

Singamas Container Holdings Limited
1H24 Interim Results (August 23, 2024)
Investor Presentation Q&A session

1. Singamas average dry container selling price was lower than we expected. According to market information, the price of dry containers in the first half of 2024 is around US\$2,000 to US\$2,200, while the average selling price of dry containers in the first half of 2024 is only US\$1,900. At the beginning of the year, you have told us that the price of dry containers had reached the level of \$2,000..... Does this mean that the increase in market prices will only be reflected in the third or fourth quarter?

- Singamas orders for the first quarter were mainly received in the fourth quarter of 2023, while orders for the second quarter were received at the beginning of the year. Prices started to rise significantly around June 2024 and peaked in July. As a result, the increase in container prices in the second quarter will be reflected in the third quarter.

2. How full is your order schedule?

- There are two types of current order for Singamas : dry container and energy storage container.
- In terms of dry containers, the demand for containers has increased as many new cargo ships are about to be launched. At present, dry container orders have been scheduled for the fourth quarter.
- In terms of energy storage containers, Singamas has been a pioneer in the mainland market, and orders for customized containers (including energy storage containers and digital data containers) have been scheduled until the end of September.

3. What will be the overall utilization rate in the second half of the year?

- Singamas has a utilization rate of about 80% this year.

4. Will there be a special dividend this year?

- Special dividends are not a standing financial arrangement and hence are not supposed to be paid every year. At present, the Group is reserving cash for the development of its leasing business.
- If a company continues to pay special dividends, then it could mean that the company is not actively pursuing growth. At this moment, Singamas is further developing its energy storage container business and leasing business to improve its profitability.

5. Singamas has approximately US\$9 million in interest income on its income statement, what are the related costs? The company's profit was US\$17 million..... If US\$9 million of that is interest income, does that mean that the profit generated by the business is only about US\$8 million?

- As can be seen from the "Other Income" section on page 8 of the announcement, the interest income of US\$6 million is the interest on bank deposits and bear no cost. The US\$9 million also includes Singamas investment income in Xiamen. The return on the investment varies from year to year, from \$1.1 million this year to \$1.8 million last year.
- In addition, the slight decrease in interest income attributable to the use of cash for investments made during the year.

6. I see that the company's strategic focus going forward will be on the leasing business. On a balance sheet basis, Singamas spent US\$35 million to develop the business. However, on page 16 of the presentation material, you mentioned that "Long-term lease rates are expected to rise in 2024 and adjusted gradually before 2027...From 2027, Long-term Lease Rates are expected to rise again". Does this mean that you will not invest in the leasing business in the next three years as it is now, but will invest actively again in 2027?

- The market lease rates quoted in the presentation materials are based on authoritative industry reports. The report uses container prices, which are expected to remain in the US\$2,000-2,200 range over the next few years, to project lease rates.
- The expected leasing rates within Singamas are slightly higher than the above estimates, mainly due to the fact that the leasing demand of Singamas is partly driven by the unexpected use of containers by customers, and the leasing rates in such cases are higher than the market.
- At present, Singamas leasing business is developing smoothly. Two-thirds of the world's top 20 shipping companies already do business with Singamas. When the leasing business reaches a certain scale, Singamas will be more stable and resilient in terms of profitability.
- In addition to the leasing business, Singamas has also been committed to developing businesses that can better balance industry cycles. For example, two years ago, Singamas brought energy storage containers manufactured in mainland China to Singapore and Southeast Asia, pioneering a new business that provides energy storage solutions for our customers.

7. With a current leasing business of 56,000 TEUs leasing containers, what are the future growth plans for this business?

- Based on Singamas currently producing approximately 220,000 TEUs, we hope the Group's leasing portfolio to reach US\$1 billion in the next five years.
- Although its leasing business is small, Singamas has its own production plant, which gives it an advantage in terms of timely delivery and responsiveness to customer-specific needs.