



Stock Code : 2612 TT

Investor Presentation

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25th September 2020

Summary of Presentation

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

Outlook and Strategies



Outlook and Strategies

Impact of Coronavirus Pandemic

- The Covid-19 pandemic has serious impact on global shipping market this year. Unlike airline or cruise sectors, cargo transportation has been returning to normal; capesize market had bounced back since June

PRC Demand for Raw Materials

- PRC iron ore port stockpile hit the three-year low while PRC domestic demand boosting the demand for high quality iron ore imports. PRC iron ore seaborne imports reached 744 million tons between January and August, up almost 11% y-o-y

The Difference of Fuel Prices Shrinks; Less Interest for Scrubber Retrofit

- Crude prices remains low so far in 2020. HSFO and LSFO price spread has been narrowed to below US\$50/ton

Tonnage Supply Remains Vital

- Newbuilding deliveries is high but scrapped number so far this year has exceeded that of 2019; net fleet growth is expected to be less than 3.0% this year

Flexible Chartering Strategies

- We continue to forge strong relationships with major miners and operators to have a mixture of long and short period charters in order to prevail in a cyclical market

Market Trends Beyond the Pandemic

- Major mines and ports now operate normally; iron ore seaborne export volume increases month on month
- PRC construction and manufacturing industry recovers quickly which drives the demand for iron ore imports. Iron ore CFR prices have climbed from US\$80/ton in Q1 to US\$130/ton in Q3- highest level since 2014
- Every country imposes various restrictions for crew change. Inspections and maintenance works on board are still restricted
- Ship management department schedules crew change well in advance to safeguard crew' s physical and mental health for the purpose of ensuring ship' s safety

Shipping Market Outlook

Demand

Iron Ore

Owing to the Covid-19 pandemic, most countries' demand slips sharply but exports to PRC are expected to increase by more than 10% y-o-y. Global iron ore demand is projected to grow by 1% in 2020



Coal

To stabilize domestic prices, PRC imposes import restrictions which may reduce imports from Australia and Indonesia while EU's demand decreases due to the pandemic and shift to renewable energy



Supply

Newbuildings

Newbuilding deliveries remain high with 79 ships joining fleet in first eight months, and 115 and 74 capes are expected to be delivered in 2020 and 2021, respectively; fleet net growth should be less than 3% this year



Ship Scrapping

39 Vessels has been scrapped so far this year while Vintage VLOC scrapping is expected to accelerate in 2020



Source: Clarksons Platou

World Economy and Shipping Market Trends



World Economy Deteriorates

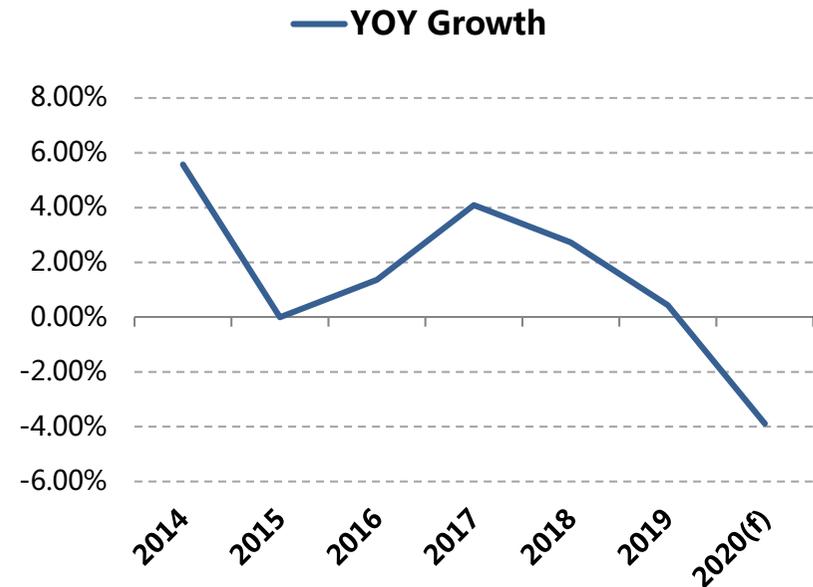
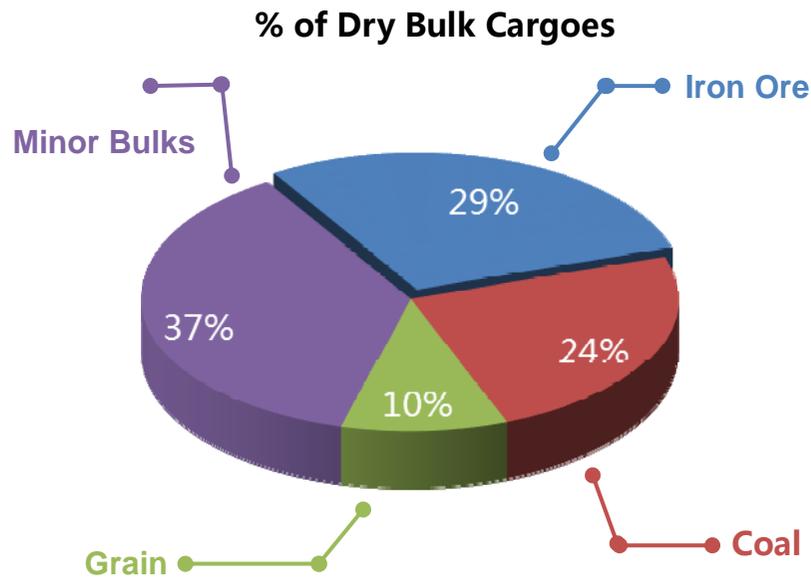
- IMF projects global GDP in 2020 to decrease by 4.9%
- Global demand for raw materials with the exception of PRC continues to shrink



Source: IMF

Dry Bulk Seaborne Trade Expects to decrease by 3.9% in 2020

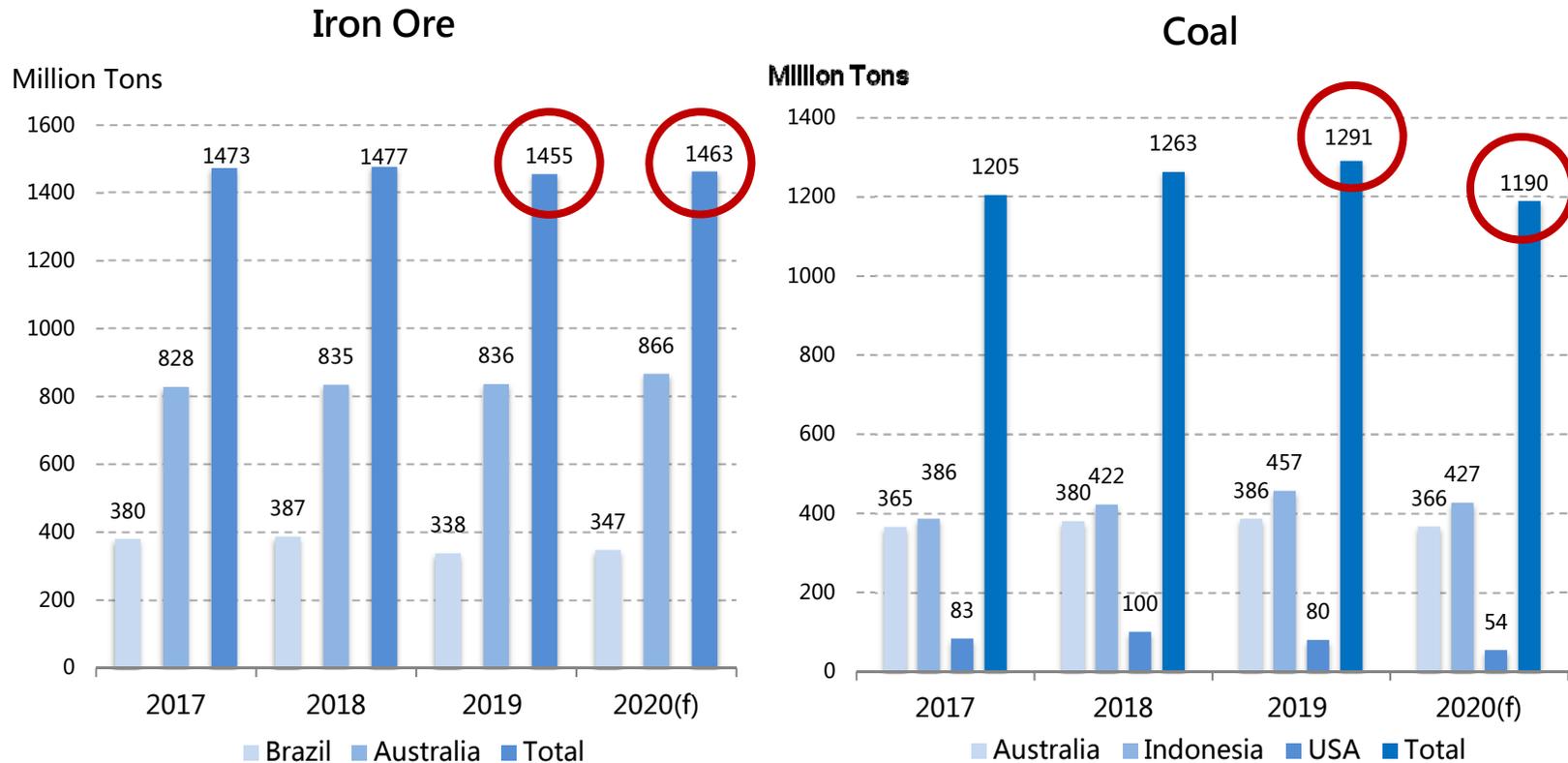
- The Covid-19 pandemic severely damages the global economy, resulting in sharp decline of dry bulk seaborne demand



Source: Clarksons Platou

Global Iron Ore/Coal Exports

- Iron ore prices remain firm; Australian export continues to rise while Brazilian export volume is expected to improve in 2H 2020
- Clarksons Platou forecasts global iron ore exports to increase by 0.5% while coal exports to decrease by 8.0% in 2020



Source: Clarksons Platou

Iron Ore/Coal Prices

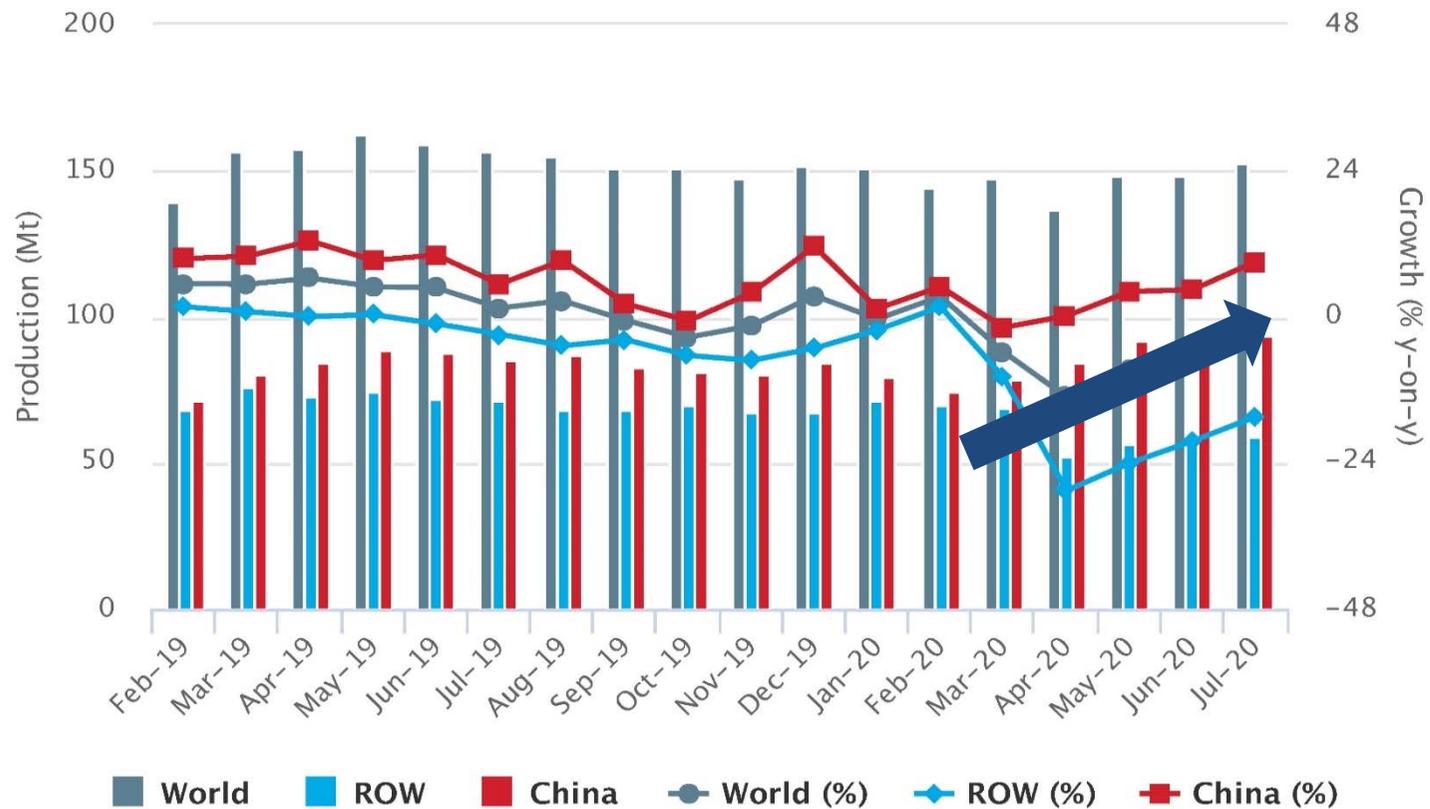


Source: SSY

Chinese Crude Steel Production

Jan-Jul 2020 y-o-y growth rate in production: 1.9%

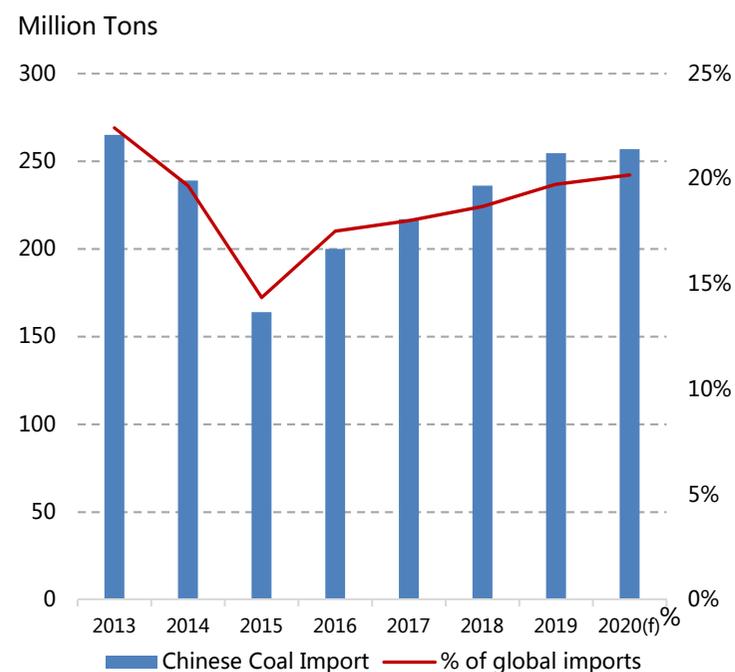
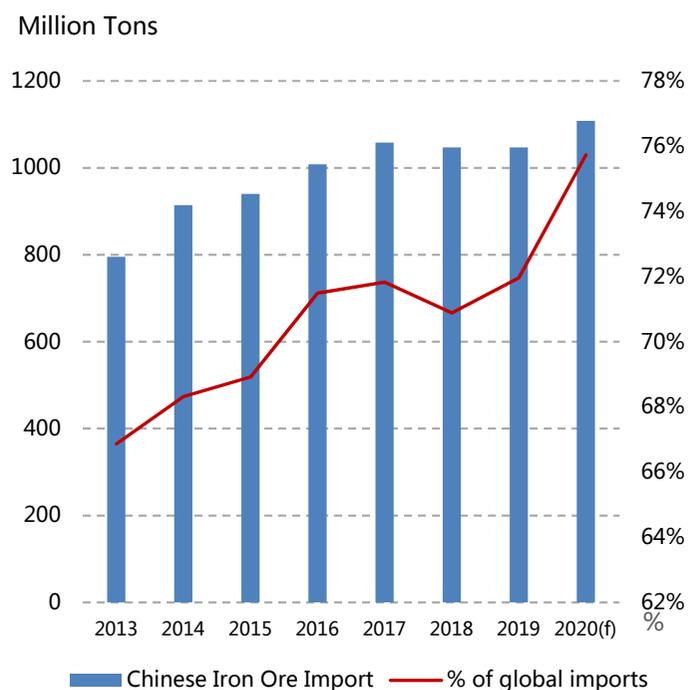
Full year y-o-y projection: 2.2%



Source: World Steel Association

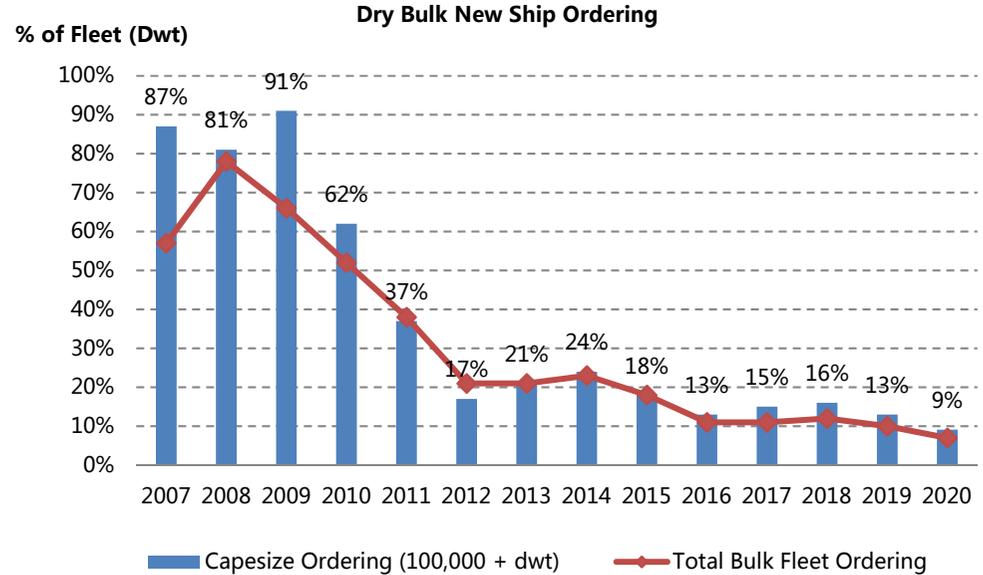
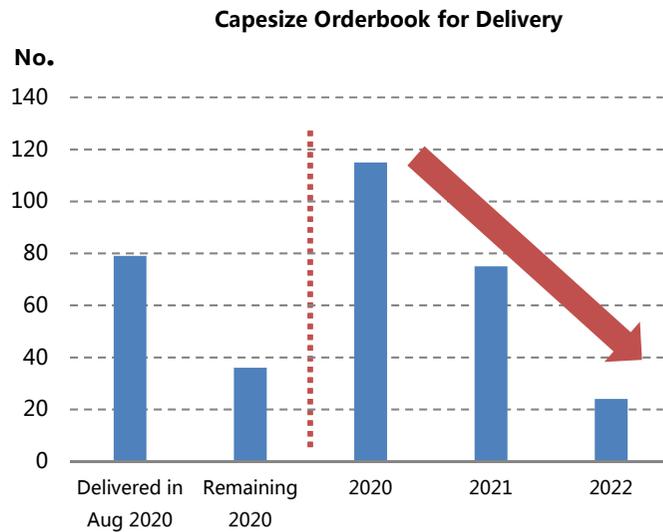
Chinese Iron Ore/Coal Imports

- PRC' s demand for iron ore is estimated to increase by 6% in 2020 to 1.170 billion tons
- PRC' s demand of coal imports is projected to increase by 1% in 2020 to 257 million tons
- PRC 's demand of bauxite imports will grow by 14% in 2020 to 120 million tons



Source: Clarksons Platou

Bulker Newbuilding Orders



■ Capesize Ordering (100,000 + dwt)
 —◆— Total Bulk Fleet Ordering

	ORDERBOOK AS % OF EXISTING FLEET	AVERAGE AGE	OVER 20 YEARS OLD	JAN-JUL 2020 SCRAPPING AS % OF EXISTING FLEET
 Handysize (10,000 - 40,000 dwt)	4%	11.8	13%	0.38%
 Handymax (incl. Supramax & Ultramax) (40,000 - 65,000 dwt)	5%	9.8	7%	0.47%
 Panamax (incl. Kamsarmax) (65,000 - 100,000 dwt)	7%	10.1	9%	0.18%
 Capesize (100,000 + dwt)	9%	8.6	3%	1.96%
Total Dry Bulk > 10,000 dwt	7%	10.3	6%	0.98%

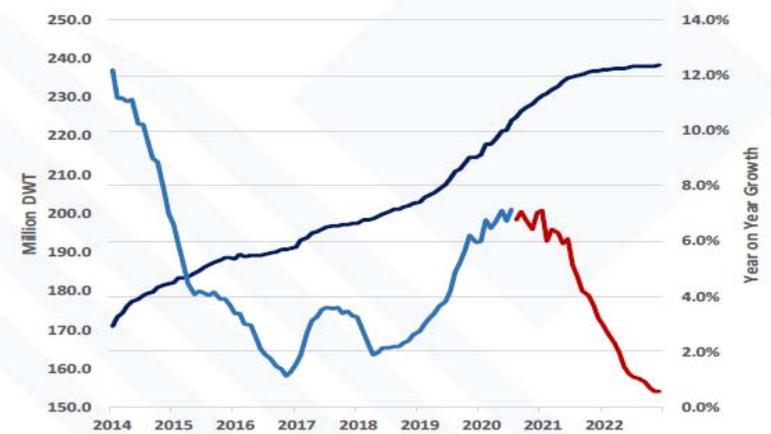
Source: Clarksons Platou

Dry Bulk Supply Pressure Eases

Fleet Growth Year on Year, Total Fleet



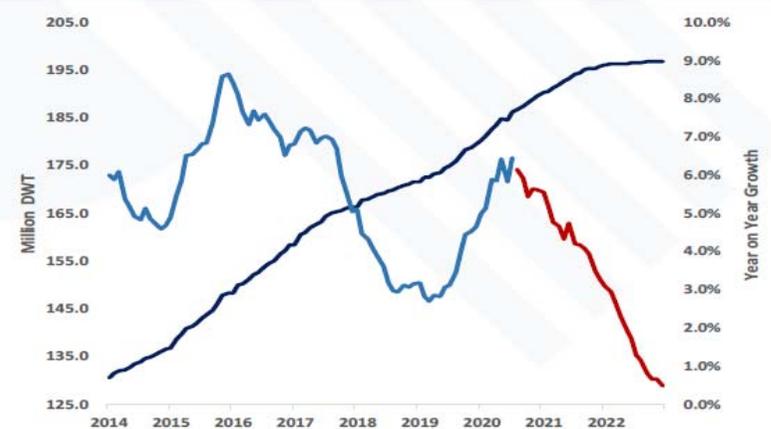
Fleet Growth Year on Year, Panamax/Kamsarmax



Fleet Growth Year on Year, Capesize/Newcastlemax

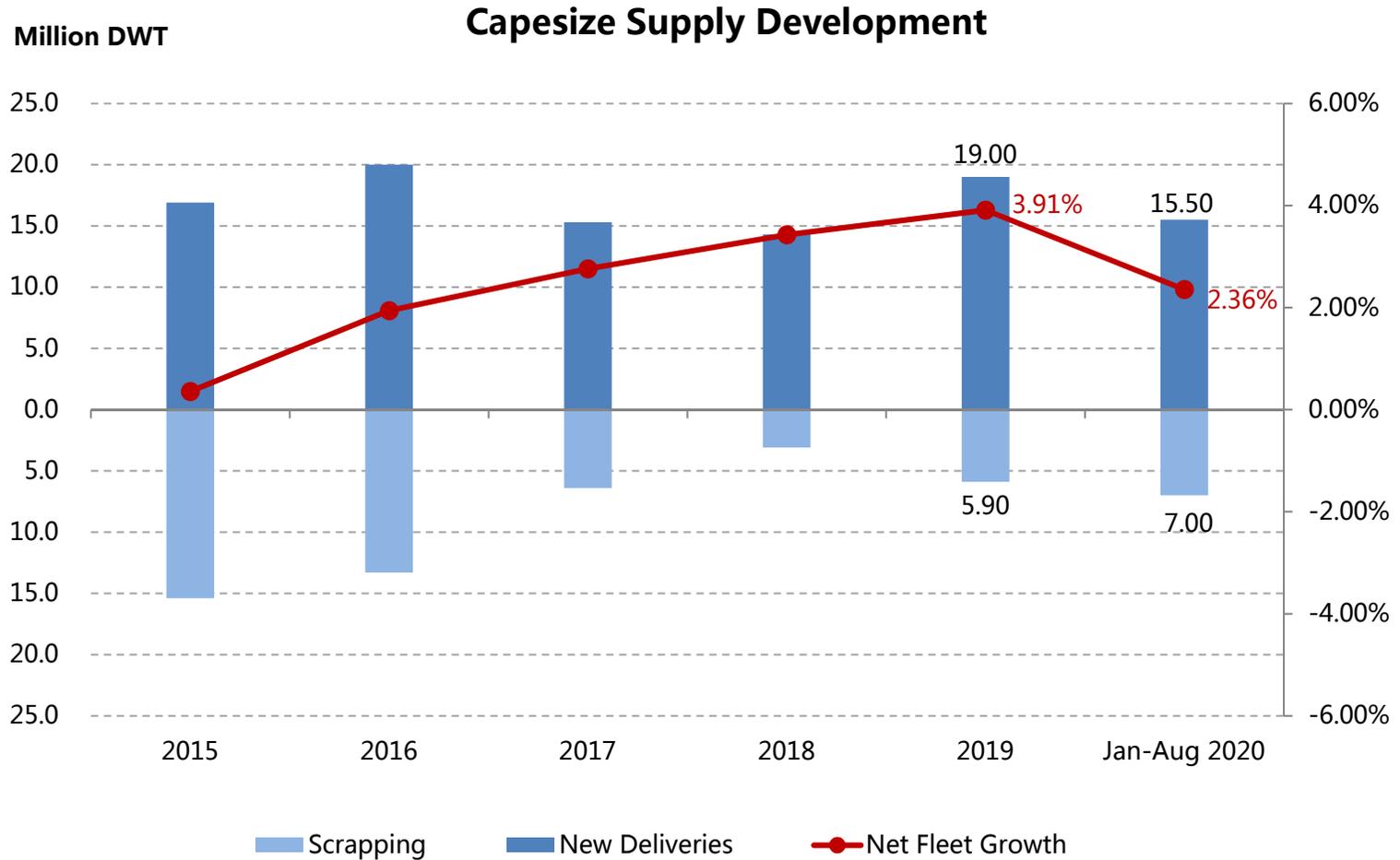


Fleet Growth Year on Year, Supramax/Ultramax



Source: Fearnleys

Capesize Fleet Supply



Source: Clarksons Platou

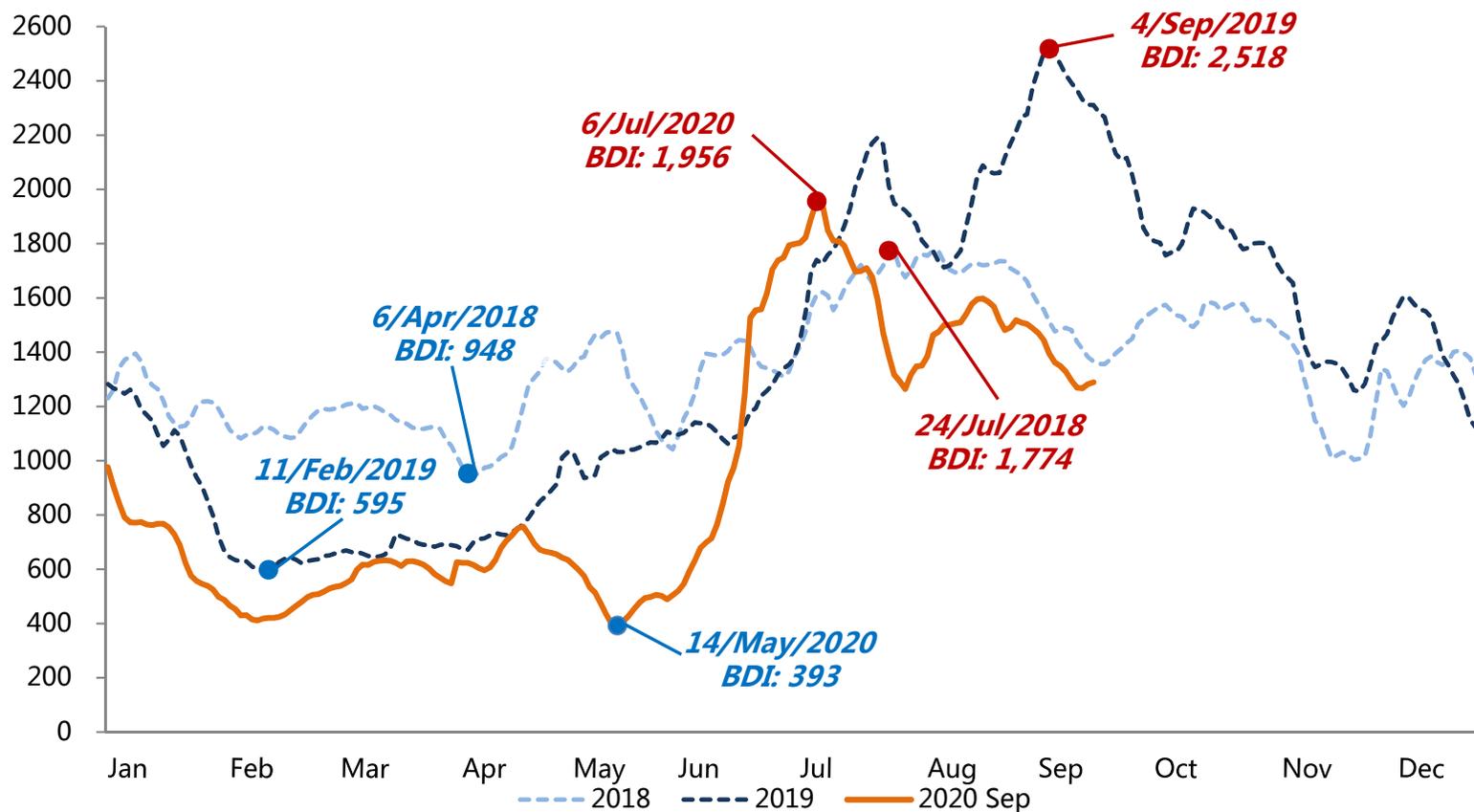
Newbuilding/2nd Hand Sale Prices

TYPE		PRICE (IN US\$ MILLION)		
YEAR		2018	2019	August 2020
208,000 DWT	NB	55.0	54.5	52.0
180,000 DWT	NB	50.0	49.5	46.5
180,000 DWT (ECO)	5-YR	41.3	37.5	35.0
180,000 DWT (NON-ECO)	5-YR	33.5	28.0	27.0
180,000 DWT	10-YR	24.0	22.0	20.0
176,000 DWT	15-YR	15.0	13.5	12.8

Source: Clarksons Platou / Internal Assessment

BDI 2018-2020

Baltic Exchange Dry Index

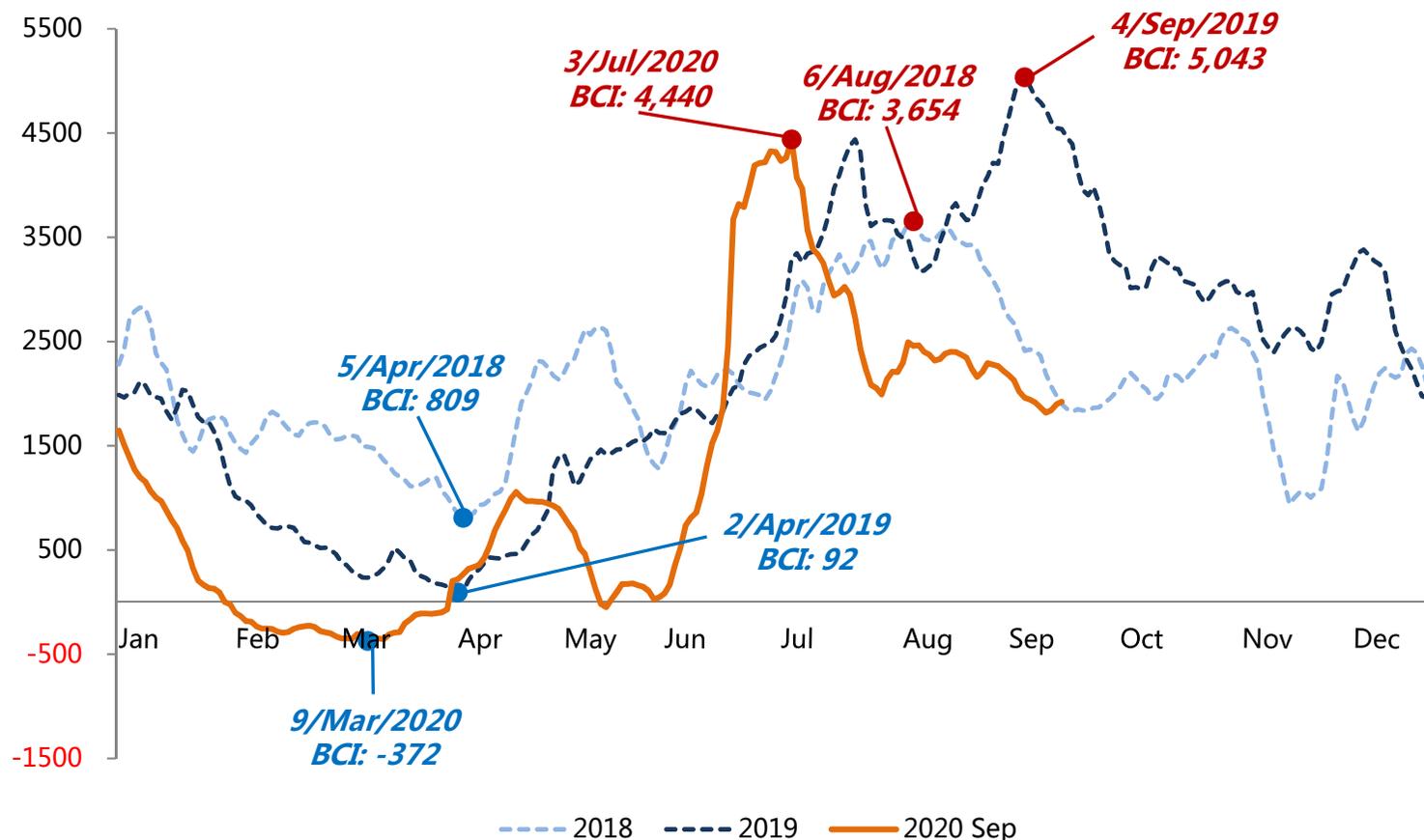


■ BDI averaged 914 points in Jan-Aug 2020, versus 1,164 points in Jan-Aug 2019

Source: Clarksons Platou

BCI 2018-2020

Baltic Exchange Capesize Index



- BCI averaged 1,139 points in Jan-Aug 2020, versus 1,790 points in Jan-Aug 2019
- 5TC averaged \$11,009 in Jan-Aug 2020, versus \$14,665 in Jan-Aug 2019

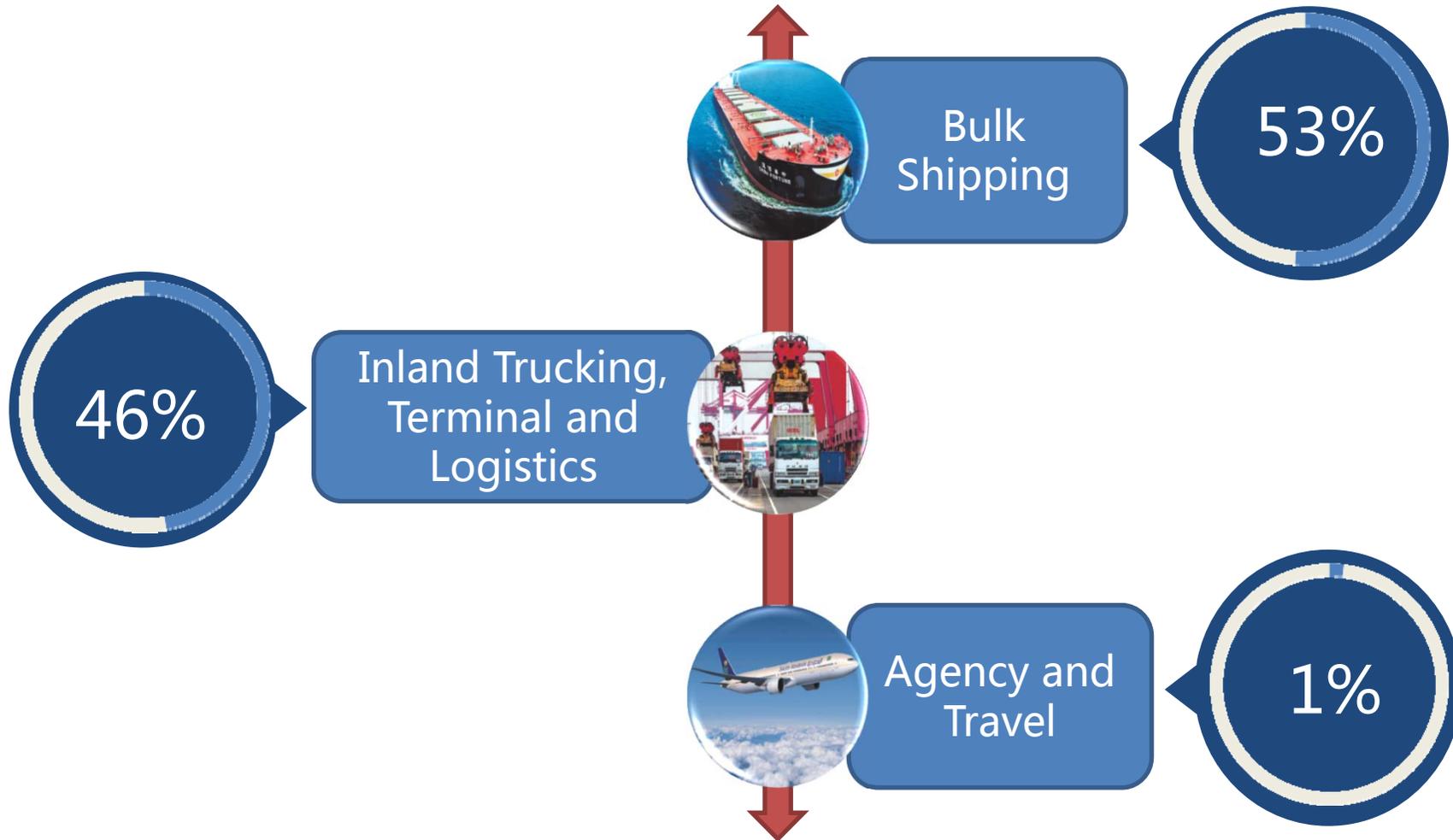
Source: Clarksons Platou

The Company Overview



Major Operating Entities

% of Total Revenue in 1H 2020



Operating Philosophies and Objectives



CMT Capesize Fleet



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

Terminal and Logistics



- CMT Logistics Co., Ltd. is located in Yangmei, Taoyuan County in northern Taiwan
- Inland container terminal with area coverage of 33,429.19 square meters, providing services of consolidation, repairs, warehousing, logistics, and distribution centers for major 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 151 aircrafts, including Boeing-777, 787, 747F, 777F; Airbus-A330, A320, A321. It reaches 95 destinations in 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>

Major Investment and Joint Venture

Name of Company	Holding Since	Effective Ownership Interest as of 30 th June 2020	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

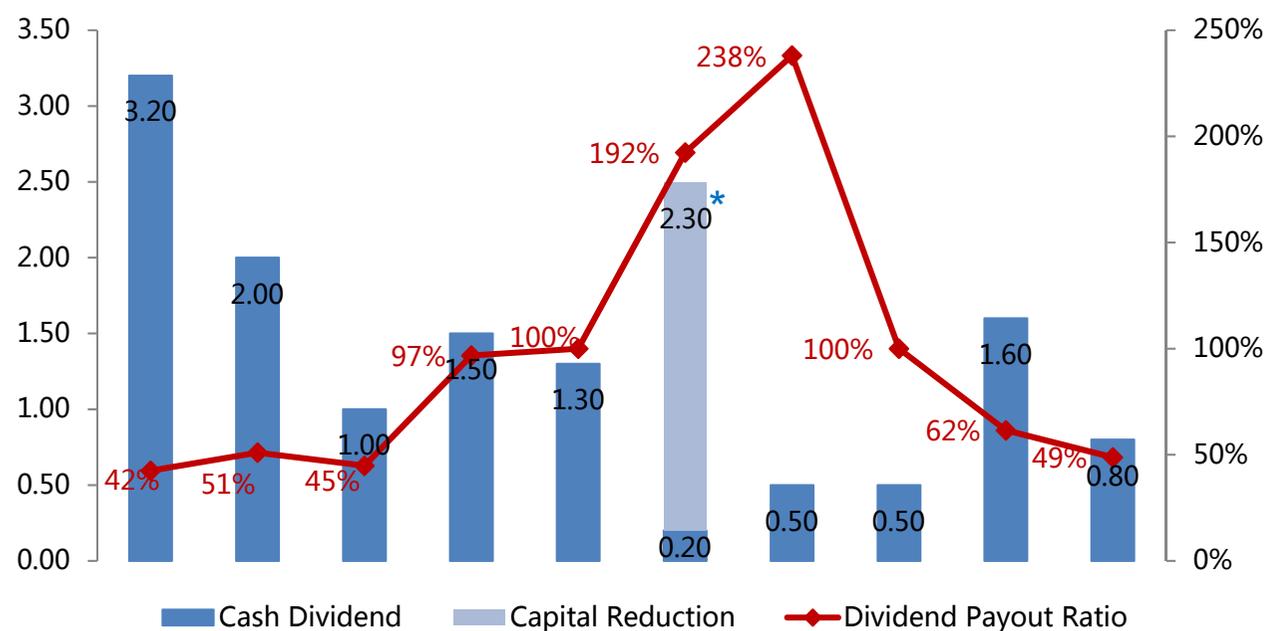
2015-2020 1H Financial Highlights

Expressed in millions of New Taiwan Dollars

Year	2015	2016	2017	2018	2019	2020 1H
Revenue	3,361	3,295	3,218	3,820	3,763	1,553
Net Profit/(Loss)	333	48	98	514	324	135
EPS	1.30	0.21	0.50	2.60	1.64	0.68
Cash and cash equivalents	4,506	3,686	2,940	3,345	3,288	3,113
Total liabilities	10,173	11,148	10,652	10,237	10,022	9,712
Total equity	11,141	10,323	9,427	10,187	9,934	9,771
ROE %	3.0%	0.5%	1.0%	5.2%	3.2%	2.7%
ROA %	2.1%	0.9%	1.3%	3.5%	2.5%	2.1%
Liability %	48%	52%	53%	50%	50%	50%

Dividends Distribution

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Cash dividends/ Capital Reduction (NT\$)	3.20	2.00	1.00	1.50	1.30	2.50*	0.50	0.50	1.60	0.80
EPS (NT\$)	7.53	3.92	2.23	1.55	1.30	1.30	0.21	0.50	2.60	1.64



*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	Jun 30, 2020	Dec 31, 2019	Jun 30, 2019
Current assets	4,027	3,959	4,315
Property, plant and equipment	13,033	13,549	14,240
Intangible assets	10	12	12
Other non current assets	2,414	2,437	2,376
Total assets	19,483	19,957	20,943
Liabilities and Equity			
Current liabilities	5,508	3,110	3,355
Non Current liabilities	4,205	6,913	7,398
Total liabilities	9,712	10,023	10,753
Equity attributable to owners of parent			
Common stock	1,975	1,975	1,975
Capital surplus	53	53	53
Retained earnings	8,419	8,442	8,311
Other equity interest	-676	-536	-150
Total equity	9,771	9,934	10,190
Total liabilities and equity	19,483	19,957	20,943

Appendix 2 : Condensed Statement of Comprehensive Income

Expressed in thousands of New Taiwan Dollars

	First half 2020	2019	First half 2019
Operating Revenues	1,552,550	3,762,725	1,913,623
Operating costs	1,275,400	2,933,577	1,464,150
Gross profit	277,150	829,148	449,473
Operating expenses	184,812	369,497	183,083
Net operating income	92,338	459,651	266,390
Non operating income and expenses	55,904	(81,393)	(45,664)
Profit before tax	148,242	378,258	220,726
Less: tax expenses	13,157	54,416	30,814
Profit (attributable to owners of parent)	135,085	323,842	189,912
Other comprehensive income, net	(140,493)	(260,319)	129,024
Comprehensive income (attributable to owners of parent)	(5,408)	63,523	318,936
Earnings per share	0.68	1.64	0.96

Appendix 3 : Corporate Bonds Issuance

Tranche	2016-1	2016-2	2017	2020-1	2020-2
Amount (NT\$ 100M)	9	14	8	15	10
Tenor	5 Years	5 Years	5 Years	5 Years	5 Years
Due Date	16-Mar-2021	16-Mar-2021	10-Apr-2022*	28-Aug-2025	28-Aug-2025
Interest Rate	0.88%	1.00%	1.13%	0.64%	0.66%
Interest Payment	Annually	Annually	Annually	Annually	Annually
Guarantee Bank	Bank of Taiwan	Mega Bank	Shanghai Commercial Bank	Mega Bank	Shanghai Commercial Bank

* Balance of NTD 400 million is due in APR/2022

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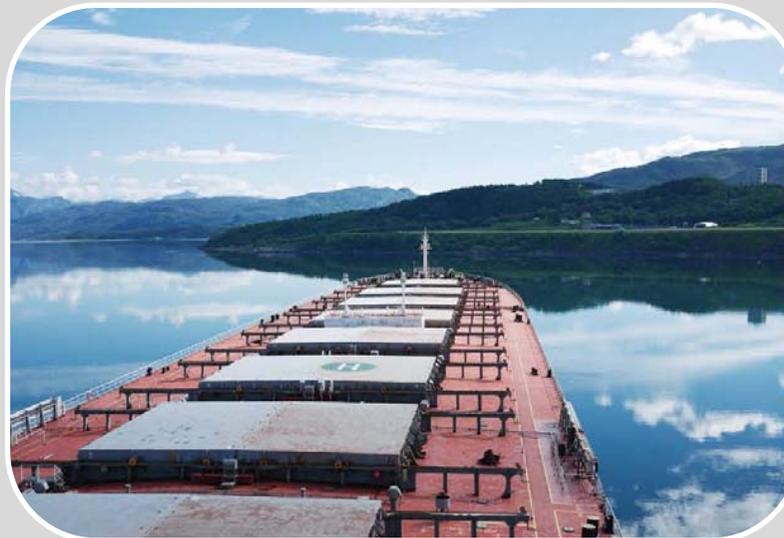
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Thank You !

