

SINGAMAS

Singamas Container Holdings Limited

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

2019 Annual Results Announcement
26 March 2020

www.singamas.com



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- Corporate Profile
- Industry Dynamics
- Financial Review
- Business Review
- Future Plans
- Appendices
 - Consolidated income statements
 - Singamas' comprehensive factory & depot network – post transaction





CORPORATE PROFILE

- Singamas is a **world-leading container manufacturer** and **logistics services provider**.
- Listed on the Hong Kong Stock Exchange since 1993.
- Completed the disposal of five of its wholly-owned subsidiaries in August 2019.

Manufacturing Business

- manufactures a wide range of products including dry freight containers and specialised containers.
- 5 factories located in the PRC, including a new Huizhou plant dedicated to specialised containers to commence operation by 2Q2020
- total annual capacity of around 210,000 TEUs¹ of dry and specialised containers (based on one extended shift) and 5,000 units of offshore containers and 11,000 units of customised specialised containers.

Logistics Services Business

- includes container depots and a logistics company.
- 8 container depots at the major ports in Mainland China² and 2 in Hong Kong.
- 1 logistics company in Xiamen.

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.

- Specialised containers including ISO standardised specialised containers and customised specialised containers.
- ISO standardised specialised containers are mainly for transportation, including ISO tanks, open top & open sides containers, flat racks, bulk containers, bitutainers, etc.

Singamas Standardised Specialised Containers



Tank Containers



FlatRack Containers



Bulk (Food) Containers



Platform Containers



Bitutainer



Open sides Containers

- Singamas cooperates with customers to offer tailor-made designs and container solutions accommodating customers' requirements.
- Comprehensive range of innovative designs attracts customers from energy, engineering, environmental technologies, urban development and industrial sectors.

Singamas Customised Specialised Containers



Power Generator Containers



Energy Storage Containers



Data Centre Containers



Terminal Electrical Equipment Containers



Offshore Containers



House Containers



Arctic Expenditure Containers



Breeding and Farming Containers

Automotive Racks

- Singamas develops complimentary products for containers according to customers' demand. The Group partners with a UK company to manufacture car transportation racks which allow for the doubling of vehicles transported per container and provide greater protections to the vehicles.



Temporary Housing Solution

- Singamas cooperates with Humanihut, an Australian company, to provide temporary housing solution. The first set including 4 containers as bathrooms and 32 huts has been delivered and installed in Kangaroo Island, South Australia for firefighters.
- The set can be easily installed and dismantled, moving from one site to another.

Concept:



Actual delivery:



Movable Nucleic Acid Detection Container

- To fight against coronavirus outbreak, Singamas cooperated with a Chinese medical equipment company to build the first movable nucleic acid detection laboratory (核酸檢測實驗室) container in China which has been delivered to Wuhan.
- Singamas is now developing the first movable CT Scan container. Its success will enable Singamas to provide containerised medical facilities, especially to the mobile cabin hospital.



Please refer to the news on the local media:

复工不到一月 杨行这家企业研发了两款战“疫”重器

来源：新民晚报 2020-03-05 12:28:39

<https://wap.xinmin.cn/content/31678456.html?from=singlemessage&isappinstalled=0>

国内首台集装箱核酸檢測實驗室来了！这家企业复工后大动作不断

来源：上观新闻 作者：周楠风 2020-03-18 17:40

<https://web.shobserver.com/wxShare/html/226038.htm?from=singlemessage>

Diverse Container Customer Base

- Singamas's diverse global customer base covers various industries including shipping, container leasing, container trading companies, energy, sustainable development, electrical equipment and industrial, etc.
- Innovative, high quality and out-of-the-box, user friendly container solutions attract more non-traditional customers to place orders.

1 Shipping

2 Container Leasing

3 Electrical



4 Energy

5 Industrial and Others





INDUSTRY DYNAMICS

Dry freight container demand is driven by trade / export volumes, not freight rates.

- ↓ Global trade volume growth in the first half of 2019 has fallen to 1%, the weakest level since 2012 (Source: World Economic Outlook, International Monetary Fund)
- ↓ The coronavirus pandemic will cause a global recession in 2020, the International Monetary Fund said, it may result in an increasingly difficult environment in the traditional dry freight container market.

Cost-plus pricing model to set selling price of dry freight containers.

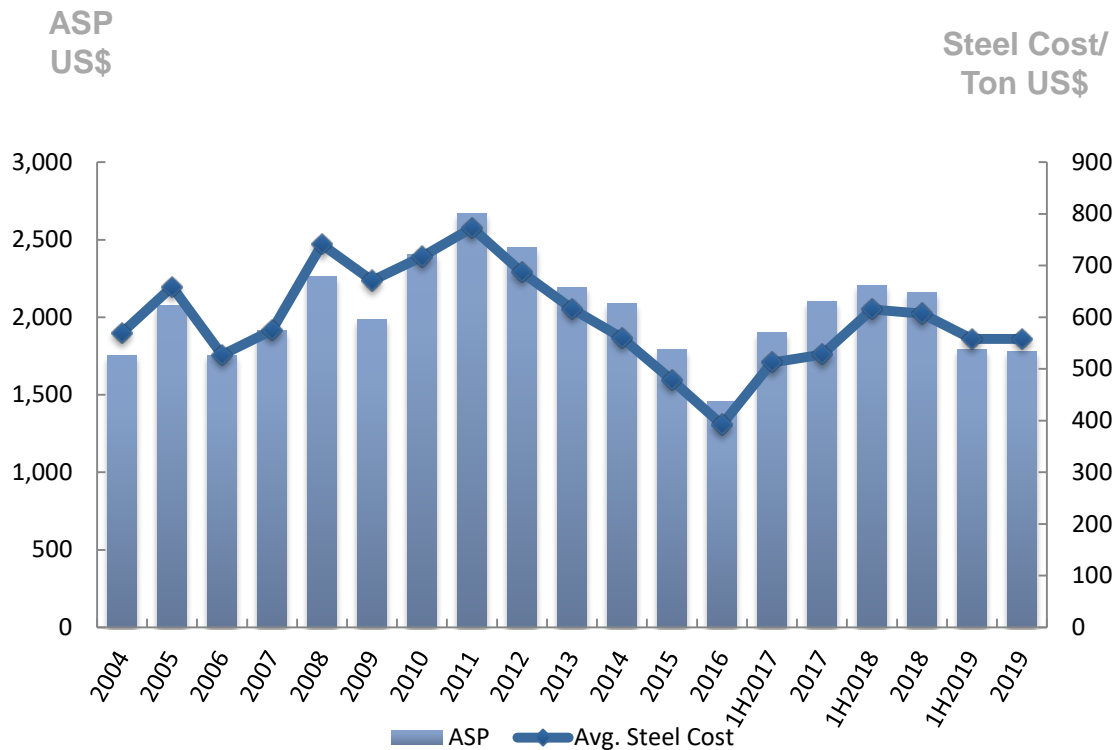
- Material cost is the major determinant of container price.
- Corten steel, a high-grade hot-rolled steel product, accounts for 51% of total dry freight container production costs.
- Direct labour cost accounted for 7.4% of total production costs in 2019, higher than 6.7% in 2018 due to a decrease in production volume.

Increasing size of global container fleet.

- ↑ Shipping capacity is projected to increase to 26.37 million TEUs by December 2021 from 22.58 million in December 2019.

Container Prices vs. Steel Prices

2004 – 2019 20ft. Dry Freight Container¹ Price (ASP²) vs. Average Steel Cost Per Ton



- FY 2019 ASP of 20ft dry freight container dropped to US\$1,779, 17.5% lower than FY2018's US\$2,157.
- FY2019 average steel cost was US\$558 /ton, 8.1% lower than FY2018's US\$607/ton.

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.

↑ Increasing regional demand for electricity in Eastern and Southern China and the rapid growth in electricity generation through renewable energies giving business opportunities for applying specialised containers in generating and storing electricity from renewable and “green” energy.

↑ Faster installation, shorter construction period and lower up-front capital costs compared to traditional power plants provides higher efficiency solutions for solar companies.

↑ Growth potential of data centre container due to rise of big data industry in China.

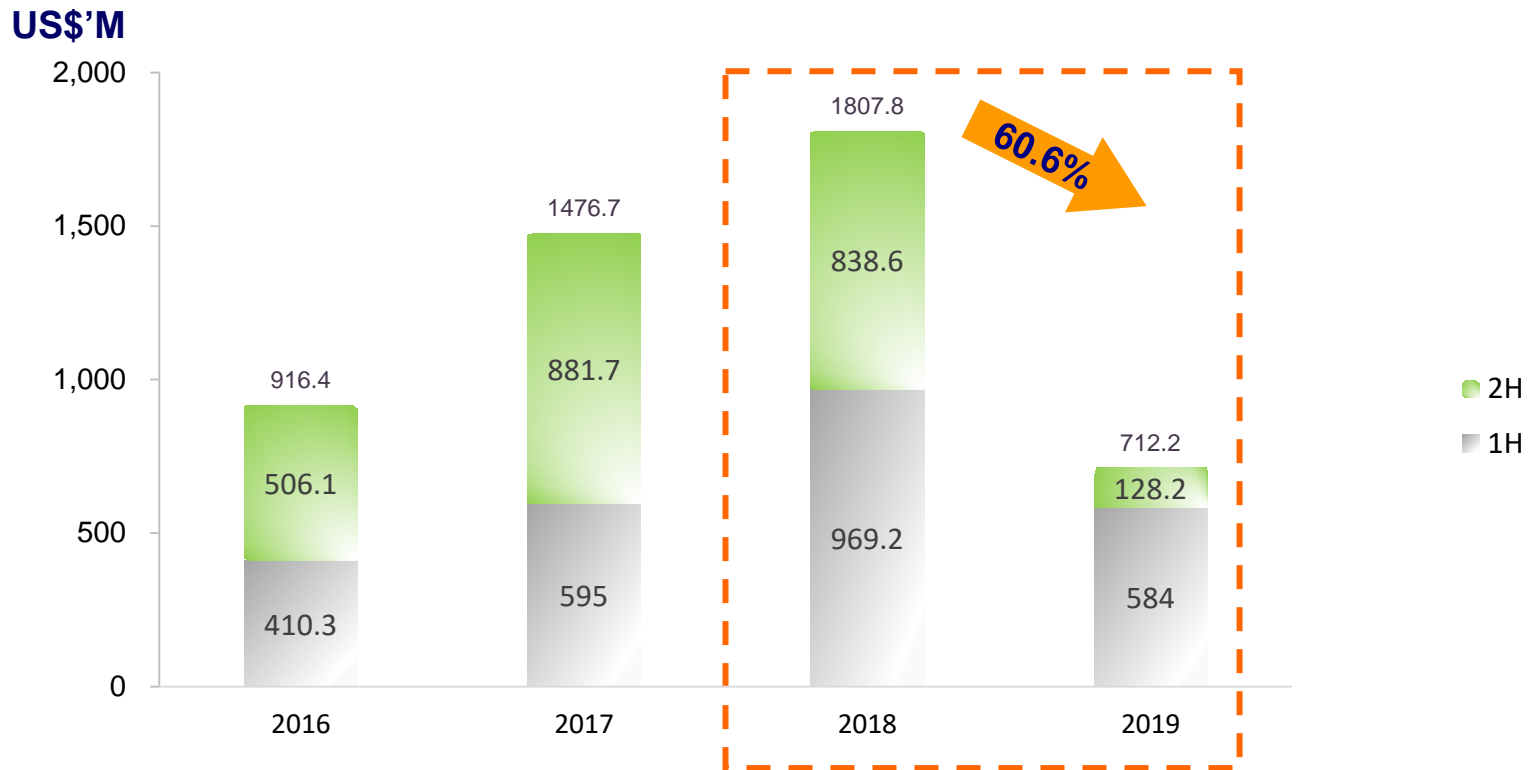
Cater for diversity in size, mass, shape and nature, requiring more comprehensive and customised design and manufacturing processes.

↑ More complex requirements with higher variety of transportation channels, such as automotive racks to present vast opportunity

Unique product nature of specialised containers with favorable industry environment.



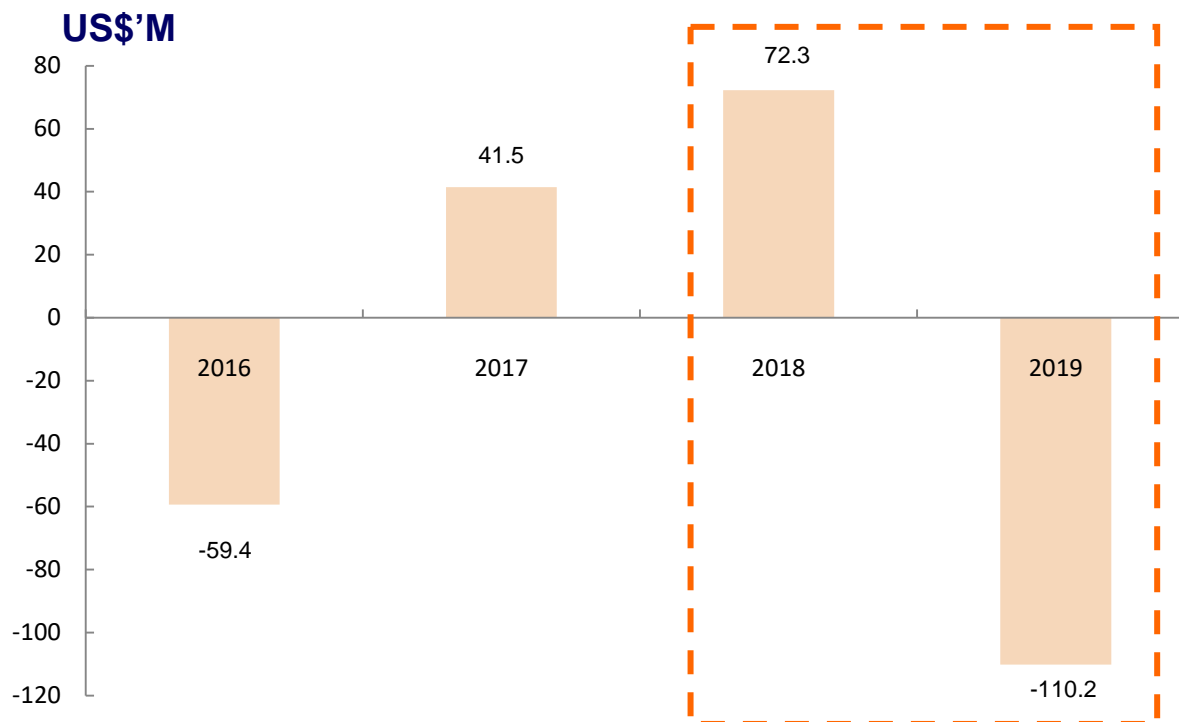
FINANCIAL REVIEW



For the year ended 31 December

- Consolidated revenue of US\$712.2 million in FY2019, a decrease of 60.6% over the revenue of US\$1,807.8 million in 2018.
- The decrease was owing to the disposal of subsidiaries and the soft demand for dry freight containers resulting from the slowdown of global trade growth, which led to decline in both the sales volume and the average selling price.

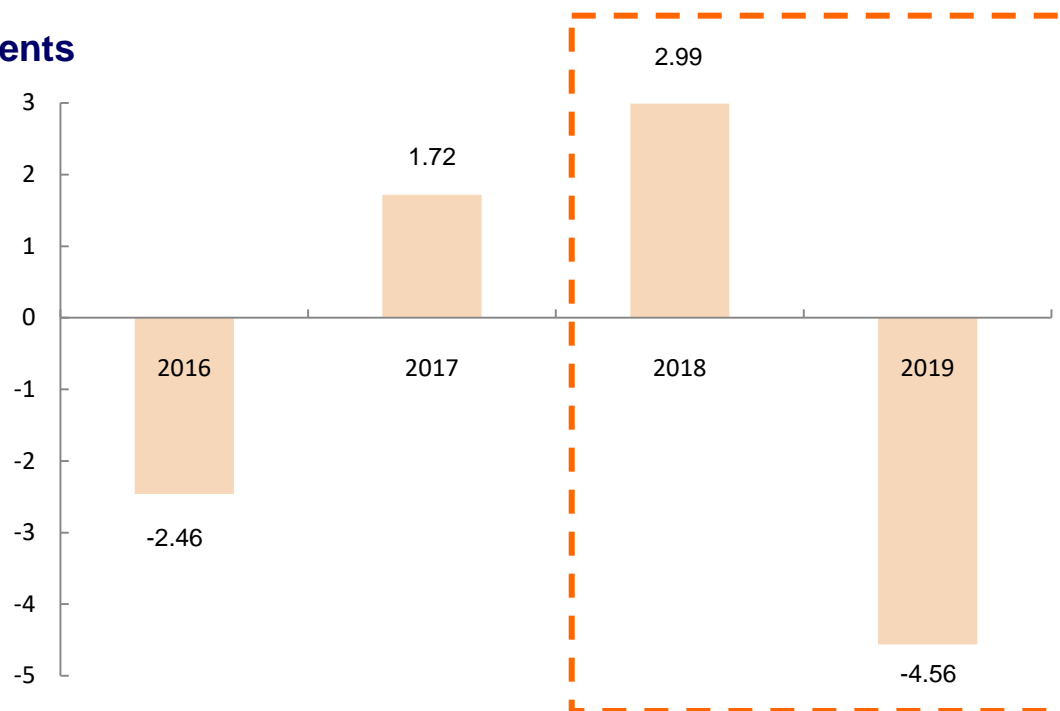
Consolidated Net Profit / Loss Attributable to Owners of the Company



For the year ended 31 December

- Consolidated net loss attributable to owners of the Company was US\$110.23 million (FY2018: net profit of US\$72.25 million), including non-recurring losses of US\$28.9 million associated with the disposal of subsidiaries, write down of right-of-use assets and property, plant and equipment and other fixed assets related expenses.

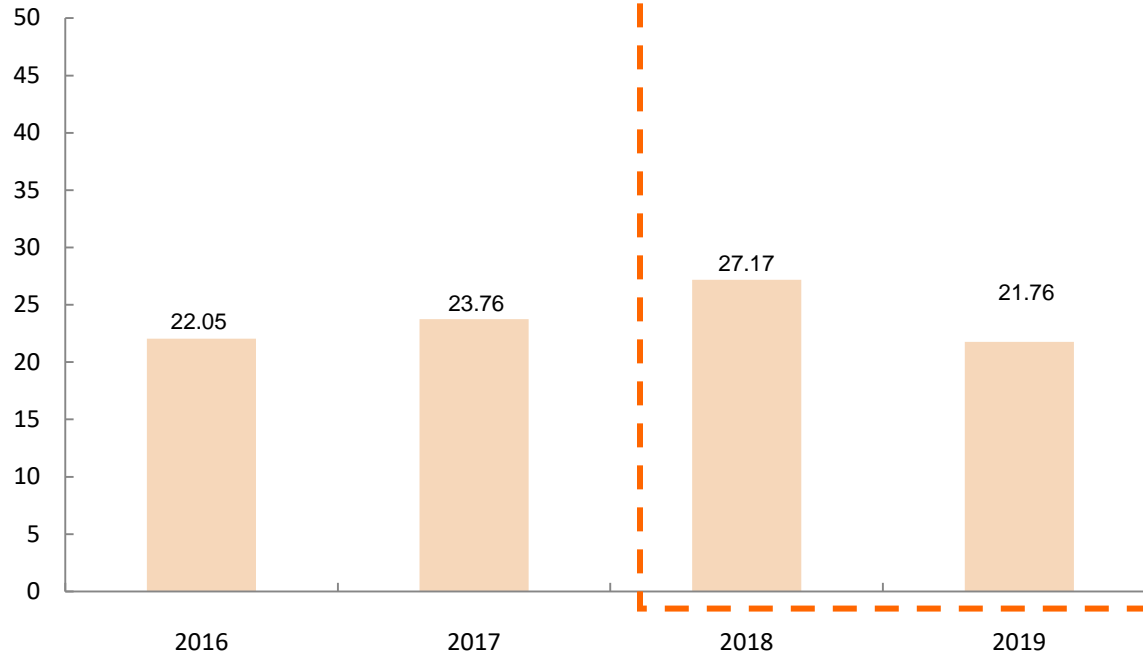
US cents



For the year ended 31 December

- Basic loss per share was US4.56 cents (2018: earnings per share of US2.99 cents).
- The Board recommend the payment of HK13 cents final special dividend per ordinary share for the year (2018: HK 7 cents per ordinary share)
 - *No payment of interim dividend was recommended for the six months ended 30 June 2019 (six months ended 30 June 2018: nil)*

US cents



As at 31 December

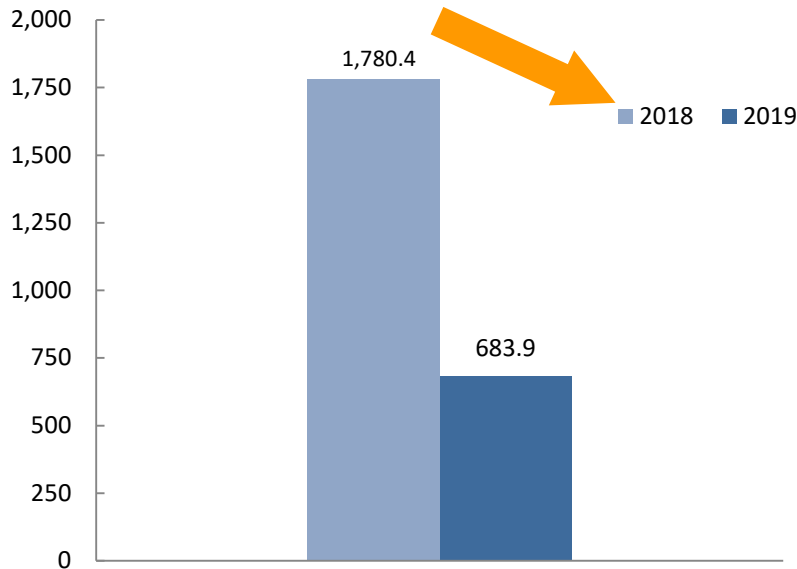


BUSINESS REVIEW

Manufacturing Business – Revenue and Profit Analysis

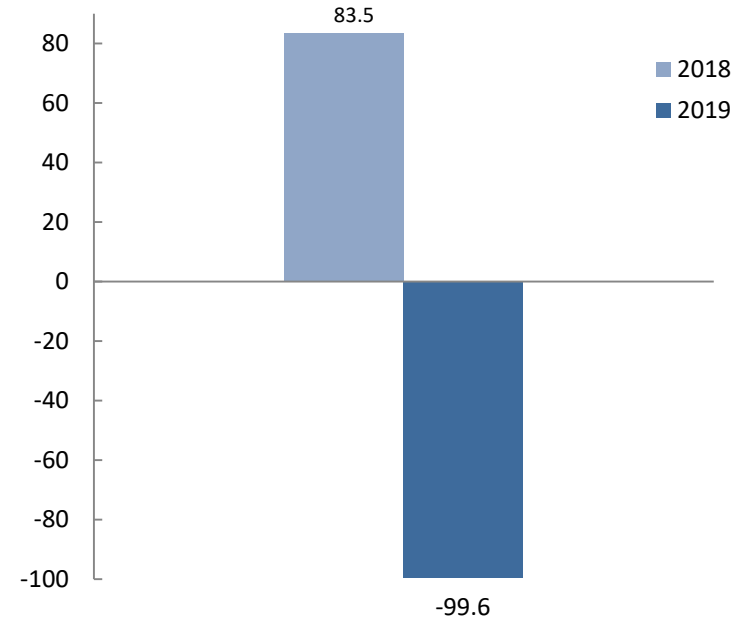
Revenue

US\$'M



Profit / Loss Before Taxation

US\$'M



For the year ended 31 December

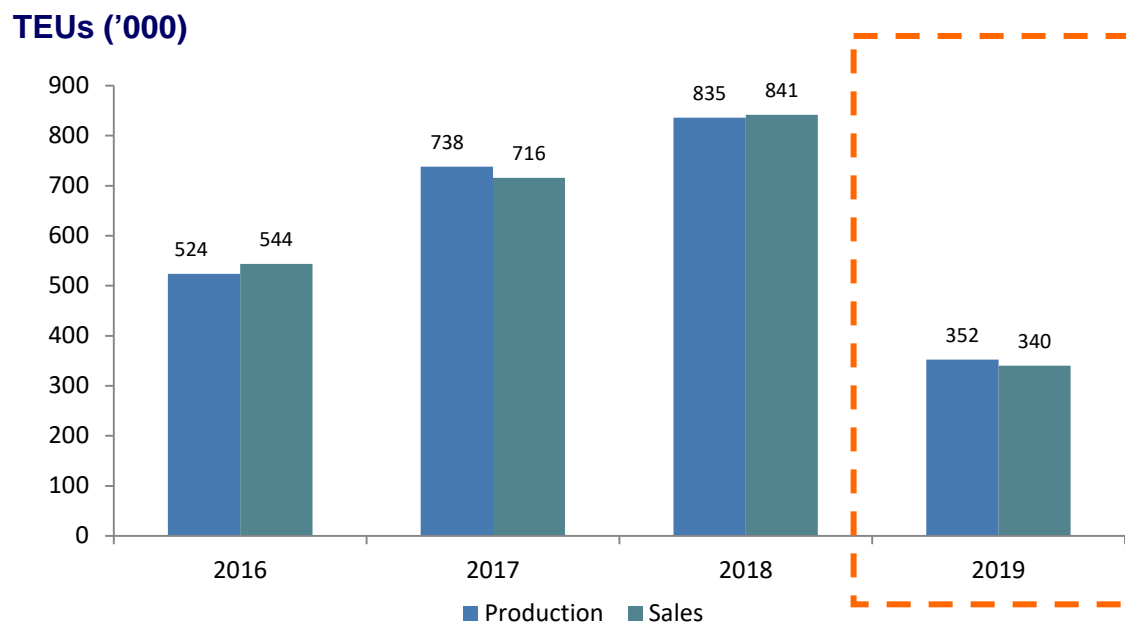
- Although material costs having dropped, the extent of the fell in ASP of a 20' dry freight container was more than the drop in material costs.
- Revenue of this segment dropped to US\$683,925,000 (2018: US\$1,780,404,000), which accounted for 96% of the Group's total revenue.
- Pretax loss for this segment amounting to US\$99,622,000 (2018 gain of: US\$83,515,000, including a one time gain of US\$65,604,000 from the disposal of a subsidiary).

Manufacturing Business – Production Output and Sales Volume

Well Managed Production Output and Sales Volume:

As at 31 December 2019, the Group produced 352,166 TEUs (2018: 835,920 TEUs) and sold 340,304 TEUs (2018: 841,615 TEUs).

Production Output and Sales Volume

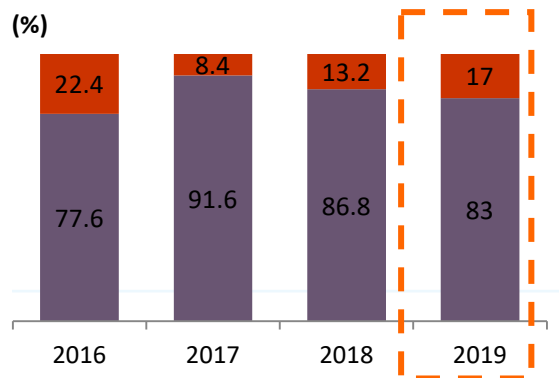


Manufacturing Business – Manufacturing Volume and Sales Revenue Breakdown

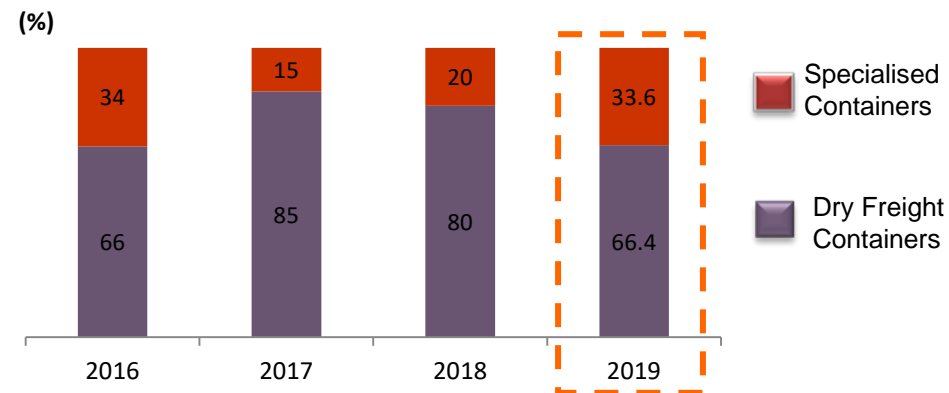
Diversifying Product Mix :

- Following the disposal of 5 subsidiaries, more resource will be placed on developing specialised containers, especially customised specialised containers, to enhance competitiveness.
- Adjustments were made to certain production facilities to better tap the specialised containers market. A production line at the new Huizhou plant (which will commence operation in second quarter of 2020) will be dedicated to the manufacturing of car transportation racks.
- Revenue breakdown for dry freight and specialised containers was 66.4% and 33.6% respectively in 2019.

Manufacturing Volume
% Breakdown

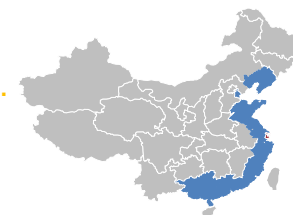


Sales Revenue
% Breakdown



Singamas is a major operator of container depots in China with over 30 years of industry experience and exposure

- Long established network and relationships with major port operators and shipping companies.
 - Network with key port operators in China.
 - Customer relationships with global major shipping companies and leasing companies.

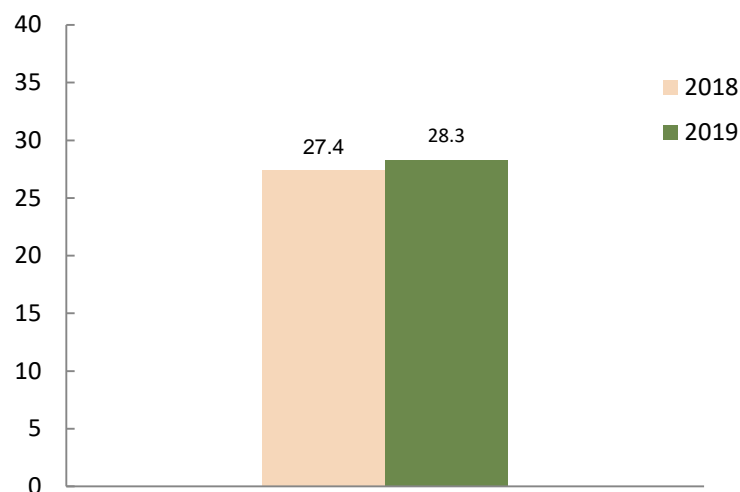


Logistic Business Updates of Singamas

- Disposal of Shanghai Huasing International Container Freight Transportation Co., Ltd. to joint venture partner in October 2019
- Notable progress in the container freight station business that helps combine shipments for clients

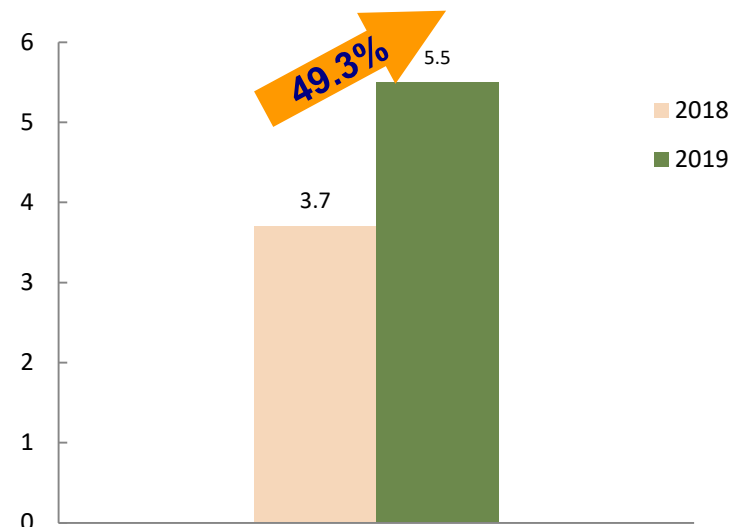
Revenue

US\$'M



Profit / Loss Before Tax

US\$'M



Revenue and Pretax Profit


- The segment revenue was US\$28,284,000, compare with US\$27,415,000 recorded last year. Pretax profit for the segment amounting to US\$5,463,000, compared with US\$3,658,000 recorded in FY2018.
- Logistics company in Xiamen has delivered good returns, with dividend of US\$1,872,000 in 2019 (2018: US\$956,000).



FUTURE PROSPECTS

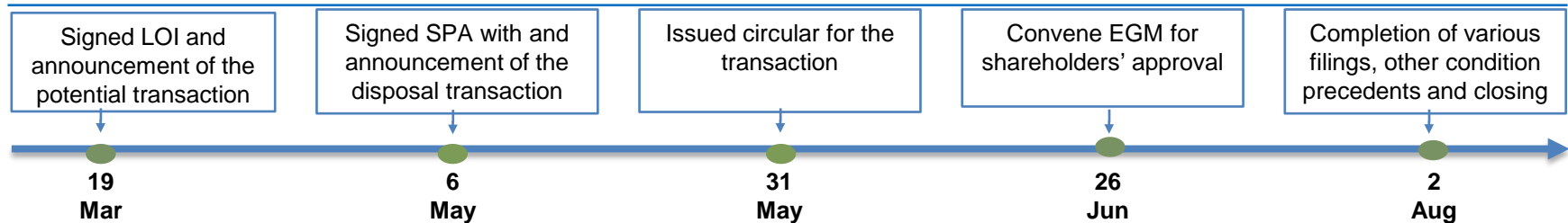
- Decisive actions to advance Singamas' development into the "New Singamas"

Very Substantial Disposal of Singamas' subsidiaries

- **Agreement Date:** 6 May 2019.
- **Purchaser:** COSCO SHIPPING Financial Holdings Co. 
- **Consideration:** RMB3,502 million (after adjustments).
- **Target Companies:** Five of Singamas' wholly-owned subsidiaries.



Key Transaction Milestones



Qidong Singamas Energy Equipment Co., Ltd.
啓東勝獅 能源裝備有限公司



Ningbo Pacific Container Co., Ltd.
寧波太平貨櫃有限公司



Qingdao Pacific Container Co., Ltd.
青島太平貨櫃有限公司



Qidong Pacific Port Co., Ltd.
啓東太平港務有限公司



Singamas Container Holdings (Shanghai) Ltd
勝獅 貨櫃管理(上海)有限公司

1 Niche player focusing on specialised container sector

- Used in a wide-range of industries and less driven by trade volumes.
- High unit price, high added value, and high margin.
- Tailor-made products to attract and retain customers.
- Environmentally friendly and efficient power generator containers through the use of “green” energy.
- Less affected by trade conflicts and the slow down in trade volume.



Power Generator Container



Arctic Expenditure Container



Breeding and Farming Container

2 Offers tailor-made sophisticated products and services to customers through technological upgrade

- Continue to bolster R&D capabilities.
- Automation of manufacturing activities and system upgrade.
- Develop new specialised containers and complimentary products with higher technological requirements.
- Strategic cooperation.



Remote Monitoring Technology



Portable Medical Container

4 Build on expertise on logistic, depot businesses and expand presence in high growth regions

- Over 30 years of experience in the container depot business.
- Sector expertise, know-how and industry connections.
- High growth potentials in Southeast Asia regions .



3 Nimble, efficient operations focusing on margins and returns to shareholders

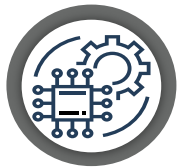
- Improve cost structure and implement stringent cost controls.
- Streamline operations to improve efficiency.
- Higher margins and returns to shareholders.





Strategic transformation to the “New Singamas” by shifting focus to specialised container industry & logistics services.

Enhance competitiveness in specialised container market.



- Work closely with customers to deliver bespoke design and production services
- Further bolster R&D and product development capabilities for developing new innovative customised specialised containers with higher technological requirements.
- New factory for specialised containers in Huizhou under construction and target to commence operation in second quarter of 2020
- Shedding of various assets and bolster of different facets of operation to become more flexible and more capable of adapting to the industry



Explore business avenues outside of the sea-freight segment to widen revenue streams and enjoy higher margins.



Actively participate in industry exhibitions to showcase 30 years of industry experience and capabilities.



APPENDICES

Consolidated Income Statement I (Classification Of Expenses By Nature)



For the year ended 31 December

	2019 US\$'000	2018 US\$'000
Revenue	712,209	1,807,819
<i>Other income</i>	5,049	2,902
<i>Changes in inventories of finished goods and work in progress</i>	(10,469)	(21,483)
<i>Raw materials and consumables used</i>	(545,580)	(1,377,444)
<i>Staff costs</i>	(98,615)	(193,956)
<i>Depreciation and amortisation expense</i>	(29,434)	(34,542)
<i>Allowance for credit losses, net of reversal</i>	(7,961)	(924)
<i>Exchange (loss) gain</i>	(2,282)	4,452
<i>Other expenses</i>	(118,877)	(151,793)
Finance costs	(14,515)	(18,549)
Investment income	9,629	7,515
Fair value (loss) gain of derivative financial instruments	(382)	47
Gain on disposal of subsidiaries	7,771	65,604
Share of results of associates	(829)	(2,512)
Share of results of joint ventures	127	37
(Loss) profit before taxation	(94,159)	87,173
Income tax expense	(16,638)	(13,791)
(Loss) profit for the year	(110,797)	73,382
Attributable to:		
Owners of the Company	(110,230)	72,252
Non-controlling interests	(567)	1,130
	(110,797)	73,382
(Loss) profit per share		
Basic	US(4.56) cents	US2.99 cents
Diluted	US(4.56) cents	US2.99 cents

Consolidated Income Statement II

(Classification Of Expenses By Function)



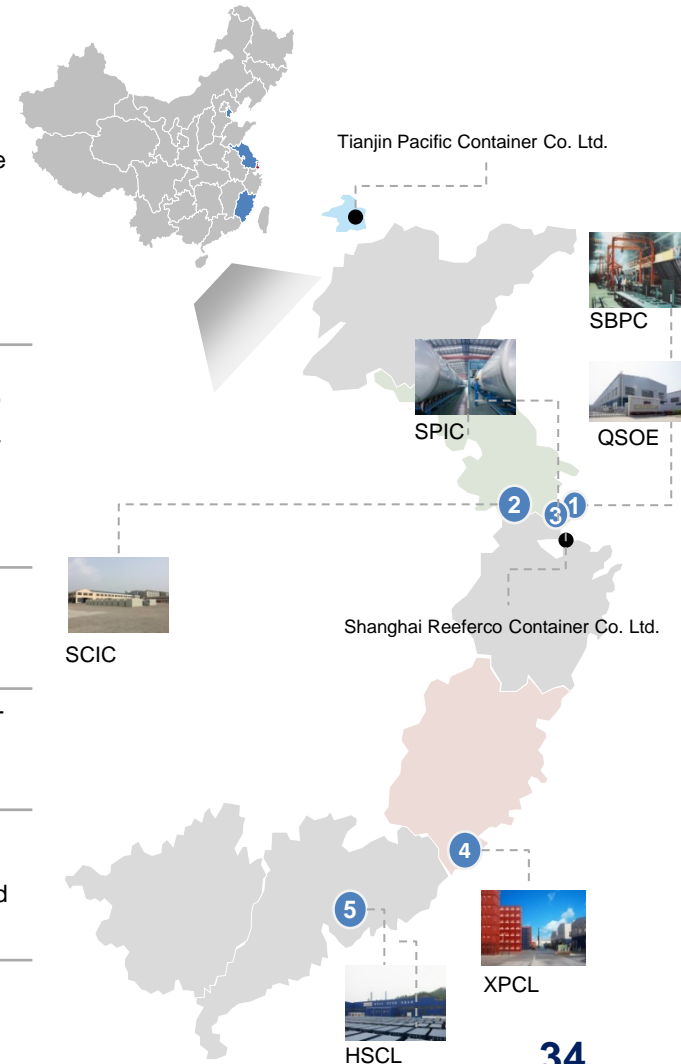
For the year ended 31 December

	2019 US\$'000	2018 US\$'000
Revenue	712,209	1,807,819
<u>Cost of sales</u>	(703,516)	1,676,301
<u>Gross Profit</u>	8,693	131,518
<u>Other income</u>	5,049	2,902
<u>Selling and distribution expenses</u>	(18,781)	(34,710)
<u>General and administrative expenses</u>	(88,639)	(69,131)
<u>Exchange (loss) gain</u>	(2,282)	4,452
(Loss) profit from operations	(95,960)	35,031
Finance costs	(14,515)	(18,549)
Investment income	9,629	7,515
Fair value (loss) gain of derivative financial instruments	(382)	47
Gain on disposal of subsidiaries	7,771	65,604
Share of results of associates	(829)	(2,512)
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Manufacturing Facilities - Container Factories (After The Disposal)

➤ Following the disposal transaction, Singamas will have five manufacturing facilities in China with total annual capacity of 210,000 TEUs of dry and specialised containers and 5,000 units of offshore containers.

No.	Factories	Area (m ²)	Annual capacity	Description
1	Shanghai Baoshan Pacific Container Co. Ltd. ("SBPC")	93,891	90,000 TEUs	<ul style="list-style-type: none"> Main products: 20', 20'HC, 40', 40'HC & 45' ISO dry freight containers, flatrack container, open top, open-side and other specialised containers
	Qidong Singamas Offshore Equipment Co. Ltd. ("QSOE")		5,000 units	<ul style="list-style-type: none"> Focus on manufacturing of offshore containers
2	Singamas Container Industry Co. Ltd. ("SCIC")	63,069	10,000 TEUs	<ul style="list-style-type: none"> Main products: specialised containers including side-door, flatrack container, house container, bulker, open top, platform, bitumen container, bitutainer tank, diesel tank, container parts and container lashing gears
3	Shanghai Pacific International Container Co. Ltd. ("SPIC")	79,407	10,000 TEUs	<ul style="list-style-type: none"> Main products: standard tank containers ranging from 2,600 litres to 38,000 litres
4	Xiamen Pacific Container Manufacturing Co. Ltd. ("XPCL")	83,523	70,000 TEUs	<ul style="list-style-type: none"> Main products: ISO standard and non-ISO standard marine containers and related components
5	Huizhou Singamas Energy Equipment Co. Ltd. ("HSCL")	300,000	30,000 TEUs	<ul style="list-style-type: none"> New factory to commence operations in mid-2020 Focus on manufacturing of specialised containers
	Tianjin Pacific Container Co. Ltd.	155,235	N/A	<ul style="list-style-type: none"> Currently no operation
	Shanghai Reeferco Container Co. Ltd.	73,256	N/A	<ul style="list-style-type: none"> Currently as investment property



➤ Singamas will continue to operate its 10 container depots in at 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	DY Terminal Limited ("DYTL")	10,500	1,575	15	1,500	30
3	Eng Kong Container Services Ltd. ("EKCS")	58,000	8,925	15	8,800	170
4	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
5	Guangxi Singamas Container Co. Ltd. ("GSCL")	10,000	N/A	20	N/A	N/A
6	Ningbo Victory Container Co. Ltd. ("NVCL")	173,420	28,000	20	10,000	200-250
7	Singamas Logistics (Qingdao) Co. Ltd. ("SLQC")	144,000	17,000	15	9,000	150
8	Tianjin Singamas Container Co. Ltd. / Singamas Logistics (Tianjin) Co. Ltd. ("TSCL & SLTC")	123,000	17,000	10	15,000	200
9	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
10	Xiamen Xiangyu Singamas Container Co. Ltd. – Shanghai Brance (XHYD)	23,600	5,000	10-15	1,000	150

