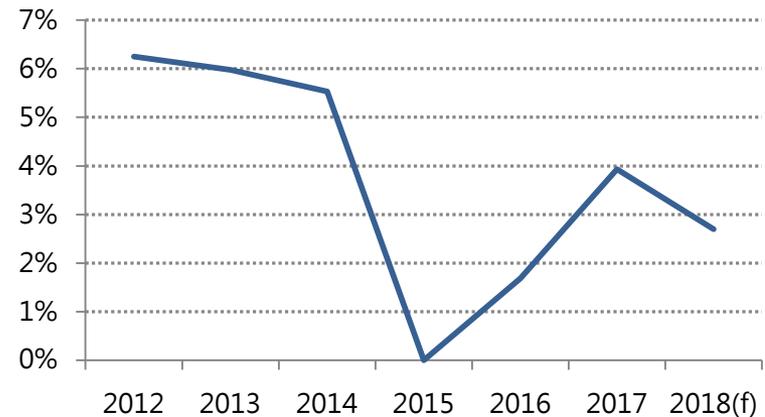
Dry Bulk Seaborne Trade Expects to Grow by 2.7% in 2018

- Global dry bulk demand has increased in last three years
- Main driver: PRC' s demand for iron ore and coal

2018 Forecast (million tons)



—YOY Growth



Source: Clarksons Platou

Shipping Market Outlook

- Benefited from increase in iron ore production and demand for raw materials, dry bulk shipping market is expected to perform better in 2H 2018
- Incremental growth in capesize tonnages stabilizes in 2018 and freight is expected to improve. More than half of CMT fleet renew charters within this year to further enhance company' s performance
- U.S.-China trade war is imminent but unlikely to influence this vessel sector
 - Capesize vessels transport raw materials such as iron ore and coal
 - PRC steel exports to U.S. account for only about 2% of its total import volume
- 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– Optimism



Iron Ore – PRC import from Brazil has increased substantially since Q2 2018 as steel prices supporting demand for high-grade iron ore



Newbuildings – 30 NBs were delivered in 1H 2018 while Owners are being cautious before new environmental regulations set to be enforced

Market Mechanism

About 3% Growth in 2018

54 NBs to be delivered in 2018

Coal – during summer, PRC's generation of electricity has triggered further import of thermal coal from Australia and Indonesia



Tonnage Supply – Vintage VLOCs' scrapping and slow-steaming will be key to market's supply-demand balance

About 10% YOY increase in 1H 2018

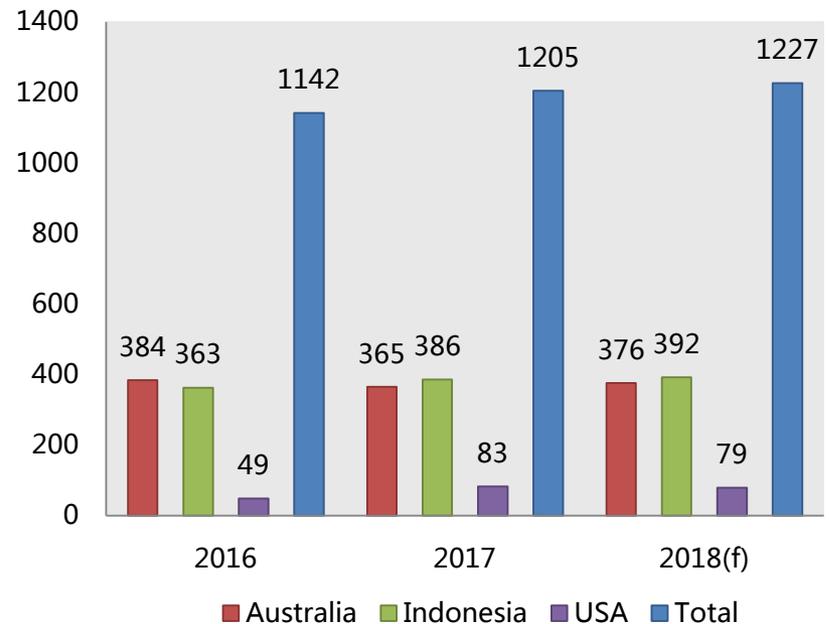
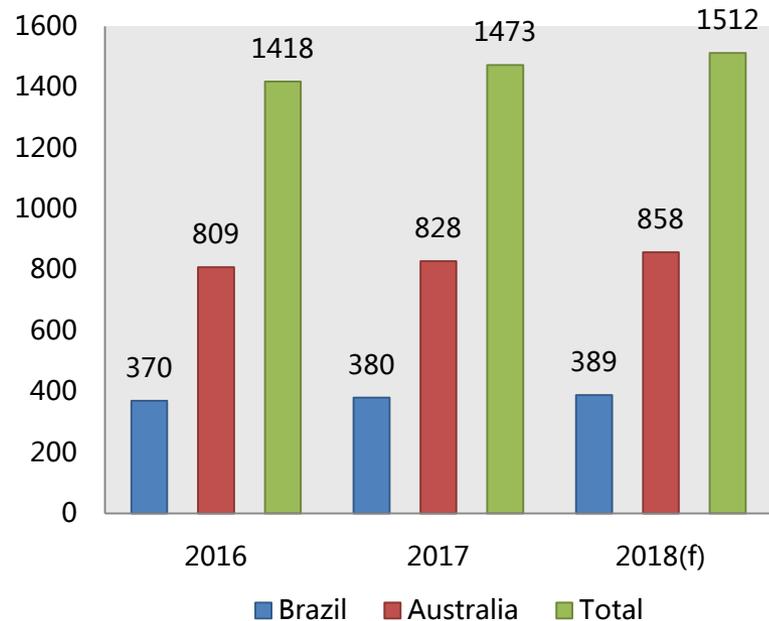
10 Vessels Scrapped between Jan-Aug 2018



Global Iron Ore/Coal Exports' Steady Growth

- PRC continues favoring imports to replace low-grade iron ore and coal for infrastructure projects and power generation
- Clarksons Platou forecasts global export of iron ore and coal to grow by 2.6% and 2.2%, respectively

Million
Tons



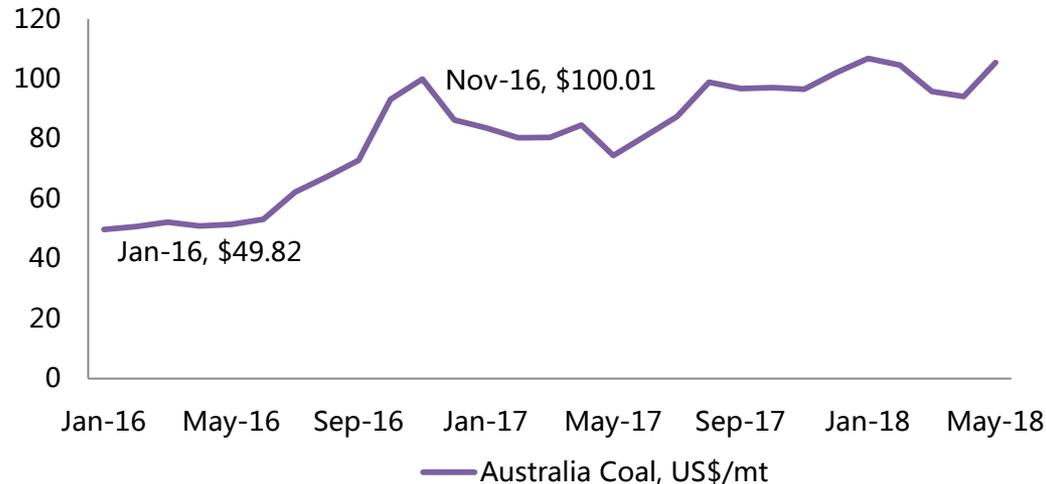
Source: Clarksons Platou

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

Iron Ore/Coal Prices Stablizing



- Iron ore (62%FE content) average price hovers around \$70/ton this year
- Australian coal prices should be supported around \$100/ton



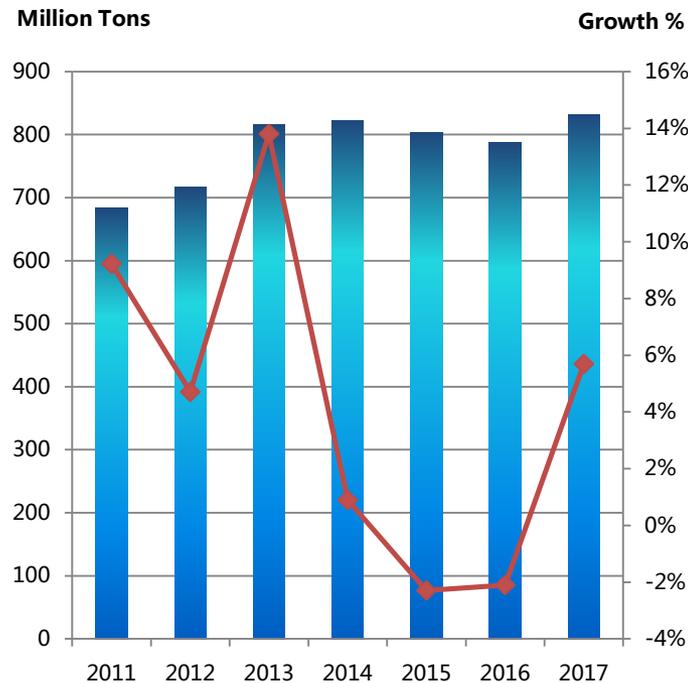
Source: GFI Iron Ore & Steel

Chinese Crude Steel Production and Electricity Consumption

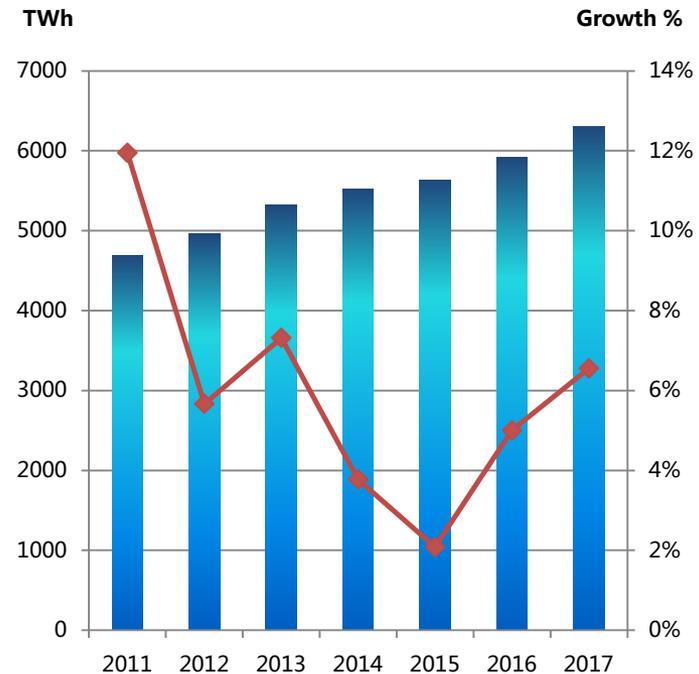
Jan-May 2018 accumulated growth rate in production: 7.5%

Jan-Jun 2018 accumulated growth rate in consumption: 9.4%

China Crude Steel Production



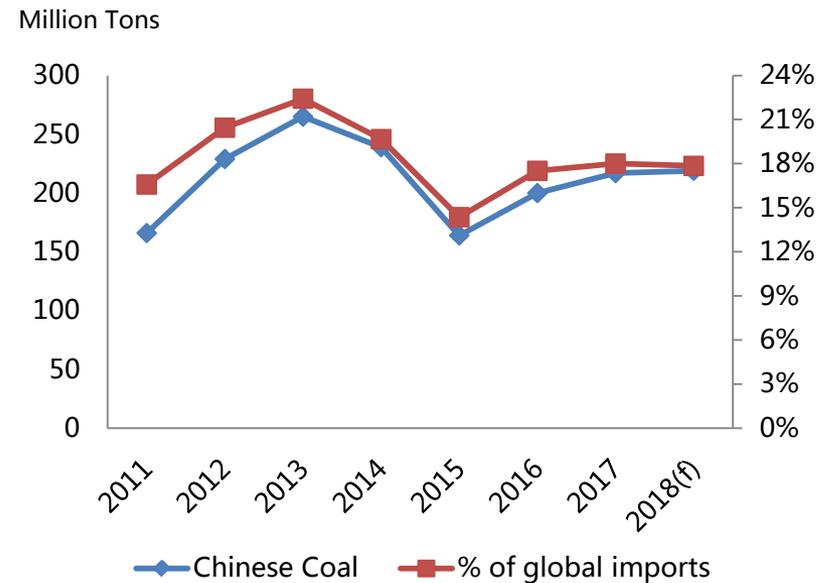
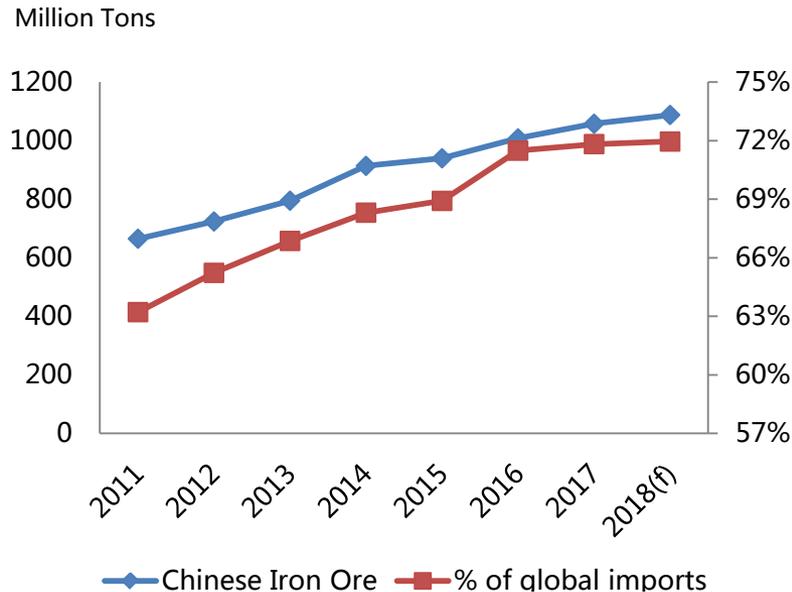
China Electricity Consumption



Source: World Steel Association & 中國國家能源局

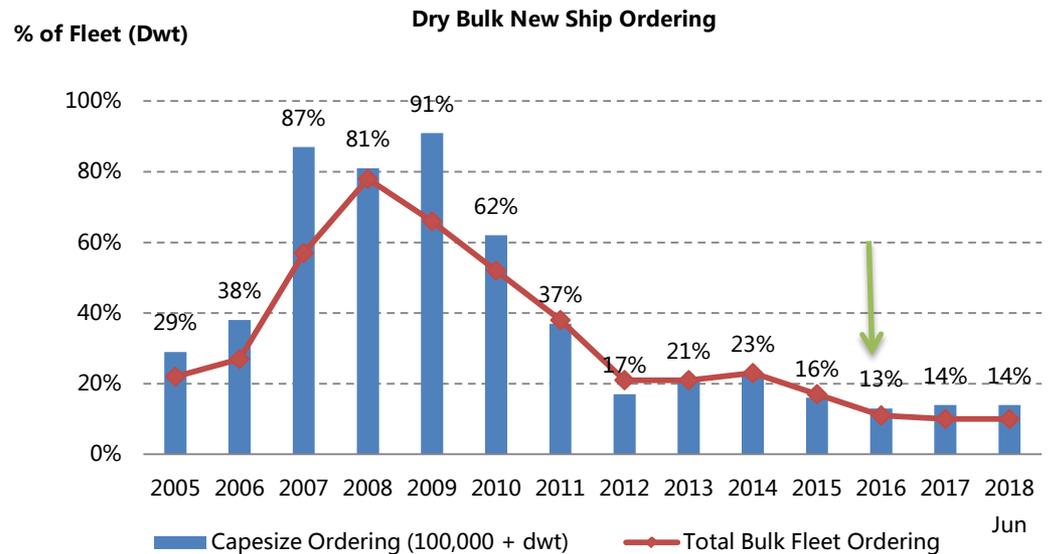
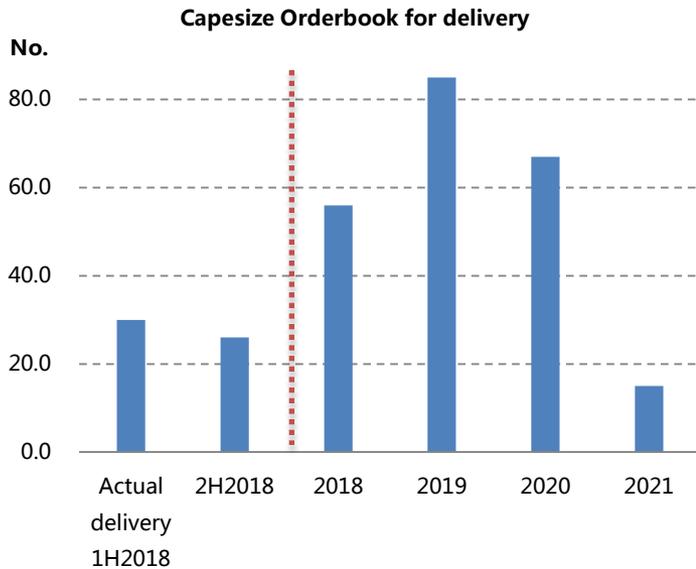
Chinese Iron Ore/Coal Imports Continues to Grow

- PRC's demand for iron ore is estimated to increase by 3% in 2018 to 1.088 billion tons
- PRC's demand of coal imports to increase by 2%, reaching 221 million tons
- PRC invests in bauxite mines of West Africa to meet domestic demand; imports will grow by 14% to 79 million tons in 2018



Source: Clarksons Platou

Newbuilding Orders Ease

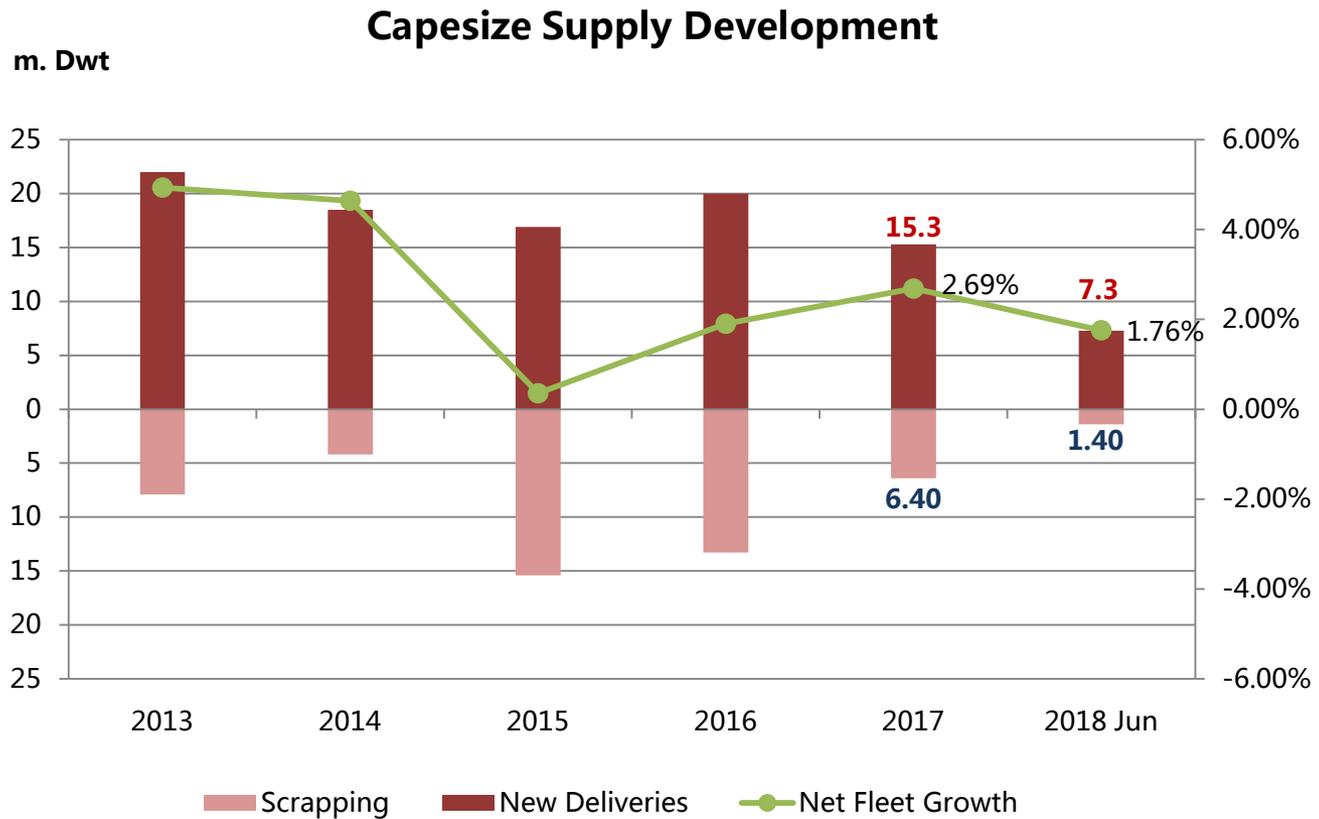


	ORDERBOOK AS % OF EXISTING FLEET	AVERAGE AGE	OVER 20 YEARS OLD	1H18 SCRAPPING AS % OF EXISTING FLEET (ANNUALIZED)
 Handysize (10,000 - 40,000 dwt)	5%	10.8	12%	0.2%
 Handymax (incl. Supramax & Ultramax) (40,000 - 65,000 dwt)	6%	8.7	7%	0.2%
 Panamax (incl. Kamsarmax) (65,000 - 100,000 dwt)	8%	9.1	6%	0.1%
 Capesize (100,000 + dwt)	14%	8.0	6%	0.4%
Total Dry Bulk > 10,000 dwt	10%	9.3	7%	0.3%

Source: Clarksons Platou

Capesize Fleet Supply

Presently, global fleet's net growth is 1.76%



Source: Clarksons Platou

Newbuilding/Secondhand Sale Prices Increasing

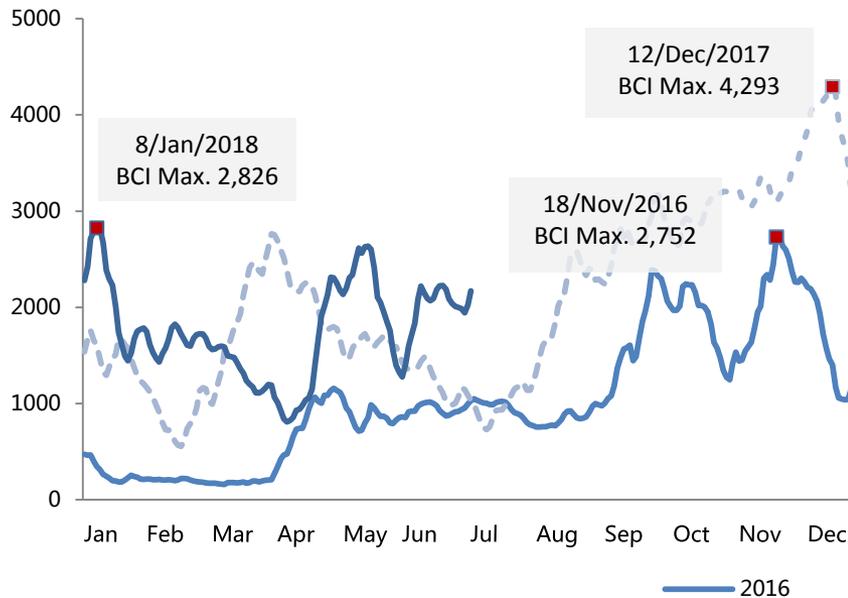
As freight market improves, S&P prices also rises

Prices (US\$ Million)		At End of Year		
		2016	2017	Jul-18
180,000 dwt	NB	42.0	44.0	48.0
180,000 dwt	Resale	36.5	46.5	53.3
180,000 dwt	5 - yr	24.0	33.0	37.3
180,000 dwt	10 - yr	15.0	20.5	26.0
170,000 dwt	15 - yr	8.00	13.0	16.5

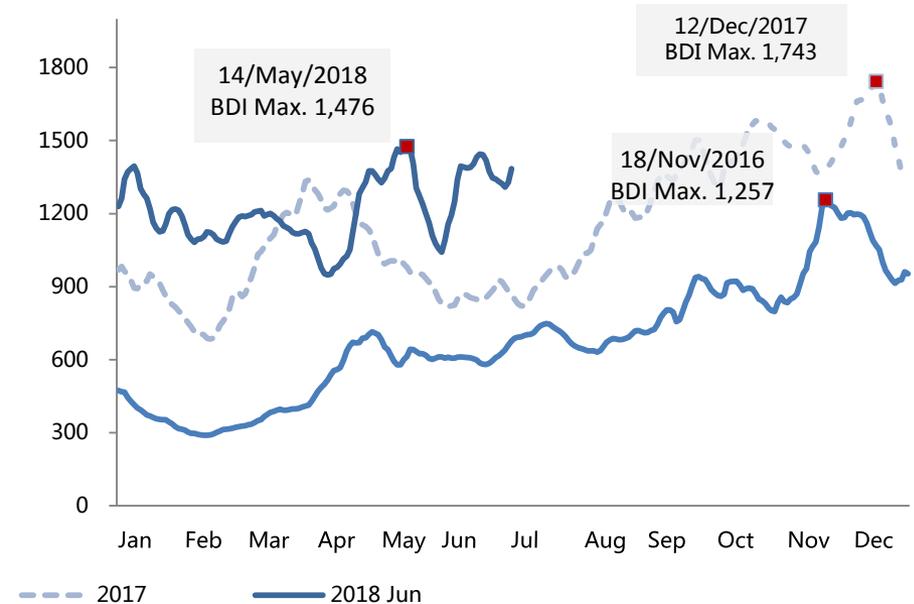
Source: Clarksons Platou

Dry Bulk Market Improving

Baltic Exchange Capesize Index



Baltic Exchange Dry Index



- BCI average 1,768 between January and June 2018; the average was 1,553 in the same period last year
- BDI average 1,217 between January and June 2018; the average was 975 in the same period last year

Source: Clarksons Platou

Stringent Maritime Regulations

- **IMO: Ballast Water Management Convention**
 - Postpone for two year and 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 complemented on 1st January 2020

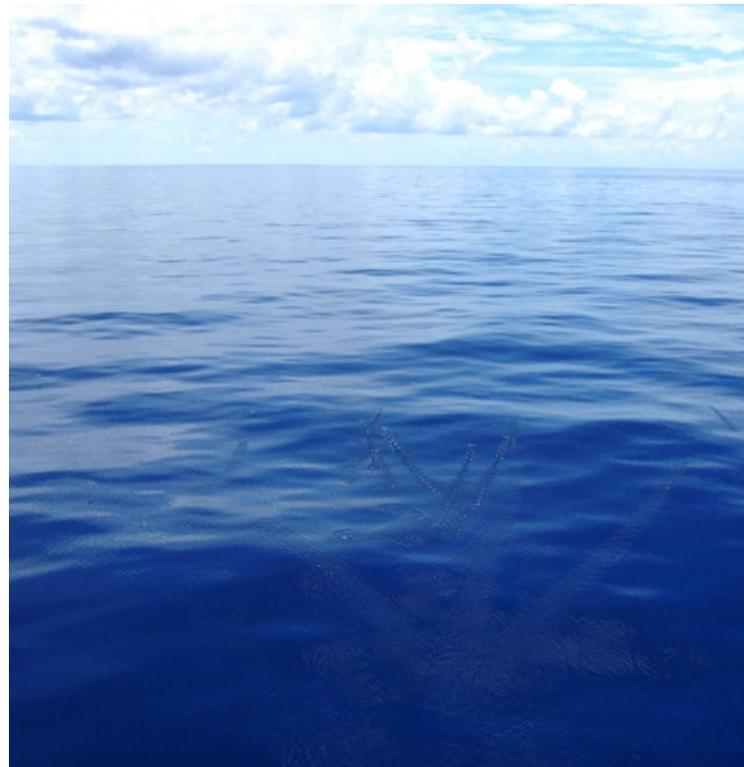


Photo : IMO

Corporate Social Responsibility



- Promote environmental sustainability
 1. Capesize Fleet : eco-friendly, energy saving ships
 2. Inland Trucking: aiming 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

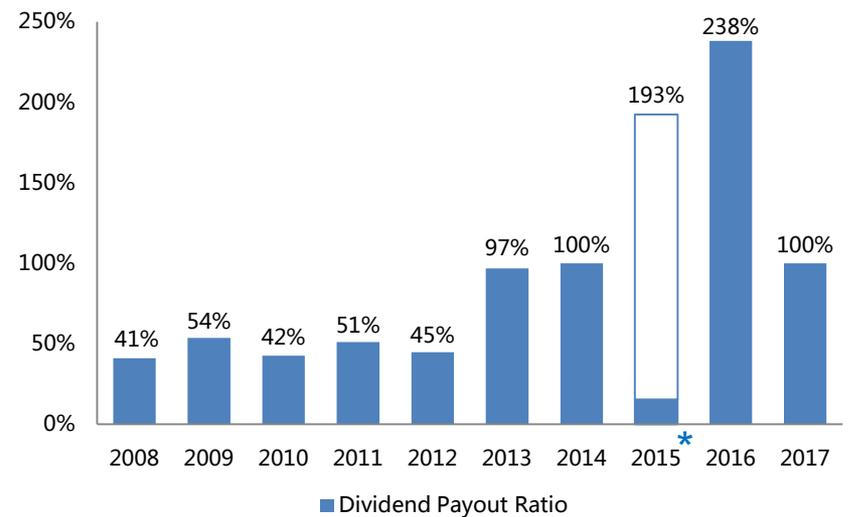
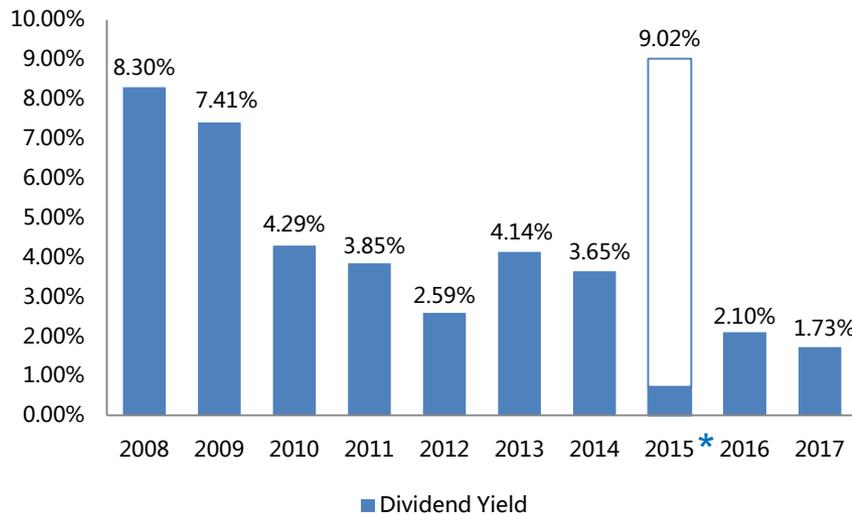
Appendix 1 : 2013-2018 1H Finance Highlights

Expressed in thousands of New Taiwan Dollars

Year	2013	2014	2015	2016	2017	2018 1H
Revenue	3,333,395	3,491,281	3,361,457	3,294,834	3,218,366	1,795,233
Net Profit/(Loss)	396,648	332,714	332,787	47,941	98,052	188,189
EPS	1.55	1.30	1.30	0.21	0.5	0.95
Cash on hand	5,246,802	4,610,003	4,506,458	3,685,514	2,939,548	3,154,563
ROE %	4.00%	3.19%	3.04%	0.45%	0.99%	3.92%
ROA %	2.59%	2.27%	2.08%	0.89%	1.30%	2.76%
Liability %	54%	50%	48%	52%	53%	52%

Appendix 2 : Dividends Distribution

Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Cash dividends/Capital Reduction (NT\$)	6.80	6.00	3.20	2.00	1.00	1.50	1.30	2.50*	0.50	0.50
EPS (NT\$)	16.56	11.20	7.53	3.92	2.23	1.55	1.30	1.30	0.21	0.50
Share Price (NT\$)	81.95	80.98	74.58	51.99	38.57	36.25	35.66	27.73	23.80	28.93



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

Appendix 3 : 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

Appendix 4 : Condensed Statement of Comprehensive Income

	Thousands of New Taiwan Dollars	
	2017	2018 1H
Operating Revenues	3,218,366	1,795,233
Operating Costs	2,660,174	1,373,175
Gross profit	558,192	422,058
Operating expenses	351,243	175,249
Net operating income	206,949	246,809
Net operating income and expenses	(83,280)	(35,602)
Profit before tax	123,669	211,207
Less: tax expense	25,617	23,018
Profit (attributable to owners of parent)	98,052	188,189
Other comprehensive income, net	(896,059)	247,117
Comprehensive income (attributable to owners of parent)	(798,007)	435,306
Earning per share	0.5	0.95

Appendix 5 : Condensed Balance Sheet

Thousands of New Taiwan Dollars

Assets	2017	Jun 30, 2018
Current assets	3,525,370	3,856,622
Property, plant and equipment	14,746,226	14,746,688
Intangible assets	15,915	14,096
Other non current assets	1,791,541	1,761,443
Total assets	<u>20,079,052</u>	<u>20,378,849</u>
Liabilities and Equity		
Current liabilities	1,928,220	2,137,320
Non current liabilities	8,724,111	8,470,890
Total liabilities	<u>10,652,331</u>	<u>10,608,210</u>
Equity attributable to owners of parent		
Common stock	1,974,846	1,974,846
Capital surplus	53,411	53,411
Retained earnings	8,020,078	8,111,898
Other equity interest	(621,623)	(369,525)
	<u>9,426,712</u>	<u>9,770,630</u>
Non-controlling interests		
Non-controlling interests	9	9
Total equity	<u>9,426,721</u>	<u>9,770,639</u>
Total liabilities and equity	<u>20,079,052</u>	<u>20,378,849</u>

Disclaimer

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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

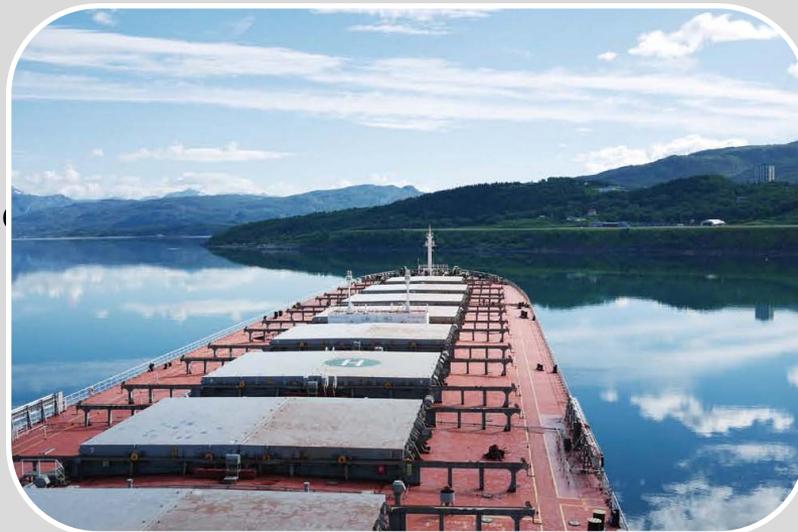
Investor Relations:

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 !

