

SINGAMAS

Singamas Container Holdings Limited

(Incorporated in HK with Limited Liability)
(HKEx stock code: 00716)

2023 Annual Results Announcement

14 March 2024

www.singamas.com



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Agenda

- Corporate Profile
- Industry Dynamics
- Financial Review
- Business Review
- Appendices
 - Consolidated income statement
 - Singamas' comprehensive factory & depot network



CORPORATE PROFILE



Business Overview



Listed *since* 1993

MANUFACTURING & LEASING

➤ **Manufactures** a wide range of products:

✓ **ISO Dry Standard & ISO Dry Special Containers**

- 20'GP, 40'HC, 20'FR, 40'DD, 40'OT...
- annual capacity: **222,000 TEUs¹**

✓ **Specialised & Customised Containers**

- Offshore, Car Rack, Tank...
- storage for Energy Storage System ("ESS"), Water Treatment System, Modular Integrated Construction, Electrical Equipment, ...
- annual capacity: **10,000 units of tanks and 10,000 units of others**

➤ **Operates 5 Factories** in Shanghai, Xiamen and Huizhou, China:

- ✓ **Expansion Plans** for producing **customised containers** being in operation starting from 2022

LOGISTICS & DEPOTS

➤ **Operates 8 Container Depots** at the major ports in China²:

- ✓ Dalian
- ✓ Fuzhou
- ✓ Shanghai
- ✓ Ningbo
- ✓ Qingdao
- ✓ Tianjin
- ✓ Xiamen

➤ **Has 1 Logistics Company** in Xiamen, China

Notes:

1. TEU stands for Twenty-foot Equivalent Unit, a standard unit of measurement used for container transportation.

2. The one located in Shanghai is the branch of Xiamen depot.

3. Please see Appendices for more details.

INDUSTRY DYNAMICS



Container Industry Dynamics – Dry Freight, Tanks and others

Worldwide Containers Production:

- The number of containers produced is estimated to be 2.3 mteu, **16% more on the market's expectation**.
- The surplus was largely the result of ordering of boxes over fears that the Red Sea crisis could cause supply chain disruption and lead to some shortage of equipment in Asia.
- **Drewry expects output to increase to at least 3.6 mteu in 2024 and then rise in most years up to 2027.** Over this period, production will be largely fuelled by replacement requirements.

Source:

Drewry: P.6-7, 1Q 2024 Container Equipment Forecaster

Figure 3.1 Manufacturing capacity, production and plant utilisation

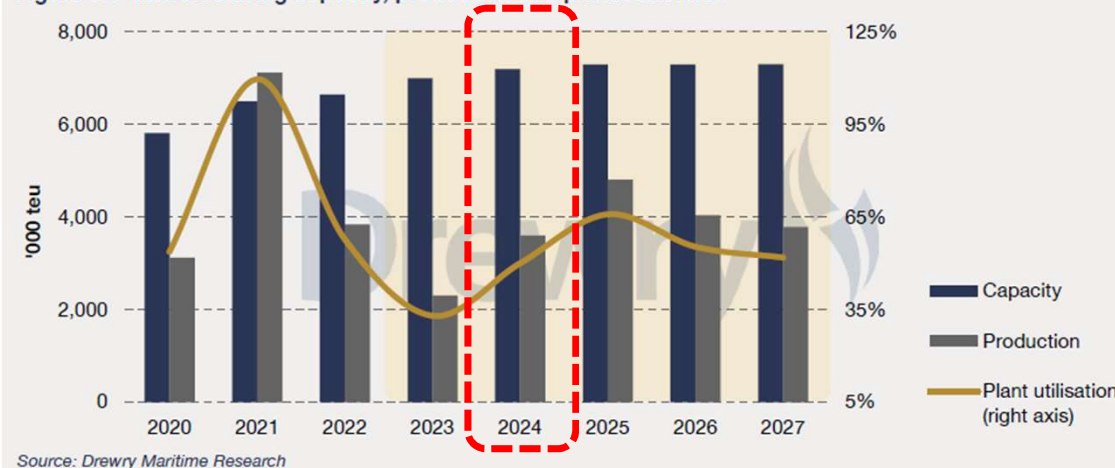


Table 3.1 Quarterly and annual global container production by summarised type ('000 teu)

	2021	2022	2023	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Dry freight - total	6,641	3,454	1,986	964	977	1,078	435	239	444	571	732
Refrigerated - total	386	282	224	70	80	77	55	39	74	55	56
Maritime tanks/swap tanks	56	66	66	16	16	17	17	20	18	17	11
Swapbodies	42	38	31	8	9	12	10	8	8	7	8
Grand total	7,125	3,841	2,307	1,058	1,082	1,184	517	306	544	650	807

Dry freight = maritime standard, high-cube and special, and regional palletwide and North American domestic

Notes: * provisional numbers

Source: Drewry Maritime Research

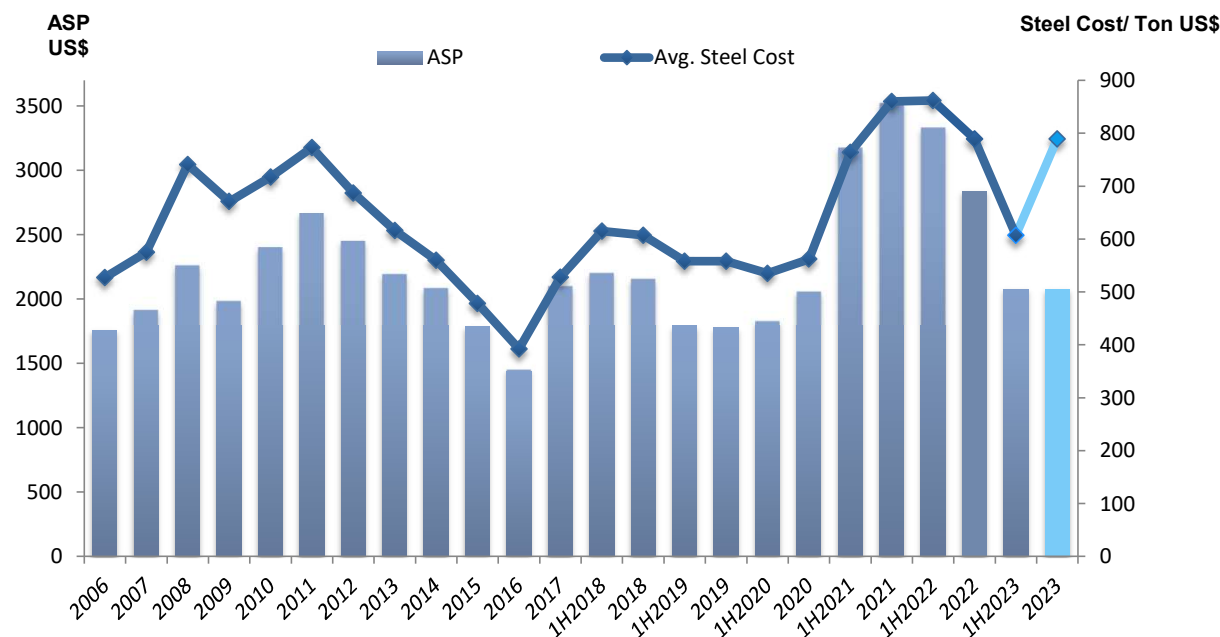
Container Industry Dynamics – Dry Freight Container



Singamas Dry Freight Production:

- Due to the over-supply of Dry Freight Containers in the market, ASP for FY23 hence was dropped by 26.8% yoy, while average steel cost FY23 decreased at a relatively less extent of 25.3% yoy. In addition, low production volume resulted in high overhead cost per unit. As a result, profit margin of Dry Freight Container had declined in FY23.

2006 – 2023 20ft. Dry Freight Container¹ Price (ASP²) vs. Average Steel Cost Per Ton



- FY2023 ASP of 20ft dry freight container dropped 26.8% to **US\$2,075** (FY2022: US\$2,836).
- FY2023 average steel cost was **US\$589/ton**, 25.3% lower than FY2022's US\$789/ton.
- Corten steel accounted for 51% of total dry freight container production costs in FY2023.

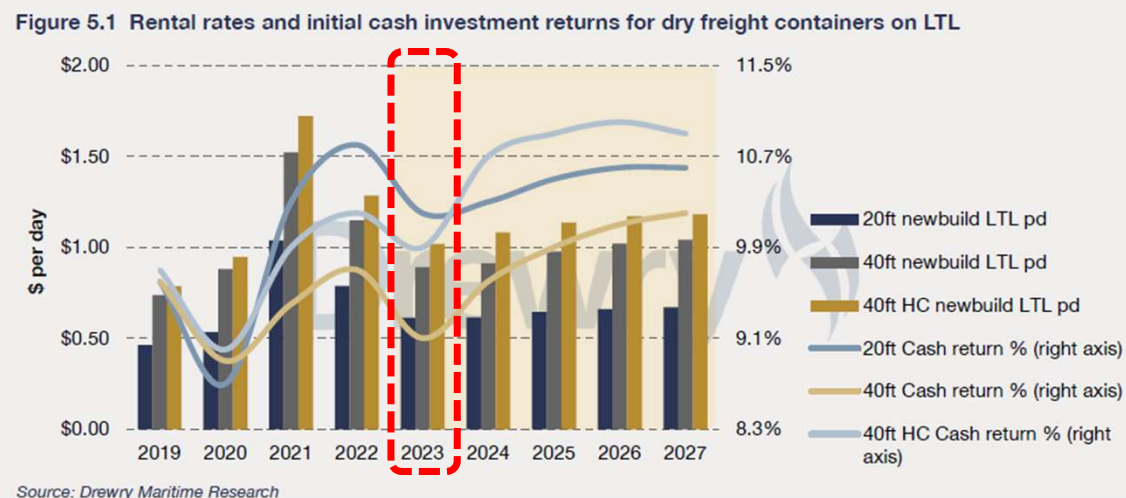
Note:

1. one 20' container normally requires 1.7 tons (including wastage) of steel.
2. ASP stands for average selling price of Singamas for 20ft dry freight container.

Leasing Industry Dynamics

Leasing Rates and Cash Returns:

- Leasing companies encountered challenging trading conditions in 2023 with initial long-term lease rates for dry freight containers down on average by 20-23% on 2022.
- **The market, however, is optimistic on the sector's future** with lessors expected to order more containers than transport operators, including ocean carriers, over the forecast period.
- **Lease rates are also expected to rise**, such as those for a 40ft high-cube container forecast to **increase from \$1.02 in 2023 to \$1.18 in 2027**. The lease rate for a 20ft box will **increase from \$0.61 in 2023 to \$0.67 in 2027**.
- **ICRs** over the forecast period are expected to remain in the **10.3-10.6%** range for 20ft dry freight units and **9.6-10.2%** range for 40ft high-cube containers. These returns are significantly higher than in the run-up to the Covid-19 era.
- **Leasing companies are in a good position in 2024 to benefit from the increase in trade and from the huge increase in vessel slot capacity** as more normal operating conditions and competitive rates will mean that ocean carries will be ordering less equipment.
- Lessors will continue with their strategies of focusing wherever possible on lifecycle leases, or at least longer-term initial lease contracts of 10-12 years with two-to-three-year options as this reduces financial risks and ensures more effective long-term planning.



Source:

Drewry: P.13-14, 1Q 2024 Container Equipment Forecaster

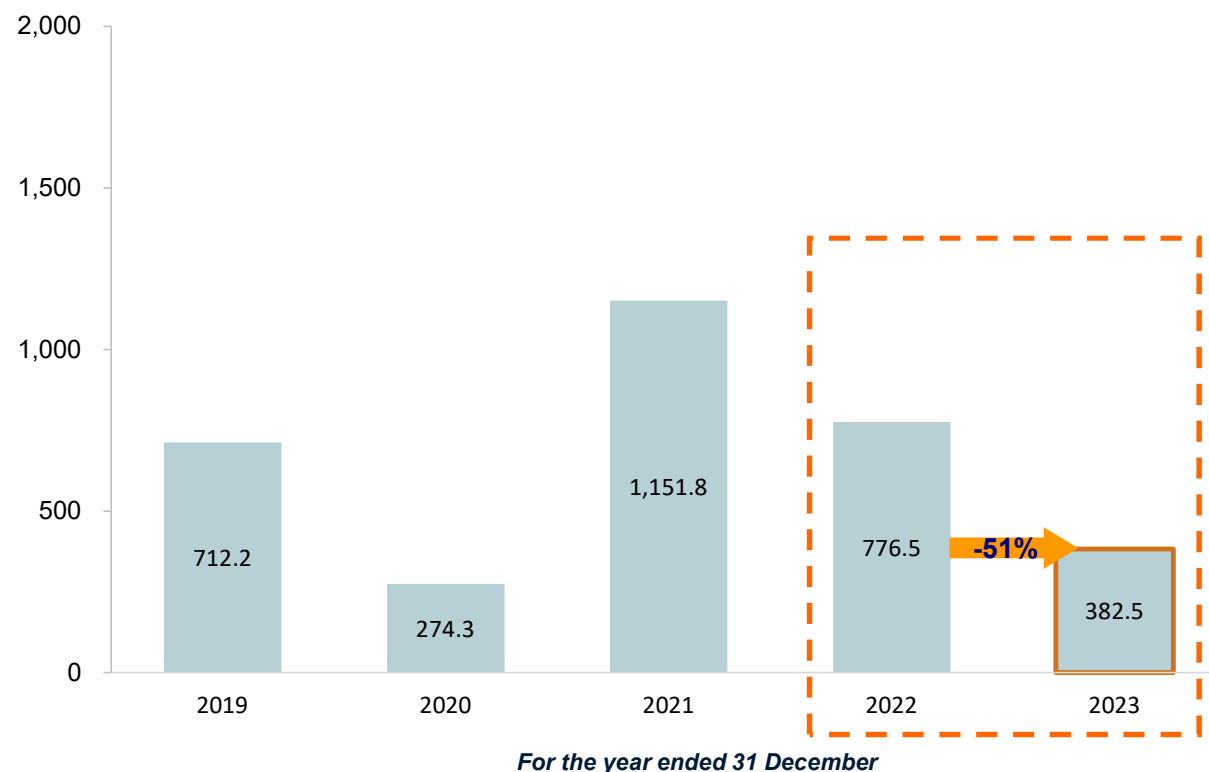
FINANCIAL REVIEW



Consolidated Revenue



US\$'M

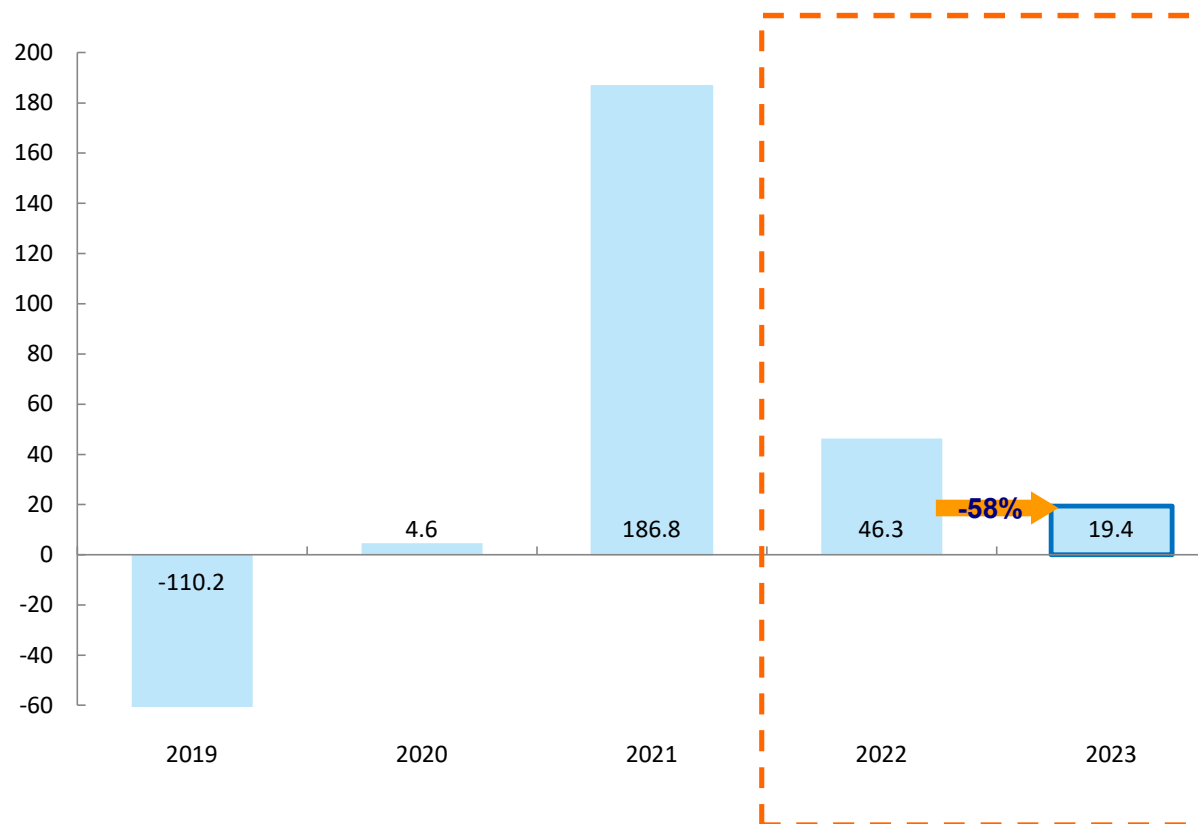


- Singamas recorded consolidated revenue of US\$382.5 million in FY2023, a decrease of 51% over the revenue of US\$ 776.5 million in FY2022.

Consolidated Net Profit / Loss



US\$'M



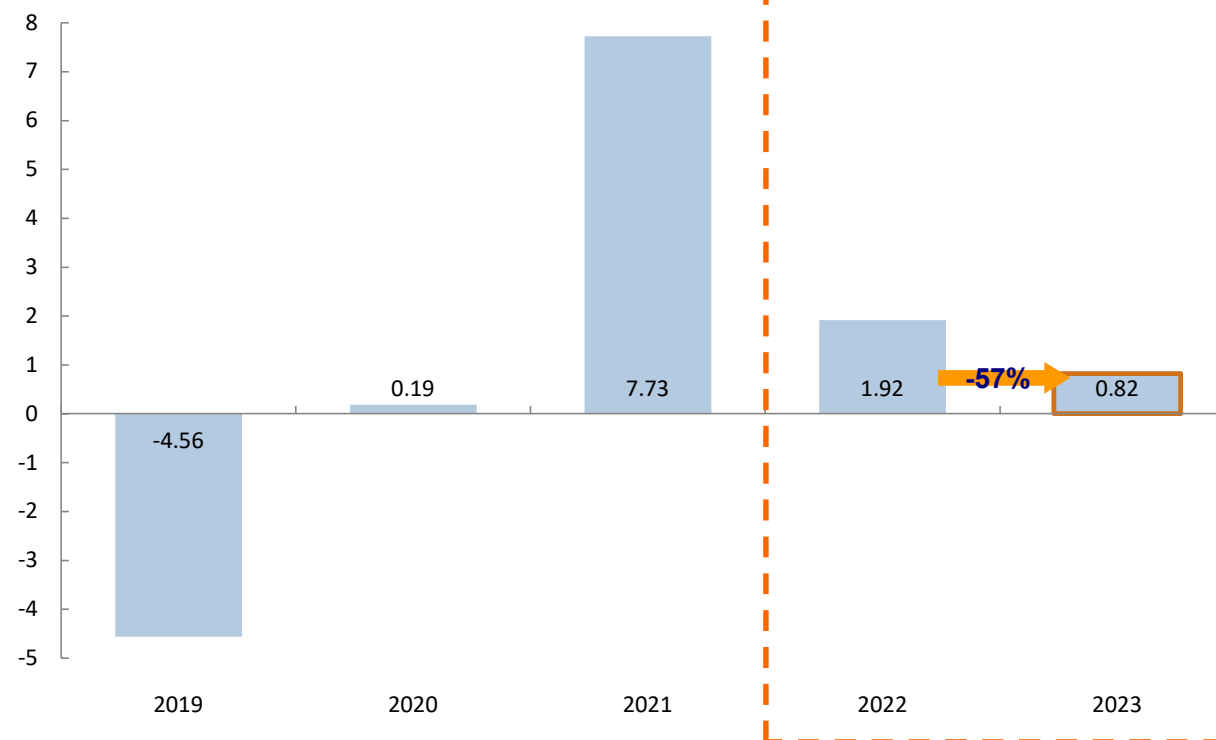
For the year ended 31 December

- Consolidated net profit attributable to owners of the Company was US\$19.4 million (FY2022: US\$46.3 million), including interest earned on bank deposits of US\$14.4 million (FY2022: US\$5.3 million).

Basic Earnings/ Loss per Share



US cents



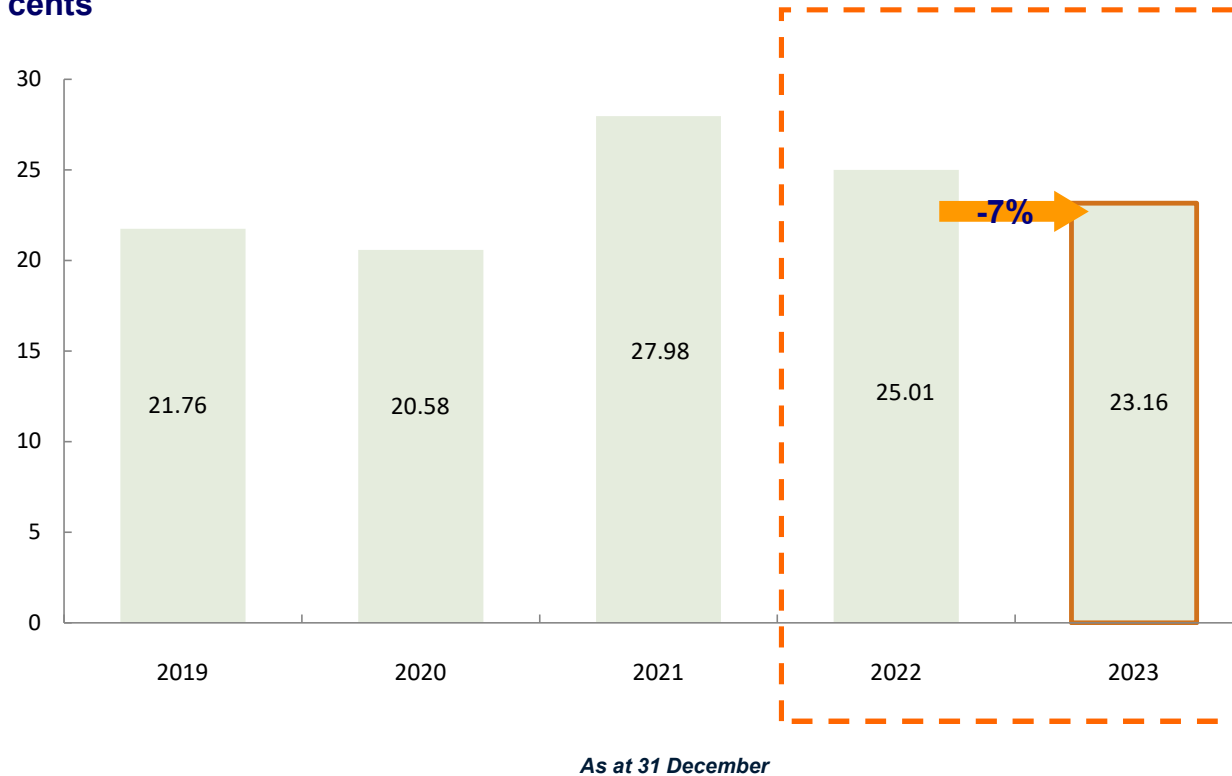
For the year ended 31 December

- Basic earnings per share was US 0.82 cent, compared with US 1.92 cents in FY2022.

Net Asset Value per Share

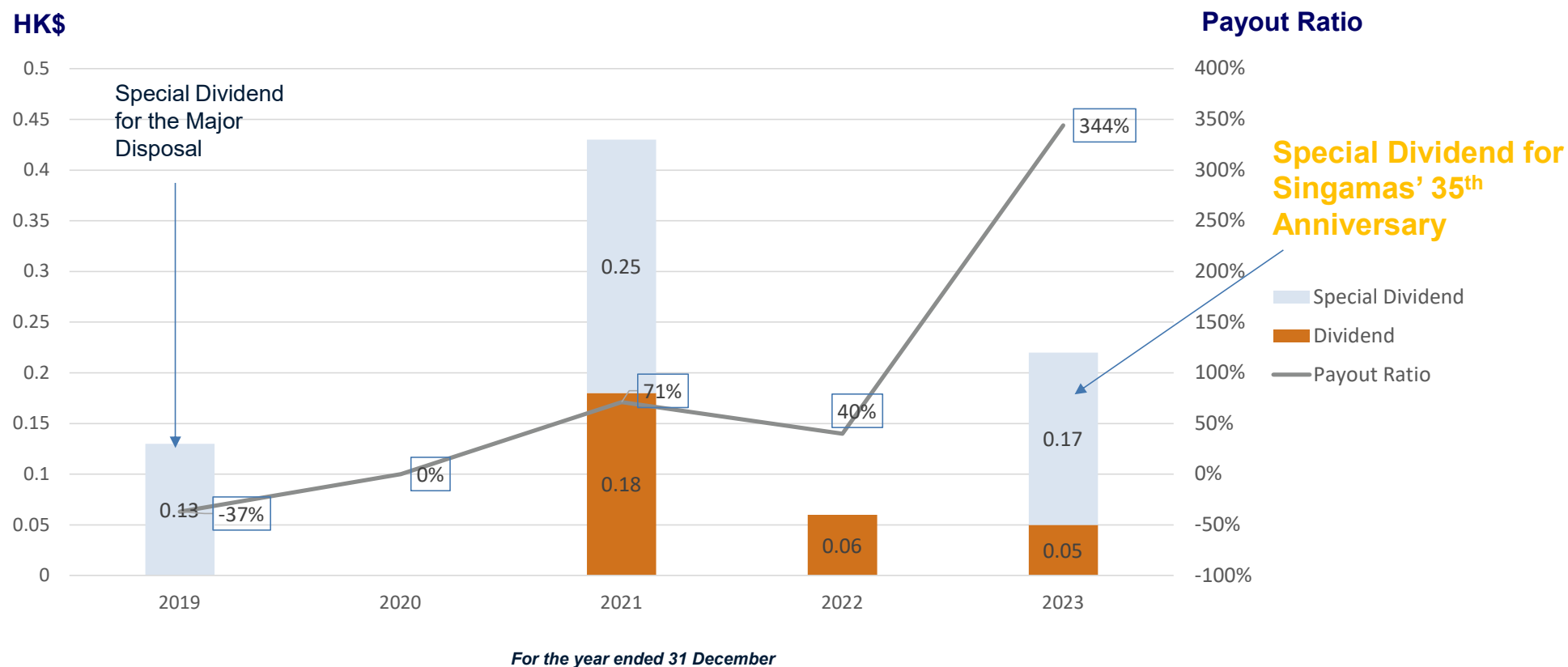


US cents



- Net asset value per share slightly changed from US 25.01 cents as at 31 December 2022 to US 23.16 cents as at 31 December 2023.
- The drop was mainly due to the distribution of US\$61.07 million dividend (including the payment of US\$51.9 million interim special payment for the year 2023) during the year.

Dividend

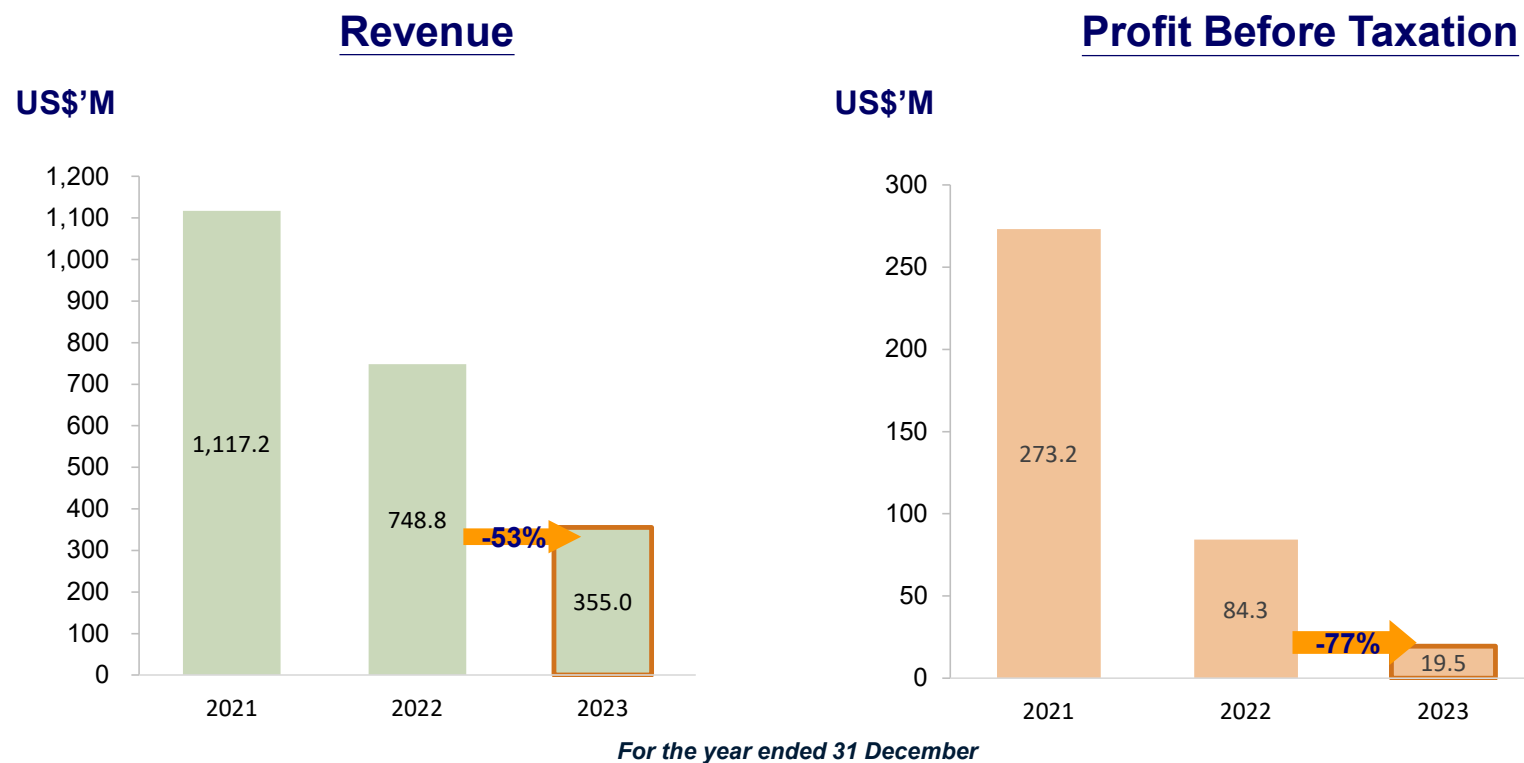


- A final dividend of HK4 cents for the period ended 31 December 2023 per ordinary share has been proposed by the board of directors.
- An interim dividend of HK1 cent for the period ended 30 June 2023 per ordinary share; An interim special dividend of HK17 cents per ordinary share was declared to celebrate the Company's 35th Anniversary and was paid on 29 September 2023.
- The payout ratio including the special dividend is 344% for FY2023; the payout ratio excluding the special dividend is 78% for FY2023.

BUSINESS REVIEW



Manufacturing & Leasing Business – Revenue and Profit Analysis



- Manufacturing and leasing segment achieved revenue of US\$354,983,000 (FY2022: US\$748,847,000), hence accounted for 93% of the Group's total revenue.
- Profit before taxation and non-controlling interests for this segment was US\$19,495,000 (FY2022: US\$84,272,000).

Manufacturing & Leasing Business – Strategies in times of Dry Freight Market Slow Down

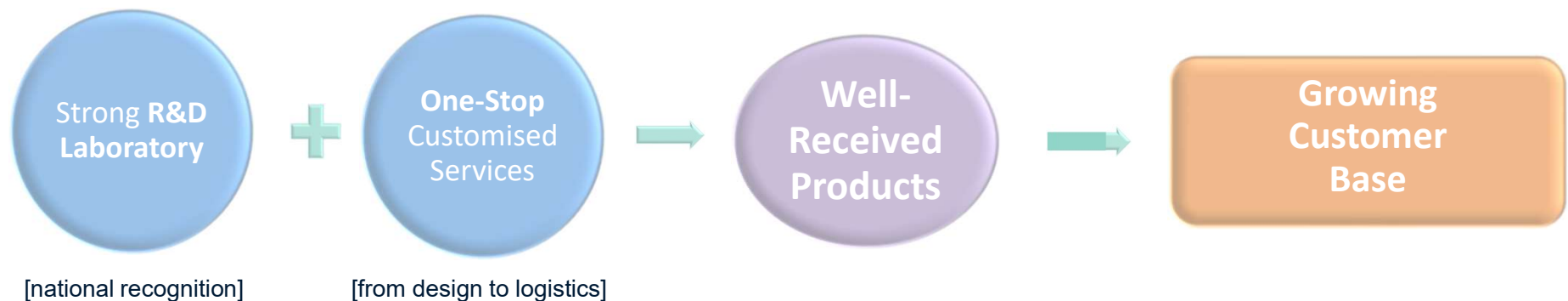


Improve Cost Structure and Implement Cost Control

- In face of low dry freight market demand, Singamas applied strict cost control and **suspend all capital expenditures** unless for those necessary for maintaining production efficiency, improving environmental protection and safety purposes since 2H2022. In 2024, Singamas will continue to prioritize the following CAPEX:
 - On the **maintenance** side:
 - ✓ Safety; and
 - ✓ Environmental protection.
 - On the **growth** side:
 - ✓ Customized container projects with high growth potentials; and
 - ✓ Automation projects with short payback period.
- Renewable Green Energy applied in Singamas' plants for **environmental friendly** and **cost saving** purposes.

Improve Product Mix via Various Customised Containers

- With R&D and craftsmanship advancement, many traditional facilities have been containerised due to lower cost, higher mobility and faster deployment. In Singamas, customised containers such as Energy Storage System ("ESS"), Water Treatment System, Server Farm, and Building Units for Modular Integrated Construction are well-received by the market.



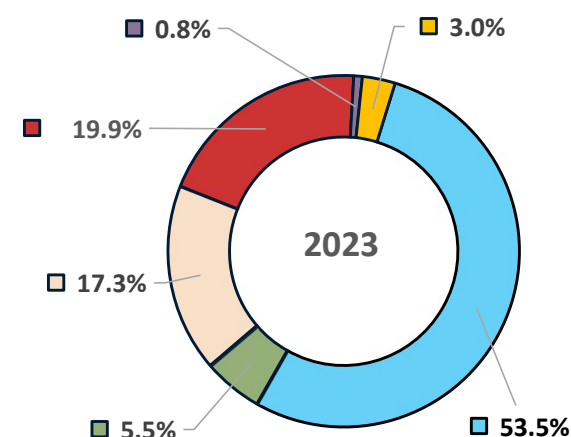
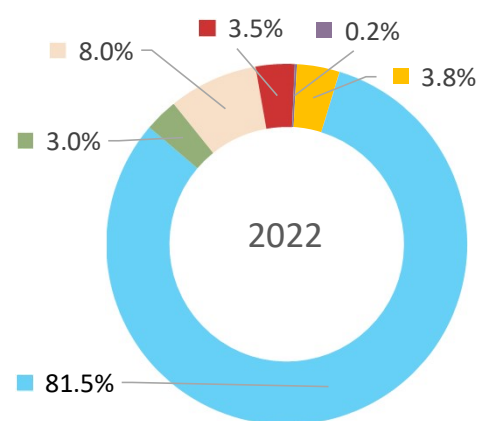
Manufacturing & Leasing Business – Sales Volume and Sales Revenue Breakdown **SINGAMAS**

Sales Volume (By Unit)

Improving Product Mix

For the year ended 31 December	2022	2023
Dry freight (TEU)	232,179	96,582
ISO Special (TEU)	6,709	6,219
Tank (TEU)	2,760	2,827
Customised – ESS (Unit)	1,591	4,341
Customised – Offshore (Unit)	137	370
Customised – Others (Unit)	7,042	3,448

Revenue Breakdown (By Amount)



For the year ended 31 December

■ Dry freight
■ Tank
■ Customised Special - Offshore

■ ISO Special
■ Customised Special - ESS
■ Customised Special - Others

Logistics Services Business – Overview and Strategy



➤ Singamas is a **Major Operator of 8 Container Depots** in China with over **30 years of Industry Experience**.

- **Network** with key port operators in China.
- **Customer Relationships** with global major shipping companies and leasing companies:



CAI



EVERGREEN

OOCL



Hapag-Lloyd

MERATUS



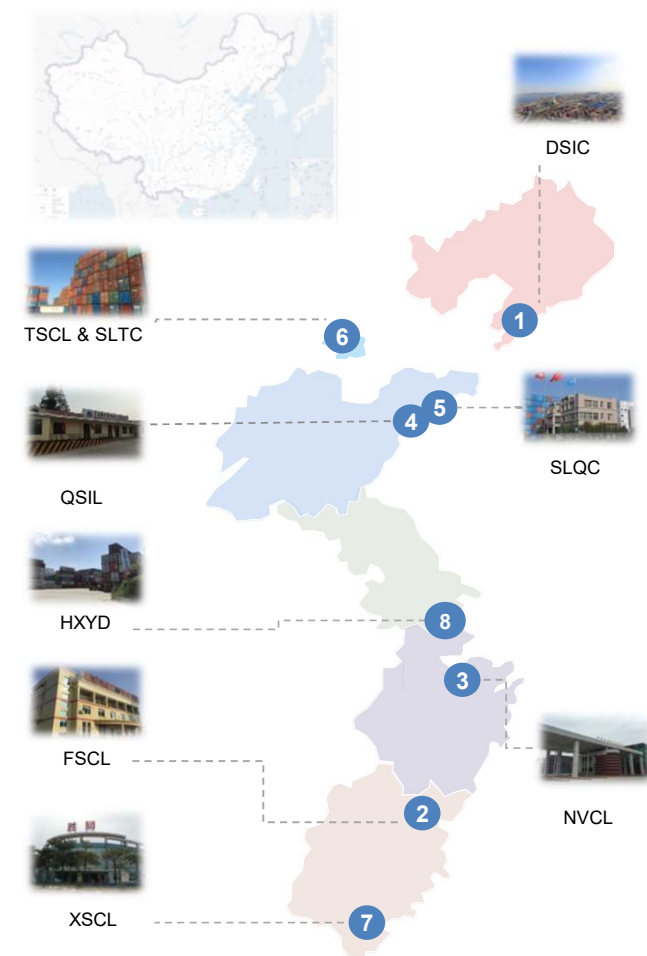
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➤ Logistics Services Business strive to:

- strengthen its **Warehousing Capacity** and integrate its **Multimodal Transport Resources**;
- Improve the **Digital Operation** capability to enhance operation efficiency;
- cooperate with other services providers to improve / increase the **Network Coverage**;
- enhance **Customer Engagement**.

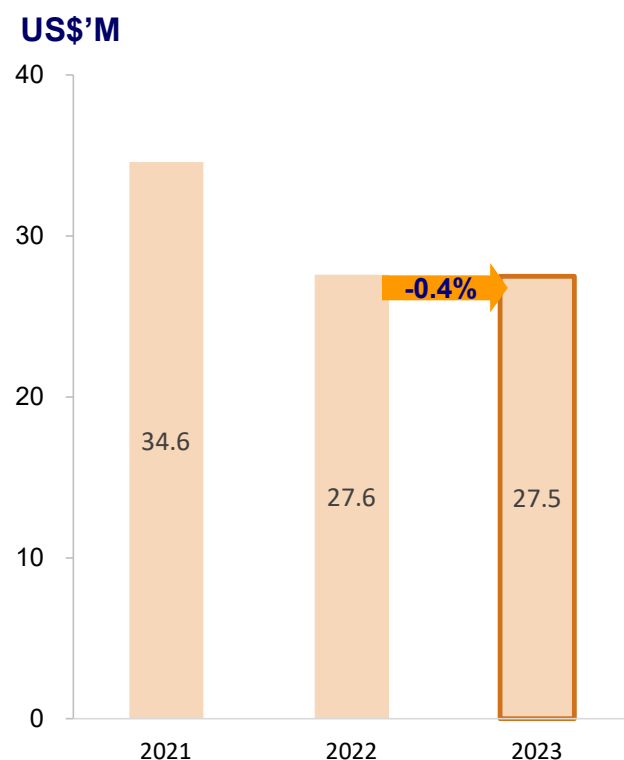
➤ Logistics Services Business performed steadily and continued to **Deliver Stable Returns** to the Group.



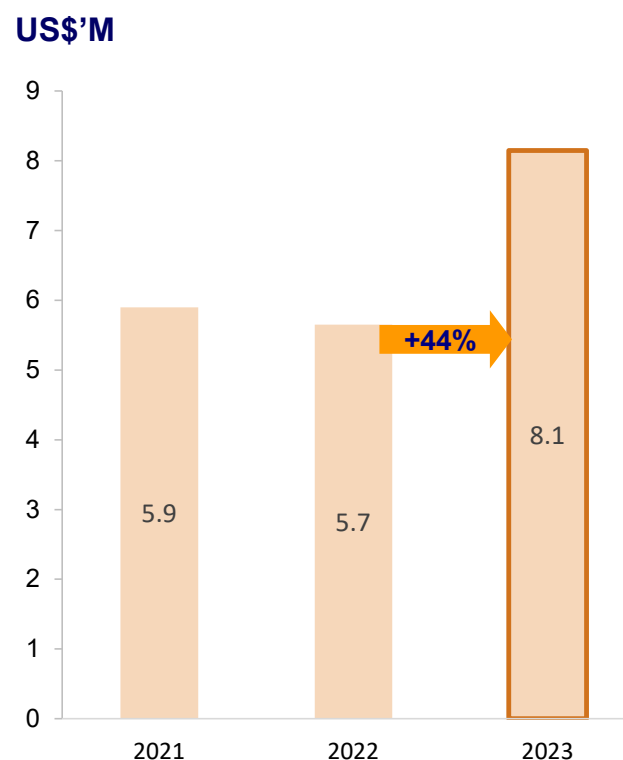
Logistics Services Business – Revenue and Profit Analysis



Revenue



Profit Before Taxation



- Segment revenue amounted to US\$27,487,000 (2022: US\$27,608,000).
- Profit before taxation and non-controlling interests totaled US\$8,147,000 (2022: US\$5,653,000).
- Financial performance of this segment improved significantly due to improved operating efficiency, better cost control and higher interest income earned during the year.

APPENDICES



Consolidated Income Statement



	For the year ended 31 December	
	2023	2022
	US\$'000	US\$'000
Revenue	382,470	776,455
Cost of sales	(325,942)	(629,324)
Gross profit	56,528	147,131
Other income	20,608	12,209
Distribution expenses	(10,938)	(18,361)
Administrative expenses	(32,657)	(34,215)
Finance costs	(343)	(366)
Other gains and losses	(7,076)	(17,687)
Share of results of associates	1,316	1,349
Share of results of joint ventures	204	(135)
Profit before taxation	27,642	89,925
Income tax expense	(5,149)	(33,360)
Profit for the year	22,493	56,565
Profit for the year attributable to:		
Owners of the Company	19,438	46,340
Non-controlling interests	3,055	10,225
Profit for the year	22,493	56,565
Basic earnings per share	US0.82 cent	US1.92 cents

Manufacturing Facilities



- Singamas has five manufacturing facilities in China with total annual capacity of **222,000 TEUs** of dry and ISO specialised containers, **10,000 units** of tank containers and **10,000 units** of offshore and customised special containers.

No.	Factories	Area (m ²)	Annual capacity	Description
1	Shanghai Baoshan Pacific Container Co. Ltd. ("SBPC")	93,891	108,000 TEUs	• Main products: 20', 20'HC, 40', 40'HC & 45' ISO dry freight containers, flatrack container, open top, open-side and other specialised containers
2	Shanghai Singamas Container Integration Co., Ltd. ("SSCI")	25,000	3,000 units	• Offshore & customized containers
3	Shanghai Pacific International Container Co. Ltd. ("SPIC")	73,323	10,000 units	• Main products: standard tank containers ranging from 16,200 litres to 26,000 litres, and specialized tank containers
4	Xiamen Pacific Container Manufacturing Co. Ltd. ("XPCL")	83,523	66,000 TEUs 2,000 units	• Main products: ISO standard and specialised marine containers and related components • Customized containers
5	Huizhou Singamas Energy Equipment Co. Ltd. ("HSCL")	306,999	48,000 TEUs 5,000 units	• Main products: ISO standard and specialised marine containers and related components • Customized containers
	Shanghai Reeferco Container Co. Ltd. ("SRCC")	73,256	N/A	• Currently as investment property
	Singamas Container Industry Co. Ltd. ("SCIC")	63,069	N/A	• Currently dormant for future development



Container Depot / Terminals



➤ Singamas operates **8 container depots** in key coastal regions in China.

No. Depots	Area (m ²)	Storage Capacity (TEU)	Average Turnaround Time of Truck (minute)	Allocated Repair Area (m ²)	Repair Capacity per Day (unit)
1 Dalian Singamas International Container Co. Ltd. ("DSIC")	160,000	16,000	30	10,000	120
2 Fuzhou Singamas Container Co. Ltd. ("FSCL")					
- Mawei Depot	25,400	3,500	15	1,500	50
- Jiangyin Depot	66,100	8,000	15	1,800	80
3 Ningbo Victory Container Co. Ltd. ("NVCL")	173,420	20,000	20	10,000	200-250
4 Qingdao Singamas International Logistics Co. Ltd. ("QSIL")	64,695	8,300	15	8,640	150
5 Singamas Logistics (Qingdao) Co. Ltd. ("SLQC")	128,000	12,000	15	9,000	150
6 Tianjin Singamas Container Co. Ltd. / Singamas Logistics (Tianjin) Co. Ltd. ("TSCCL & SLTC")	83,000	8,000	10	8,000	200
7 Xiamen Xiangyu Singamas Container Co. Ltd. ("XSCL")					
- Depot I (Island Depot)	115,200	11,000	10	9,000	250
- Depot II (Haicang Depot)	101,800	20,500	15-30	11,000	350
8 Xiamen Xiangyu Singamas Container Co. Ltd. – Shanghai Branch ("HXYD")					
- Luchaogang Depot	32,000	5,300	10-15	2,000	200
- Waigaoqiao Depot	41,000	5,700	15-30	1,000	150

