



新 興 航 運

2019

Sincere Navigation Corporation
Company Presentation
July 2019



Company Overview

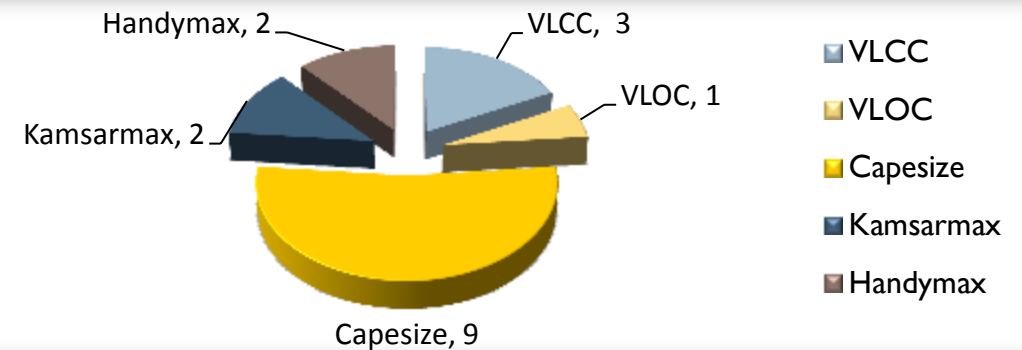
Key Facts

Sincere Navigation ("Sincere"), established in 1968, owns and operates 17 dry bulk and tanker vessels, with an average age of 9.6 years and almost 3mn dwt.

Key Highlights:

- Anchored by multiple generations of shipping expertise and family heritage, Sincere traces its lineage back to Charles Eddie Hsu and the first "Chou Shan" vessel, launched in 1922.
- Actively engaged with the community and industry associations, the latest generation is represented by Jack Hsu, currently also serving as the Chairman of the Hong Kong Shipowners Association.
- With Operations in Taipei, Hong Kong, Europe, and Vancouver, Sincere owns and operates a fleet of vessels with a strong focus on asset management and operational excellence.
- Favorable supply / demand dynamics for its core fleet of Capesize dry bulk vessels and incremental recovery of VLCC rates, is driving a recovery in profitability, supported by its moderate leverage and opportunities for asset acquisitions.

Fleet Profile



Total Fleet Tonnage & Mix



Company Update

Selected Fleet Deployment



Industry Conditions

Supply/demand remains balanced for dry bulk, and improvements in Capesize & VLCC spot rates balanced against continued uncertainty of the US-China trade war.

1-Yr T/C Rates

- 1-Yr VLCC TC Rates: US\$34,000 / day
- 1-Yr Capesize Average TC Rates: US\$21,375 / day
- 1-Yr Panamax Average TC Rates: US\$13,500 / day
- 1-Yr Supramax Average TC Rates: US\$10,625 / day

ESG

- Internal Audit to be held in 3Q
- Additional training on ballast water operations
- Port State Control Inspections and corrections
- Increase IR activities and transparency, participation in investor forum in 2019.

Technical Conditions

- Vessels in Dry Dock / Repair in 3Q19: 4 vessels
- Concerns on Sox Scrubber availability, MARPOL compliance, bunker quality.
- Implementation plan concerns on LS bunker availability, spare parts/stores required for LS fuels.

Company Overview 2019

Sincere Navigation Fleet Summary

Stable
Diligence
Improving



- Placed in Tankers International Pool, achieving long-term commercial management stability.

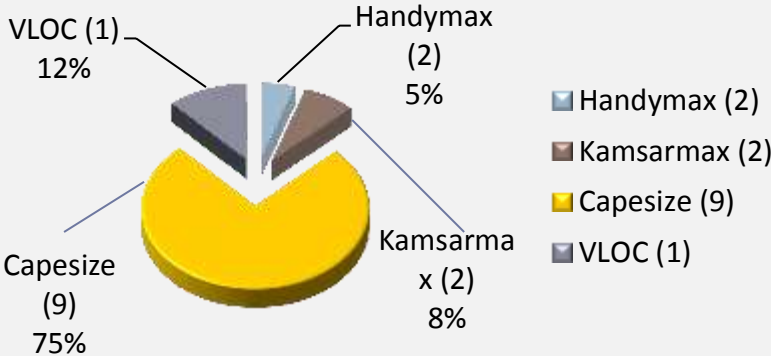


- Carries major commodities, like iron ore, coal.
- Flexible operations between spot and period markets.

Total Fleet Tonnage & Mix



Dry bulk Fleet Mix (by tonnage)

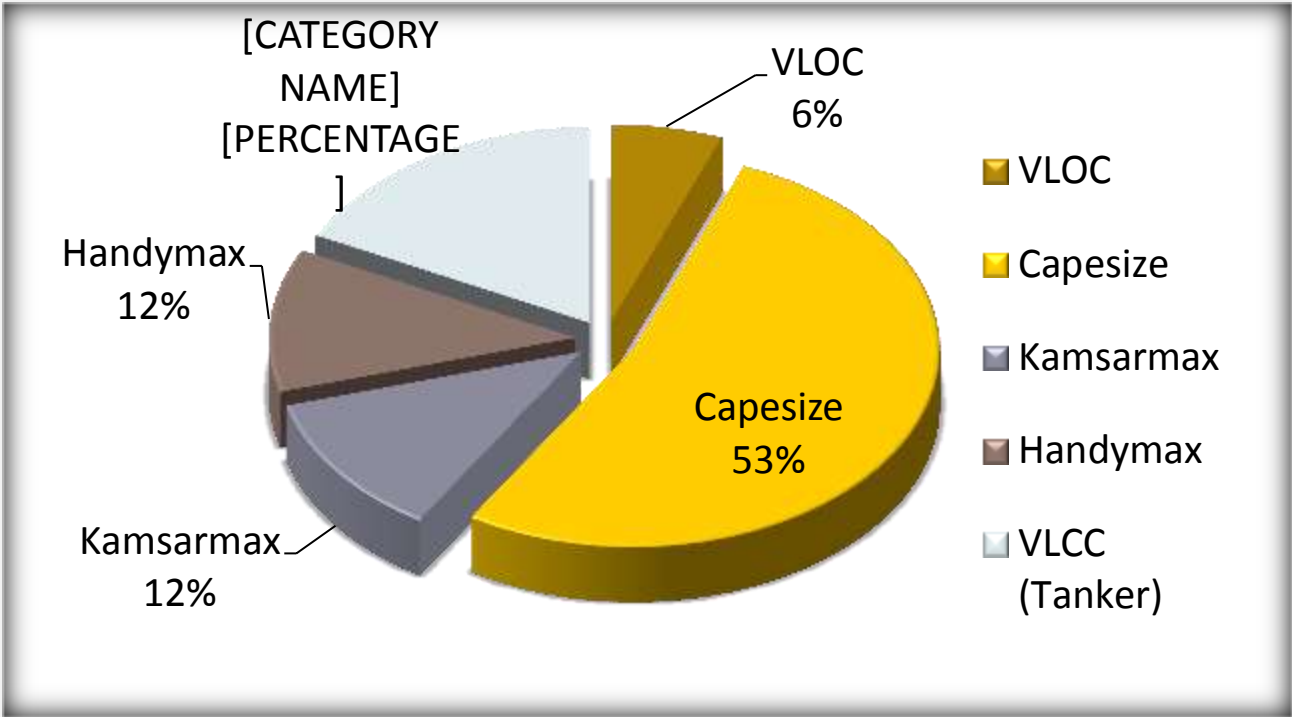


Deadweight
Tonnage

Sincere Navigation Fleet (by # of vessels)

Total Fleet: 17

- VLCC (Tanker): 3
- VLOC: 1
- Capesize: 9
- Kamsarmax: 2
- Handymax: 2



1968

- Established Sincere Navigation in Taiwan, a leading dry bulk owner-operator.
- With more than 50 years of management expertise, transporting goods for various industries such as mining, steel, power and paper companies.

Services

- Crude Oil Transportation
- Dry bulk Transportation
- Ship Owner / Operator

Principles

- Credibility, Decisiveness, Diligence, Discretion, and Improvements.
- Taking advantage of opportunities, while managing the volatility of the business cycle.
- Holding on to a spirit of stable and conservative growth, developing a sustainable marine transportation business.

1968

Sincere Navigation
was established
with one handysize
ship

1987

Acquired Karson Navigation
and Tai Hsing Navigation, and
reorganized with "Sincere
Navigation Corporation" as
the surviving company

2001

Established wholly
owned subsidiary
Heywood Limited

2004

Established Haihu Maritime
Service (Shanghai) Co., Ltd.

2018

A fleet of 17 ships
with about 3 million
deadweight ton

1980

Reformed the
company into
one of the
largest privately
owned Capesize
fleets

1989

Listed in Taiwan
stock exchange
and established
wholly owned
subsidiary Norley
Corporation Inc.

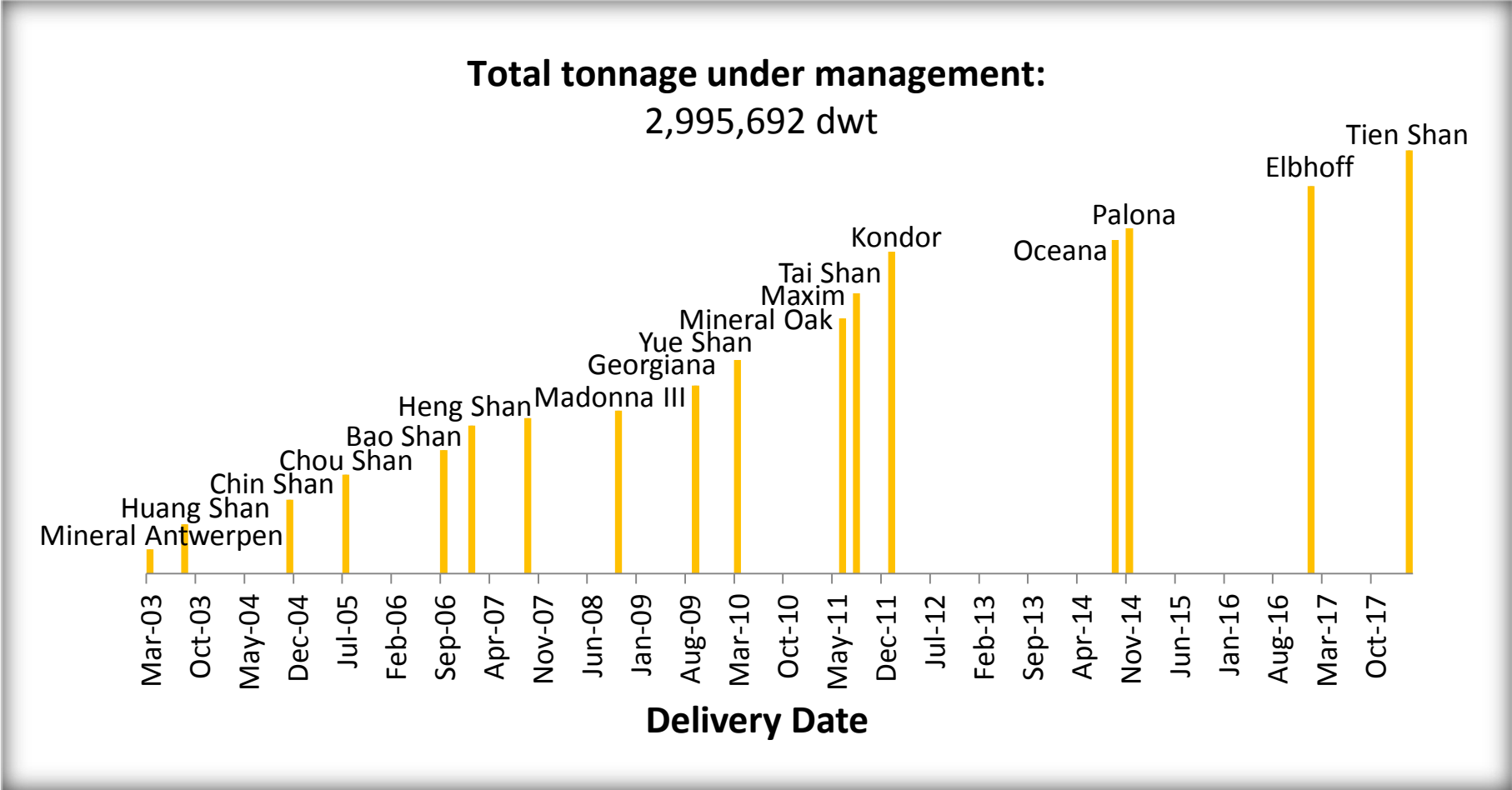
2006

Awarded by Forbes
Magazine as one of
the "Best Under a
Billion" companies
in the Asia region.

Cumulative Growth of Current Fleet (dwt)

Total Fleet: 17

- VLCC: 3
- VLOC: 1
- Capesize: 9
- Kamsarmax: 2
- Handymax: 2



Industry Outlook 2019

2019 Dry Bulk Market Positive / Negative Drivers

Positive Drivers

- Brazil Government authorized VALE to restart iron ore exports.
- 2019 decrease in ton-miles supply, due to installation of scrubbers on large vessels.
- Super Slow Steam (SSS) lowers fuel costs, and also decreases ton-mile supply in 2020.
- 2020 Sulphur Cap may accelerate scrapping.
- International Ballast Water Convention
- Uncertainty remains in the US-China trade war with China increasing commodity inventories and infrastructure spending.

Negative Factors

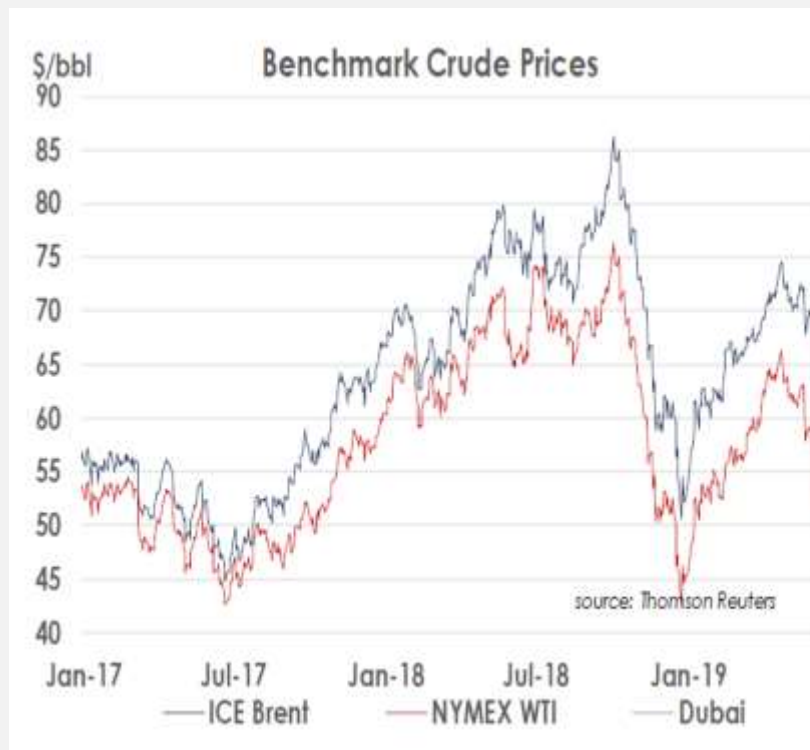
- US Protectionist Policies slows global GDP growth.
- Lower interest rate trend worldwide represents a continued lack of confidence in the global economic outlook.
- 2019 new deliveries are primarily VLOCs, which is a negative factor for dry bulk ton-mile supply availability.

Crude and Bunker Prices

Market Outlook

Index Performance

Benchmark Crude Prices

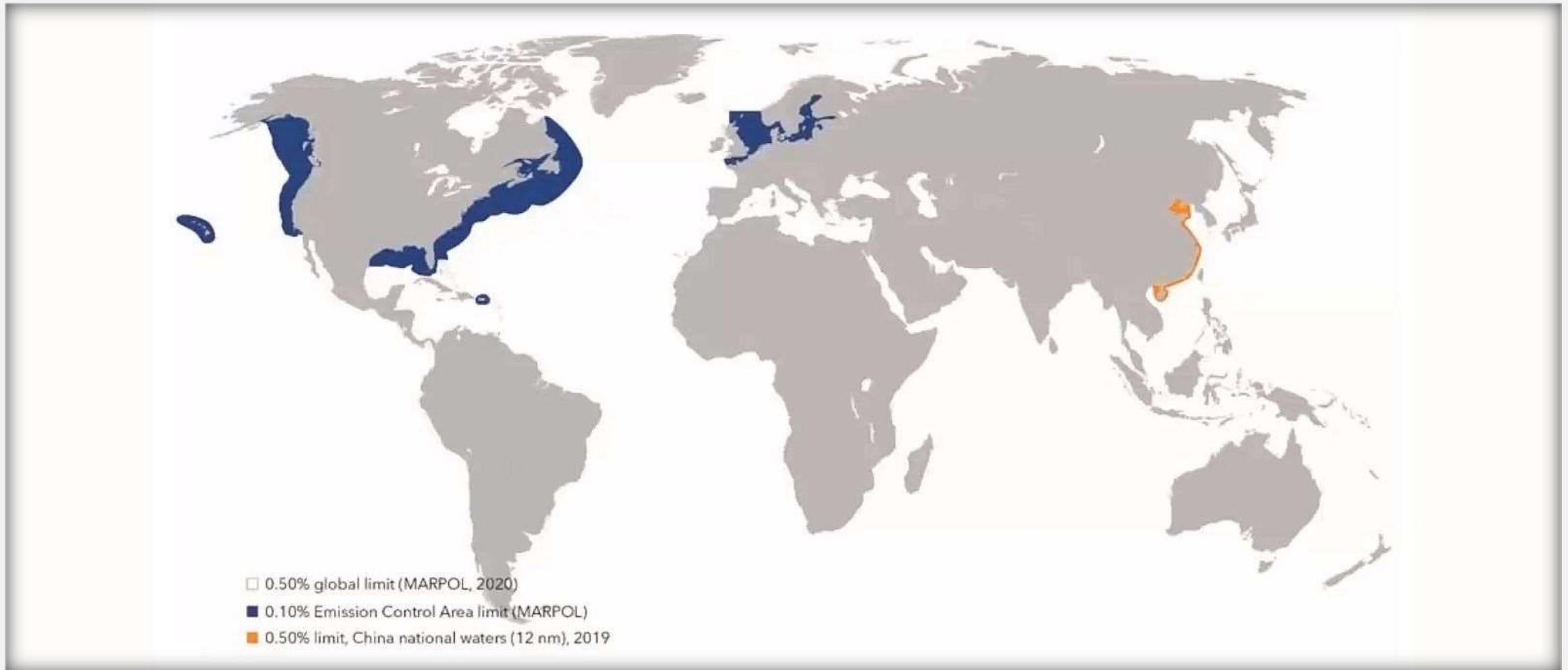


Spot Bunker Prices



Source: Alphabulk, Week 29, 2019

Current limits and 2020 Global Sulfur Cap

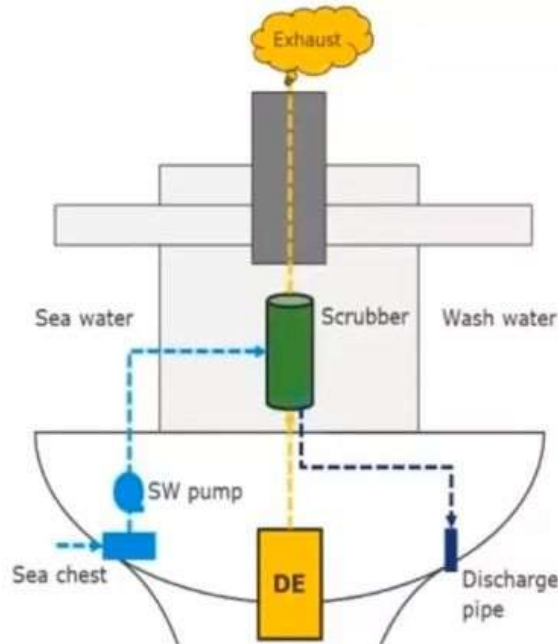


Source: DNV GL Scrubber Refit Presentation, Oct 10, 2018

What is a Scrubber?

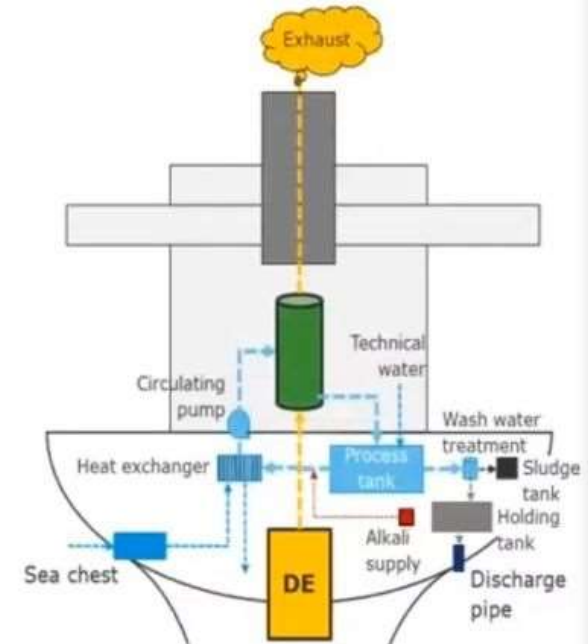
Open Loop

- Sea water flow through the tower and is discharged overboard.
- Few components (lower cost)
- Utilises seawater directly from sea, no hazardous chemicals are required.
- Not allowed in some ports and seas
- Unsuitable in brackish and fresh waters
- US VGP ph compliance require a “dilution” pump



Hybrid / Closed Loop

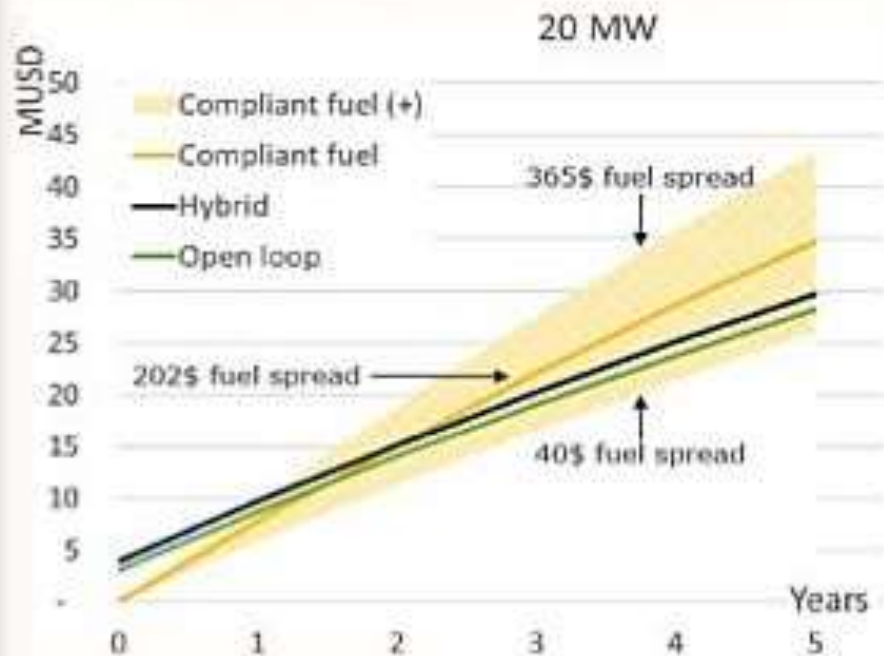
- Process water flows through the tower and recirculates in a closed loop.
- Treated wash water is held onboard then discharged where permitted.
- Increased flexibility
- Can operate in all areas regardless of seawater alkalinity or temperature.
- Increased complexity (higher cost)
- Requires a constant supply of an alkaline medium. NoOH is hazardous and require special handling.



Source: DNV GL Scrubber Refit Presentation, Oct 10, 2018

Business Case for Scrubber

Accumulated 5 year cost (20MW installed power / 6% discount rate)



Scenario based on a ship with 20MW installed power, assumption:

- HFO price: 450USD/ton
- Compliant fuel: 652 USD/ton

Resulting **payback time** is 1,3 years for open loop and 1,7 for hybrid

Fuel **price spread** is key

- at 40USD/ton there is **no business case** for scrubbers on ships with 20MW power
- at 100USD the pay **back time** is less than **two years** for an open loop system

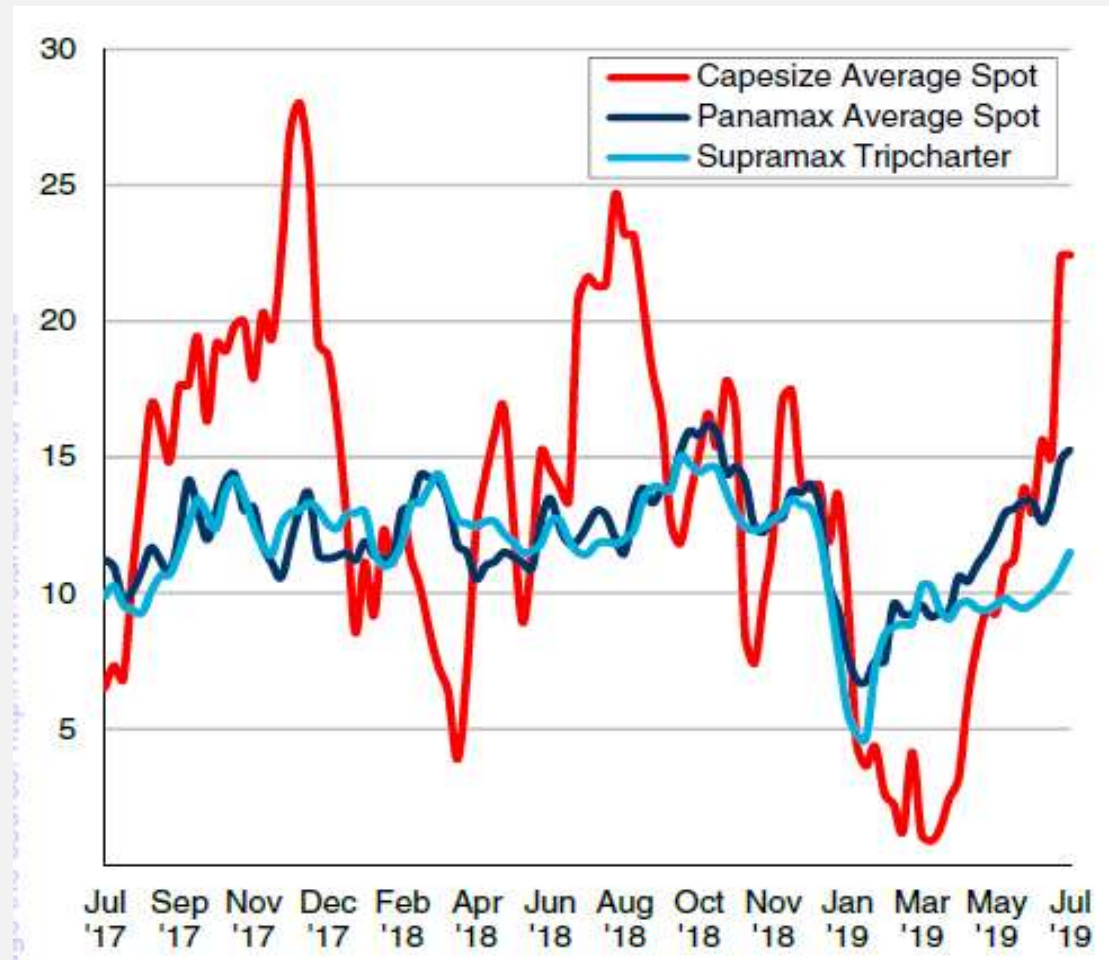
Source: DNV GL Scrubber Refit Presentation, Oct 10, 2018

Assuming a price spread between HFO and compliant fuel greater than US\$100/ton, there is a positive business case if HFO fuel is available.

Dry Bulk Average Spot Rates – By Vessel Types

Market Outlook

Index Performance



Source: Clarkson SIW

Capesize Spot Earnings

Market Outlook

Spot Earnings

Capesize Single Voyage...			
34	176,000t ore	Tubarao/Rotterdam*~	
34	176,000t ore	Tub/Qingdao*~	
34	160,000t ore	Port Cartier/Rott.	
34	166,500t coal	Bolivar/Rotterdam*	
34	176,000t ore	Dampier/Qingdao*	
34	176,000t ore	Saldanha/Qingdao~	
34	176,000t ore	Dampier/Japan 18m*	
34	165,000t coal	Hay Pt./Qingdao	
34	168,500t coal	R.Bay/Rotterdam~	
34	168,500t coal	R.Bay/EC India~	
34	Capesize Average Earnings *		

\$ Per Tonne		
Jul 05	Jul 12	2019
10.50	11.50	6.63
22.00	25.00	15.53
10.50	11.00	7.89
12.00	12.50	8.05
9.50	9.75	6.30
16.55	18.50	11.35
8.85	9.10	5.83
11.00	11.25	7.62
10.00	10.50	6.31
11.00	11.00	8.90

Average Earnings \$ Per Day			
2017	2018	2019	Jul 05
4,442	2,731	-2,145	7,940
13,603	16,854	11,752	23,870
17,242	24,716	20,881	36,710
15,538	15,403	10,794	25,704
14,539	16,895	10,911	26,585
14,357	17,245	11,368	24,430
19,255	18,245	11,287	27,682
13,733	16,763	11,425	24,557
4,580	3,041	-1,730	8,059
12,588	13,627	6,333	12,366
13,475	14,026	8,520	22,356

Capesize Market		
Jul 12	This Week ...	
7,638	SOFTER	-4%
26,665	FIRMER	12%
38,672	FIRM.....	5%
26,299	STEADY	2%
25,274	SOFTER	-5%
26,568	FIRMER	9%
26,286	SOFTER	-5%
23,053	SOFTER	-6%
6,560	WEAKER	-19%
9,707	WEAKER	-22%
22,432	STEADY	0%

Source: Clarkson SIW

Capesize Spot Earnings – 15th Jul 2019

Market Outlook

Spot Earnings

BCI		3724 (+183 ▲)		
Route	Description	Size (MT)	Value (\$)	Change
C2	Tubarao to Rotterdam (long tons)	160000	11.289	+0.411 ▲
C3	Tubarao to Qingdao	160000 or 170000	24.982	+1.118 ▲
C4	Richards Bay to Rotterdam	150000	10.050	+0.365 ▲
C5	West Australia to Qingdao	160000 or 170000	10.132	+0.623 ▲
C7	Bolivar to Rotterdam	150000 or 160000	12.585	+0.265 ▲
C15	Richards Bay to Fangcheng	160000	17.345	+0.535 ▲
C8_14	Gibraltar/Hamburg transatlantic round voyage	180000	30400	+625 ▲
C9_14	Continent/Mediterranean trip China-Japan	180000	51341	+609 ▲
C10_14	China-Japan transpacific round voyage	180000	26442	+1888 ▲
C14	China-Brazil round voyage	180000	26677	+1654 ▲
C16	Revised backhaul	180000	10250	+575 ▲
Weighted Timecharter Average			28579	+1190 ▲

Source: Baltic Exchange

Panamax Average Earnings

Market Outlook

Spot Earnings

Panamax Single Voyage...				\$ Per Tonne			Average Earnings \$ Per Day				Panamax Market		
				Jul 05	Jul 12	2019	2017	2018	2019	Jul 05	Jul 12	This Week ...	
36	67,000t	coal	USGulf/ARA*	16.00	17.75	12.78	8,783	10,125	7,305	12,256	14,130	FIRMER	15%
36	67,000t	coal	Bolivar/ARA	12.30	13.00	10.13	7,291	5,850	5,361	9,430	10,305	FIRMER	9%
36	65,000t	coal	Murmansk/ARA*	8.00	8.50	6.16	7,996	9,343	4,219	10,392	11,515	FIRMER	11%
36	60,000t	grain	USGulf/N. China*^	46.00	49.50	42.64	15,266	19,127	17,720	20,227	22,053	FIRMER	9%
36	72,000t	coal	Rob. Bank/N. China*	17.75	18.88	14.56	12,279	16,284	13,713	18,936	19,375	STEADY	2%
36	72,000t	coal	Dalrymp. B./N. China*	14.72	15.89	11.85	11,494	15,092	12,384	17,978	18,828	FIRM.....	5%
36	70,000t	coal	Indonesia/S. China*	7.00	7.30	5.70	6,489	8,501	7,331	10,973	10,856	STEADY	-1%
36	72,000t	coal	Indonesia/WC India*	10.25	10.25	9.02	11,555	12,736	12,327	15,132	13,841	WEAKER	-9%
36	72,000t	coal	Indonesia/EC India	9.00	9.00	7.79	12,676	13,517	12,410	15,516	14,362	SOFTER	-7%
36	60,000t	grain	Nopac/N. China*	25.92	27.10	22.69	10,747	13,066	11,304	14,153	14,273	STEADY	1%
36	66,500t	coal	R.Bay/Rotterdam	7.85	9.60	7.64	3,147	1,349	-331	294	1,646		
36	72,000t	coal	R.Bay/WC India *	14.50	14.50	12.32	10,525	11,504	9,944	13,796	12,596	WEAKER	-9%
36	Panamax Average Earnings *						10,570	12,866	10,694	14,871	15,274	STEADY	3%

Source: Clarkson SIW

Panamax Spot Earnings – 15th Jul 2019

Market Outlook

Spot Earnings

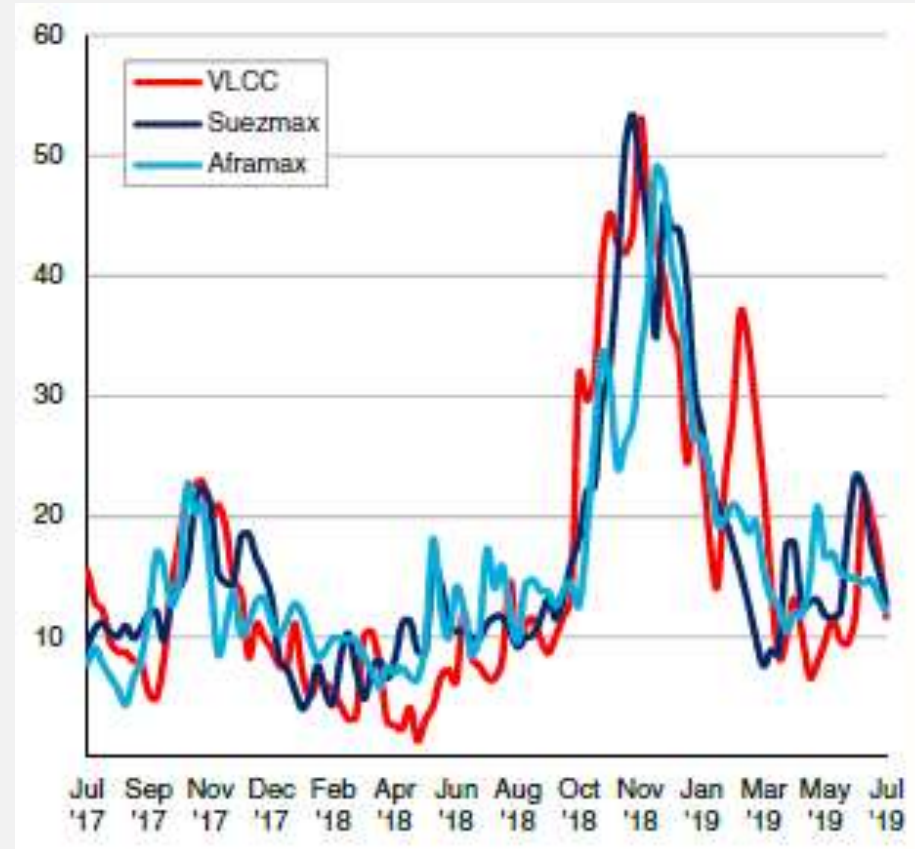
Baltic Exchange Panamax Index (BPI)				1992	(+47 ▲)
Route	Description	Size (MT)	Value (\$)	Change	
P1A_03	Skaw-Gibraltar transatlantic round voyage	74000	19705	+400	▲
P2A_03	Skaw-Gibraltar trip to Taiwan-Japan	74000	26086	+491	▲
P3A_03	Japan–South Korea transpacific round voyage	74000	13063	+401	▲
P4_03	Japan-South Korea trip to Skaw Passero	74000	4823	+240	▲
Weighted Timecharter Average			15919	+383	▲
The following route does not contribute to the BPI					
Route	Description	Size (MT)	Value (\$)	Change	
P3A-IV	Newcastle to Qingdao - implied voyage	74000	14.96	-0.04	▼

Source: Baltic Exchange

Tanker Spot Earnings

Market Outlook

Tanker Spot Earnings



Source: Clarkson SIW

VLCC Spot Earnings

Market Outlook

Tanker Earnings

VLCC Single Voyage.....			WS 2019			Average earnings \$ per day				VLCC Earnings		
			Jul 05	Jul 12	2019	2017	2018	2019	Jul 05	Jul 12	This Week	
23	280,000t	Gulf - UKC	22	21	24	10,519	2,398	6,623	4,589	-800		
23	280,000t	Gulf - US Gulf~ *	20	19	22	13,414	5,868	10,338	7,254	1,312	WEAKER!!	-82%
23	270,000t	Gulf - Japan *	47	46	48	20,653	20,288	22,384	22,804	17,781	WEAKER	-22%
23	270,000t	Gulf - S.Korea *	45	44	46	17,344	17,729	20,389	20,484	15,498	WEAKER	-24%
23	270,000t	Gulf - Sing	49	48	50	21,060	20,843	22,830	23,014	18,063	WEAKER	-22%
23	280,000t	Gulf - Red Sea	50	48.5	52	24,562	25,173	27,571	26,700	21,239	WEAKER	-20%
23	260,000t	WAF - China *	47	46.5	49	19,763	18,358	20,038	17,410	11,770	WEAKER!!	-32%
23	260,000t	WAF - US Gulf	50	50	51	27,741	23,457	25,456	24,589	23,380	SOFTER	-5%
23	260,000t	WAF - WC India^	2.8	3.0	3.2	25,689	23,123	27,634	20,818	20,591	STEADY	-1%
23	275,000t	Caribs-Singapore^	4.5	4.4	5.0	49,278	53,772	59,662	50,231	45,314	WEAKER	-10%
23	VLCC Ave. Earnings *					17,794	15,561	18,287	16,988	11,590	WEAKER!!	-32%

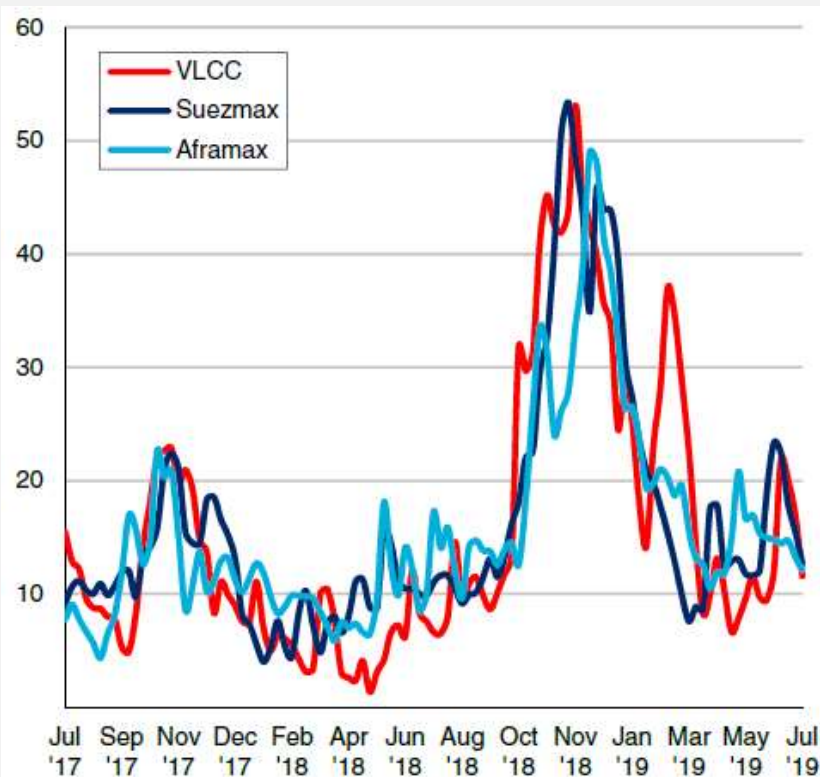
Source: Clarkson SIW

Spot Earning Outlook

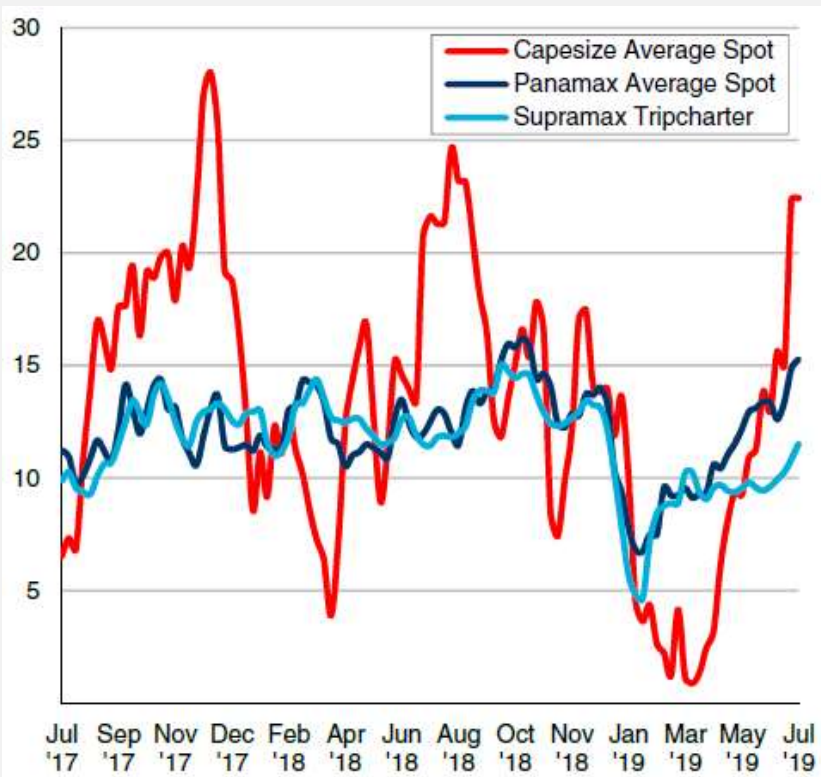
Market Outlook

Index Performance

Crude Tanker Spot Earnings



Bulk Carrier Spot Earnings



Source: Clarkson SIW, 12 July, 2019

Spot Earning Outlook

Market Outlook

Spot Earnings

Capesize Tripcharter...
Cont/Far East
Transpacific R/V
Far East/Cont
Transatlantic R/V
Average Capesize Earnings

Panamax Tripcharter...
Cont/Far East
Transpacific R/V
Far East/Cont
Transatlantic R/V
Average Panamax Earnings

Supramax Tripcharter...
Cont/Far East
Transpacific R/V
Far East/WAF"
US Gulf/Cont
ECSA/Cont*
Indonesia - China~
Average Supramax Earnings^

Average Rate \$ Per Day						
2017	2018	2019	Jun 14	Jun 21	Jun 28	Jul 05
26,165	30,881	24,732	27,500	33,500	37,000	50,000
15,314	15,836	10,714	16,500	18,500	17,000	25,000
5,596	2,087	-2,018	1,000	5,000	5,000	7,000
15,930	16,302	11,214	10,500	19,000	20,500	28,000
15,751	16,276	11,161	13,875	19,000	19,875	27,500

Average Rate \$ Per Day						
2017	2018	2019	Jun 14	Jun 21	Jun 28	Jul 05
16,168	18,923	15,702	16,600	15,700	18,000	22,500
9,328	11,120	8,409	9,800	9,200	10,250	12,000
3,753	4,671	2,838	3,100	2,850	3,000	3,500
9,999	11,964	8,049	6,900	7,050	10,250	17,000
9,812	11,670	8,749	9,100	8,700	10,375	13,750

Average Rate \$ Per Day						
2017	2018	2019	Jun 14	Jun 21	Jun 28	Jul 05
15,966	19,168	14,857	13,500	14,000	16,000	18,000
8,106	10,242	7,804	7,000	7,250	7,500	7,750
4,495	6,462	4,205	4,000	4,000	4,250	4,250
15,760	18,606	12,134	12,750	13,500	14,250	15,750
9,106	10,358	7,545	9,250	9,250	9,250	9,750
9,747	11,928	8,966	9,500	9,750	10,100	10,100
10,680	12,783	9,112	9,625	9,938	10,275	10,838

Capesize Market		
Jul 12	This Week	
50,000	STEADY	0%
24,500	STEADY	-2%
8,000	FIRMER	14%
28,000	STEADY	0%
27,625	STEADY	0%

Panamax Market		
Jul 12	This Week	
25,050	FIRMER	11%
13,000	FIRMER	8%
6,000	FIRMER	71%
19,300	FIRMER	14%
15,838	FIRMER	15%

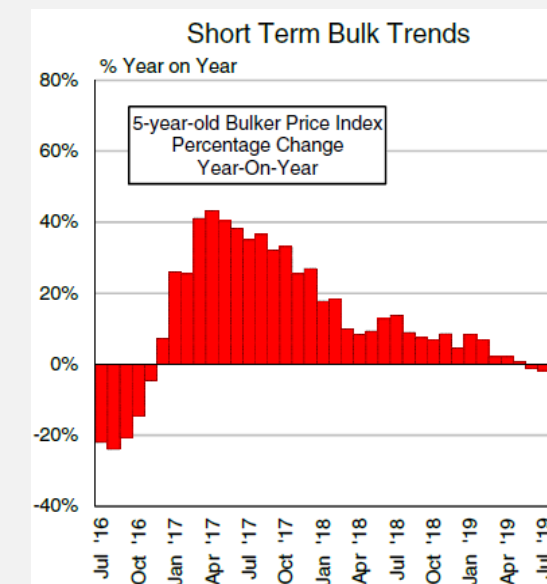
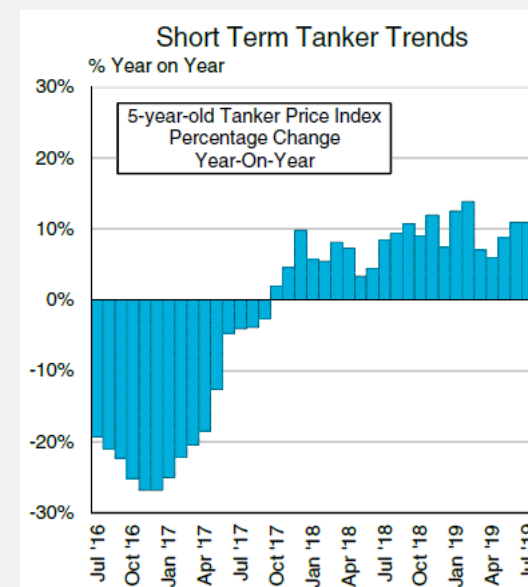
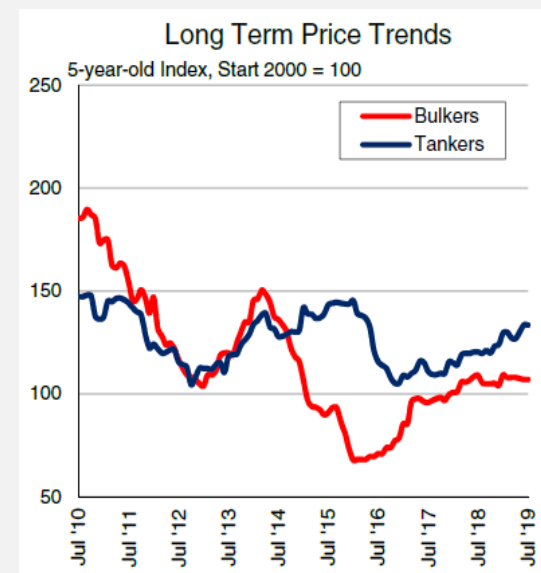
Supramax Market		
Jul 12	This Week	
21,000	FIRMER	17%
8,000	FIRM.....	3%
4,000	SOFTER	-6%
17,500	FIRMER	11%
10,500	FIRM.....	8%
10,100	STEADY	0%
11,525	FIRM.....	6%

Source: Clarkson SIW, 12 July, 2019

Secondhand Vessel Price Trends

Market Outlook

Secondhand Vessel Prices



Source: Clarkson SIW, 12 July, 2019

Asset values have remained flat, supporting corporate value

Market Outlook

Secondhand Vessel Prices

Newbuilding Prices		Year End, \$m.			Three Month	
		2016	2017	2018	Jul	Trend ...
Tankers						
VLCC	320,000 dwt	84.5	81.5	92.5	92.5	WEAKER... -0.2%
Suezmax	157,000 dwt	54.5	55.0	60.5	61.5	SAME.....
Aframax	115,000 dwt	44.5	44.0	48.0	48.5	SAME.....
'MR' Tanker	51,000 dwt	32.5	33.8	36.5	36.5	SAME.....
Bulk Carriers						
Capesize	180,000 dwt	42.0	44.0	50.0	51.0	SAME.....
Panamax	81,000 dwt	24.5	25.5	28.0	28.0	SAME.....
Handymax	62,000 dwt	22.3	24.0	26.0	26.0	SAME.....
Handysize	38,000 dwt	19.5	22.0	24.0	24.0	SAME.....
Gas Vessels						
LPG	82,000m ³	71.0	70.0	71.0	71.0	SAME.....
LNG	174,000m ³	197.0	182.0	182.0	185.5	FIRM..... 0.3%
Dry Cargo						
Container	13,000 teu	109.0	107.0	115.0	111.5	WEAKER... -2.5%
Container	2,750 teu	27.0	28.8	35.0	34.0	WEAKER... -1.4%
Pure Car Carrier	6,500 ceu	60.0	61.0	63.5	65.0	FIRM..... 0.5%
Clarkson Index		123	125	130	131	WEAKER... 0.0%

Source: Clarkson SIW, 12 July, 2019

China Ore and Steel

Market Outlook

Index Performance

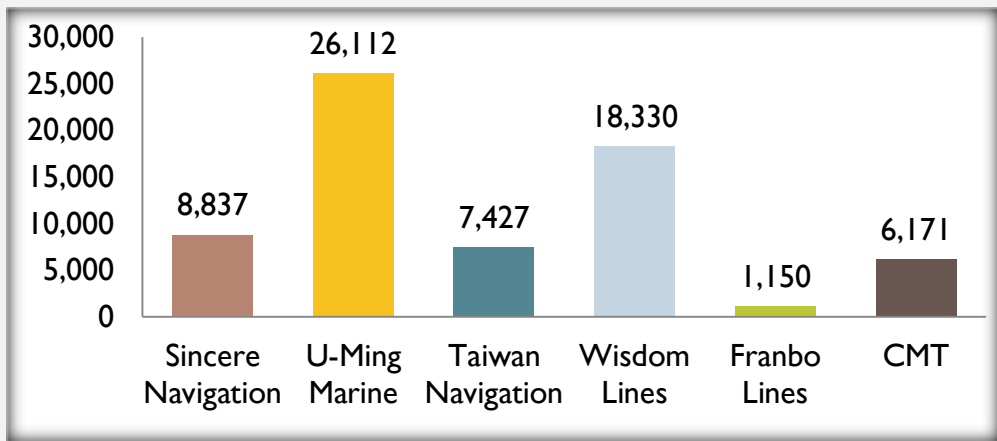


Source: Alphabulk, Week 29, 2019

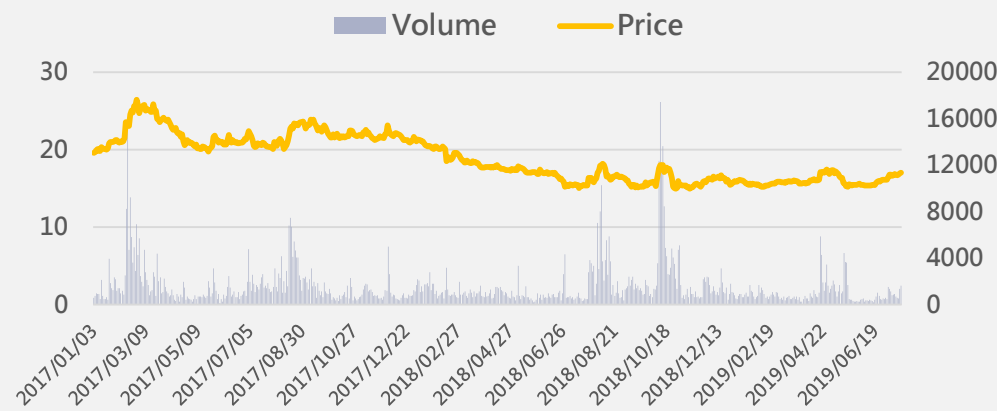
Strategic Outlook 2019

Market Summary

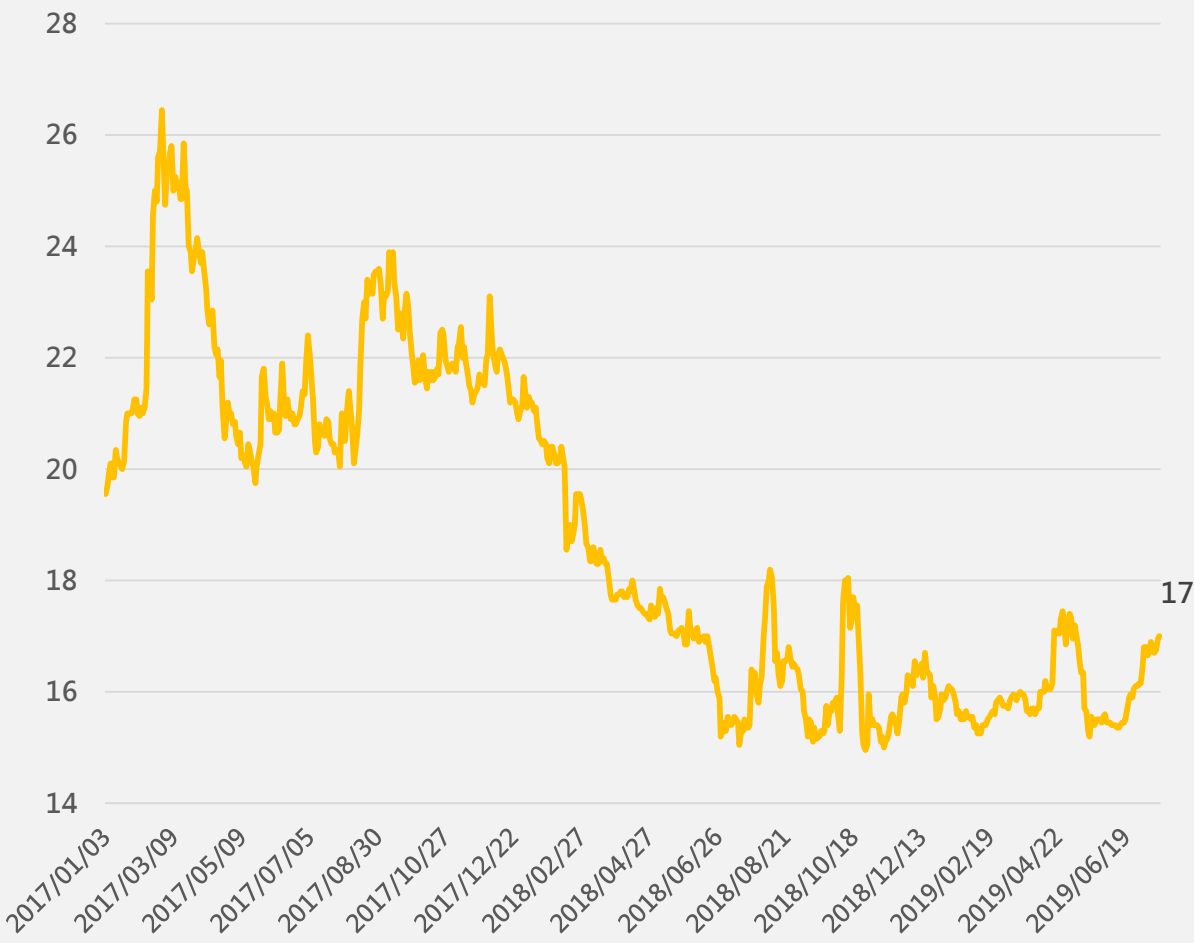
Market Capitalization



Liquidity

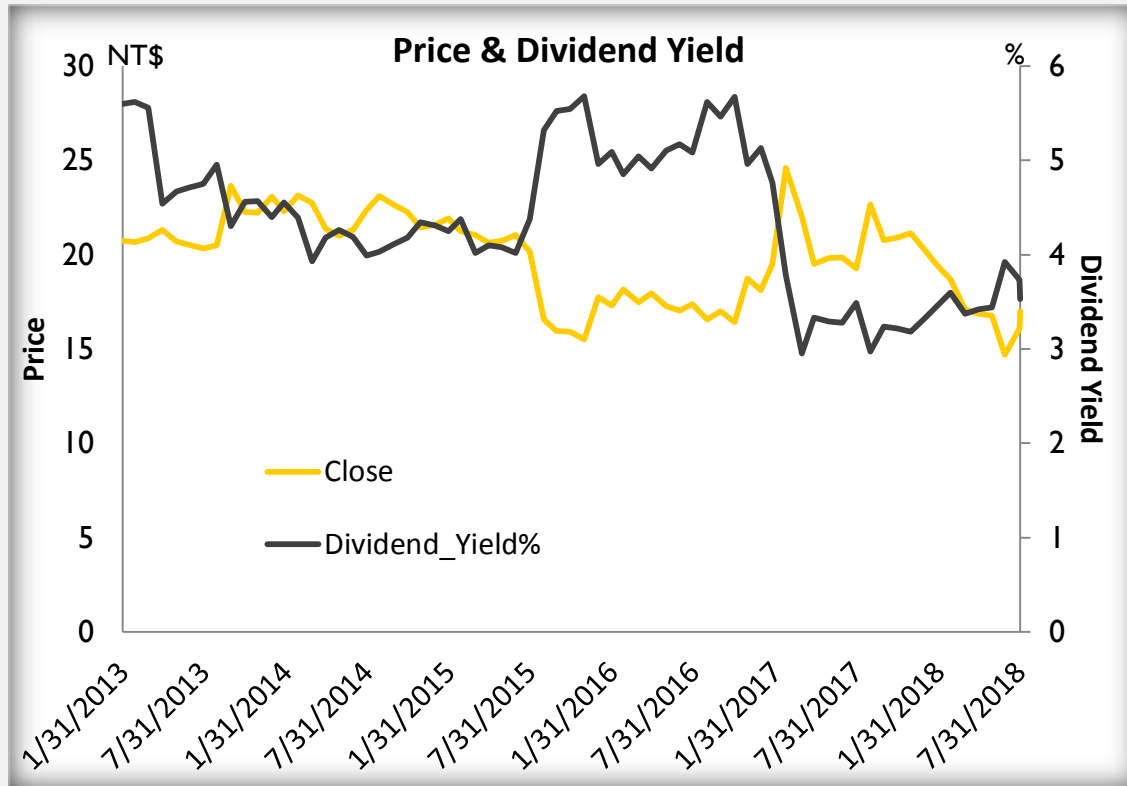


Stock Performance (as of July 17, 2019)



Dividend Policy

Price & Dividend Yield

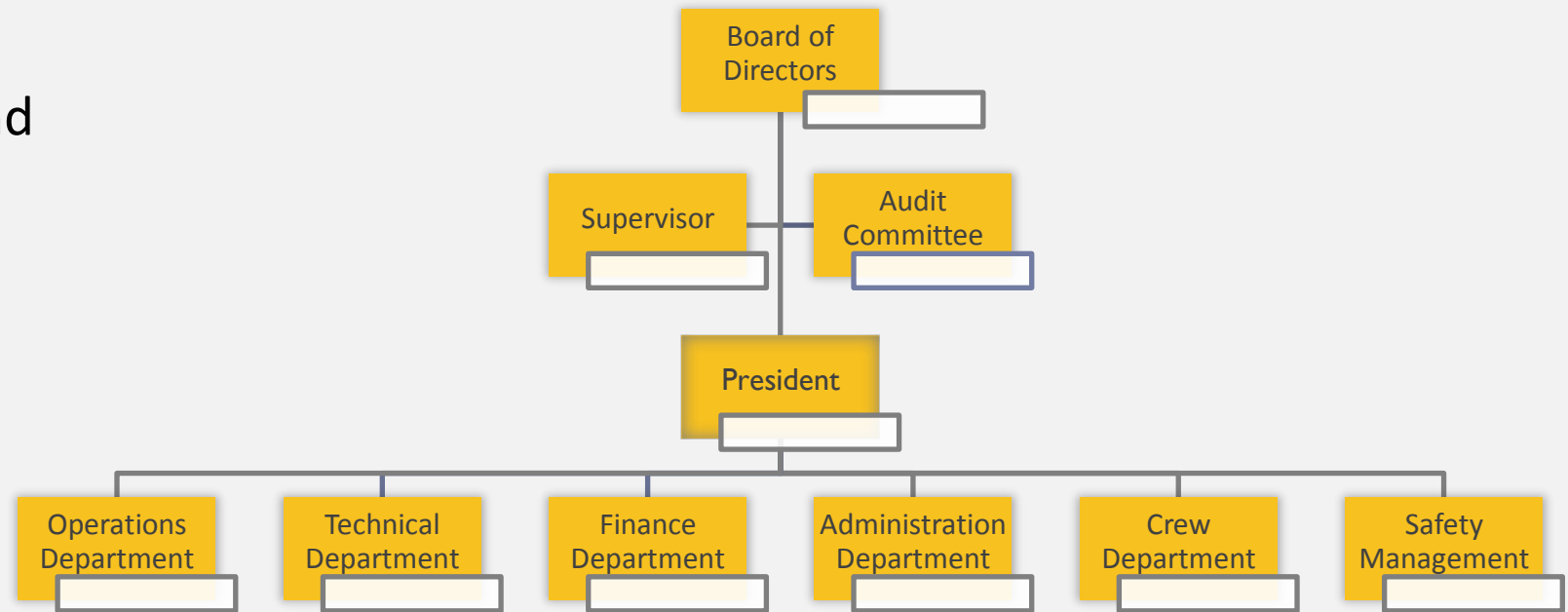


Dividend History Table

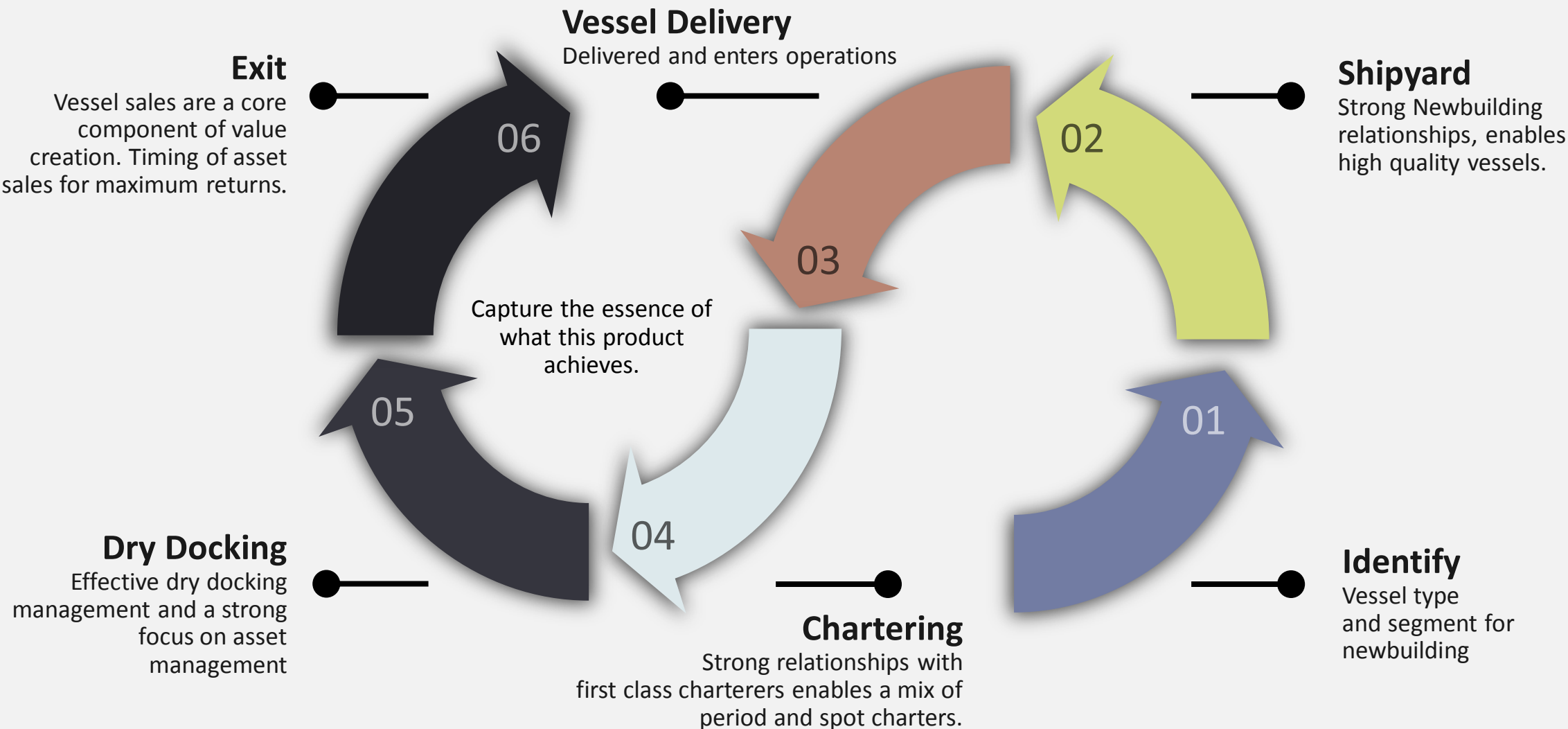
Ex-Dividend Date	Cash Dividend (Per Share)	Previous Day Close	Yield	Earnings Per Share	% Payout
2019/6/28	0.2	16.1	1.24%	0.12	183.99%
2018/7/13	0.6	15.45	3.88%	0.90	66.68%
2017/7/10	0.7	21.25	3.29%	1.06	66.29%
2016/8/11	1	19.3	5.18%	1.66	60.18%
2015/7/3	1	25	4.00%	1.51	66.20%
2014/8/7	1.1	27.35	4.02%	1.93	56.87%
2013/8/8	1.25	26.2	4.77%	2.86	44%
2012/8/9	1.5	26.95	5.57%	3.13	48%
2011/8/4	2.5	32.7	7.65%	3.68	68%
2010/7/29	3	39	7.69%	5.42	55%
2009/8/19	2.5	39	6.41%	5.09	49%

Organizational structure focused on owner-operator management of assets and people

- Strong management team with low turnover, substantial experience, prudent management and care of assets/business, and strict adherence to safety & regulations
- Adding new talent with awareness of global standards & best practices, and innovative ideas and diverse areas of expertise.



Evolution of a shipping asset



Business model focused on prudent asset replacement and cash flow generation

- Average fleet age for SNC Capesize fleet is currently at 9.8 years, higher than the 8 years of the world fleet average.
- 6 out of the 17 vessels we own do not have any outstanding loan balances, enabling fire power for future asset acquisitions.
- Prudent, risk management approach to asset replacement is key.
- New sectors continued to be evaluated for future investments.
- Continued commitment to a stable dividend policy and returns to our shareholders.

Sincere Navigation Fleet

VESSEL	船名	SHIP BUILDER	TYPE	DELIVERY	FLAG	SUMMER DWT MT
ELBHOFF	(海福輪)	SWS	VLCC	01/2017	Hong Kong	300,837
KONDOR	(高登輪)	SWS	VLCC	01/2012	Hong Kong	296,714
MAXIM	(美生輪)	SWS	VLCC	06/2011	Hong Kong	296,887
TIEN SHAN	(天山輪)	BEIHAI	VLOC	03/2018	Hong Kong	250,327
BAO SHAN	(寶山輪)	CSBC	Capesize Bulker	09/2006	Panamanian	175,009
CHIN SHAN	(青山輪)	CSBC	Capesize Bulker	11/2004	Panamanian	175,569
CHOU SHAN	(舟山輪)	CSBC	Capesize Bulker	07/2005	Panamanian	175,569
HENG SHAN	(衡山輪)	SWS	Capesize Bulker	01/2007	Panamanian	174,145
HUANG SHAN	(黃山輪)	CSBC	Capesize Bulker	08/2003	Panamanian	175,980
MINERAL ANTWERPEN	(明安輪)	DAEWOO	Capesize Bulker	03/2003	Panamanian	172,424
MINERAL OAK	(明和輪)	SWS	Capesize Bulker	03/2010	Hong Kong	177,921
TAI SHAN	(泰山輪)	SWS	Capesize Bulker	08/2011	Hong Kong	176,469
YUE SHAN	(玉山輪)	SWS	Capesize Bulker	09/2009	Hong Kong	177,798
OCEANA	(合盛輪)	SWS	Kamsarmax	09/2014	Hong Kong	81,594
PALONA	(寶隆輪)	SWS	Kamsarmax	11/2014	Hong Kong	81,676
GEORGIANA	(佐興輪)	CHENGXI	Double Hull Handymax Bulker	10/2008	Panamanian	53,383
MADONNA III	(麥唐娜)	CHENGXI	Double Hull Handymax Bulker	09/2007	Taiwanese	53,390
Fleet Total: 17 Vessels			Fleet Average Age:	9.8 Years	2,995,692	

Q&A

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新興航運 

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