



新 興 航 運

2019

**Sincere Navigation Corporation
Company Presentation
September 2019**



Company Overview

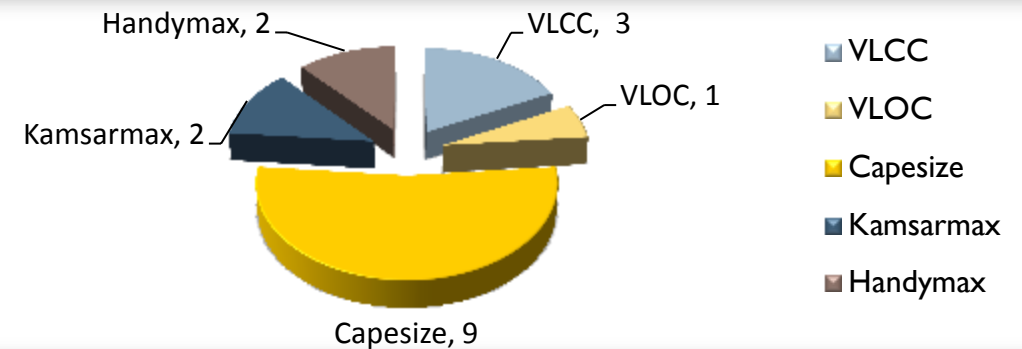
Key Facts

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\$36,750 / day
- 1-Yr Capesize Average TC Rates: US\$23,000 / day
- 1-Yr Panamax Average TC Rates: US\$14,750 / day
- 1-Yr Supramax Average TC Rates: US\$12,500 / 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

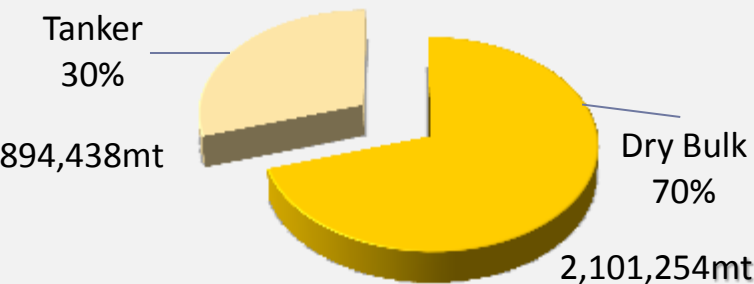


- Placed in Tankers International Pool, achieving long-term commercial management stability.

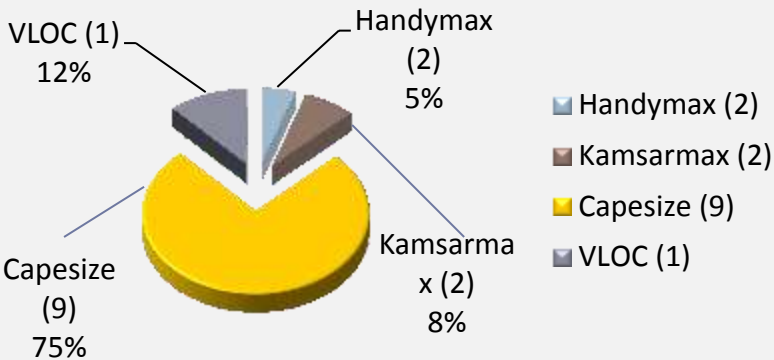


- Carries major commodities, like iron ore, coal.
- Flexible operations between spot and period markets.

Total Fleet Tonnage & Mix



Dry bulk Fleet Mix (by tonnage)

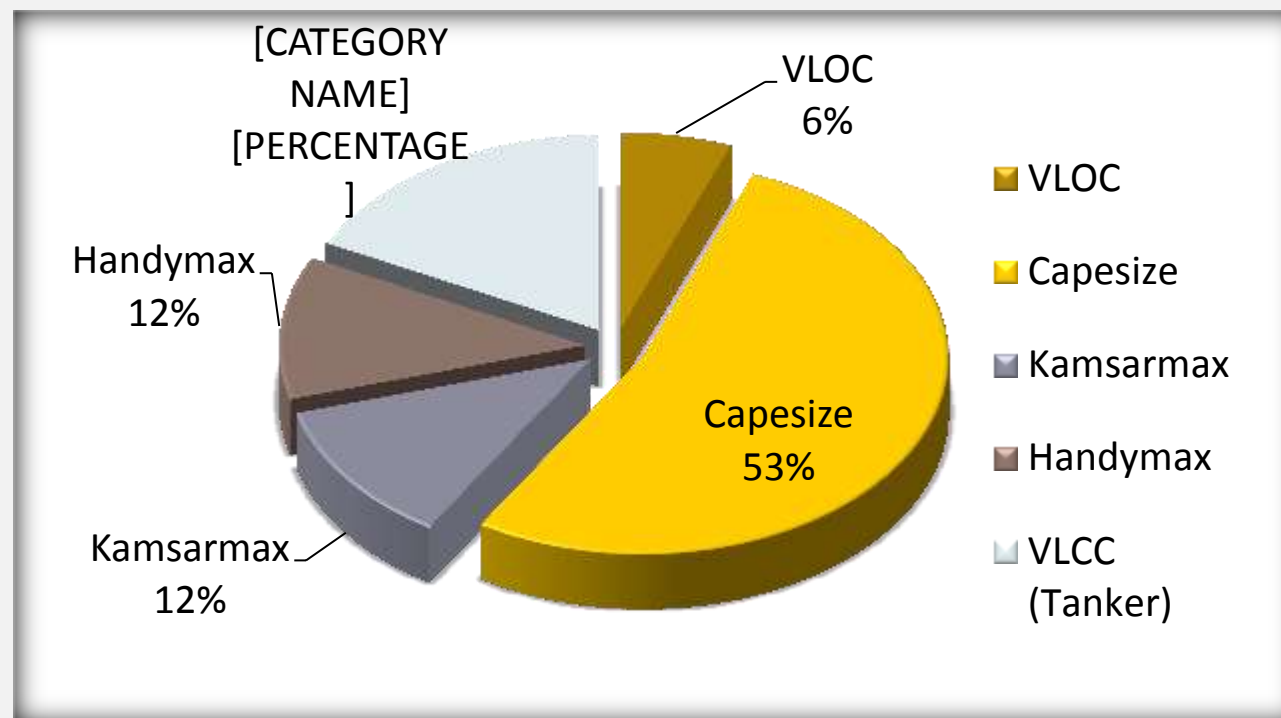


Deadweight
Tonnage

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.

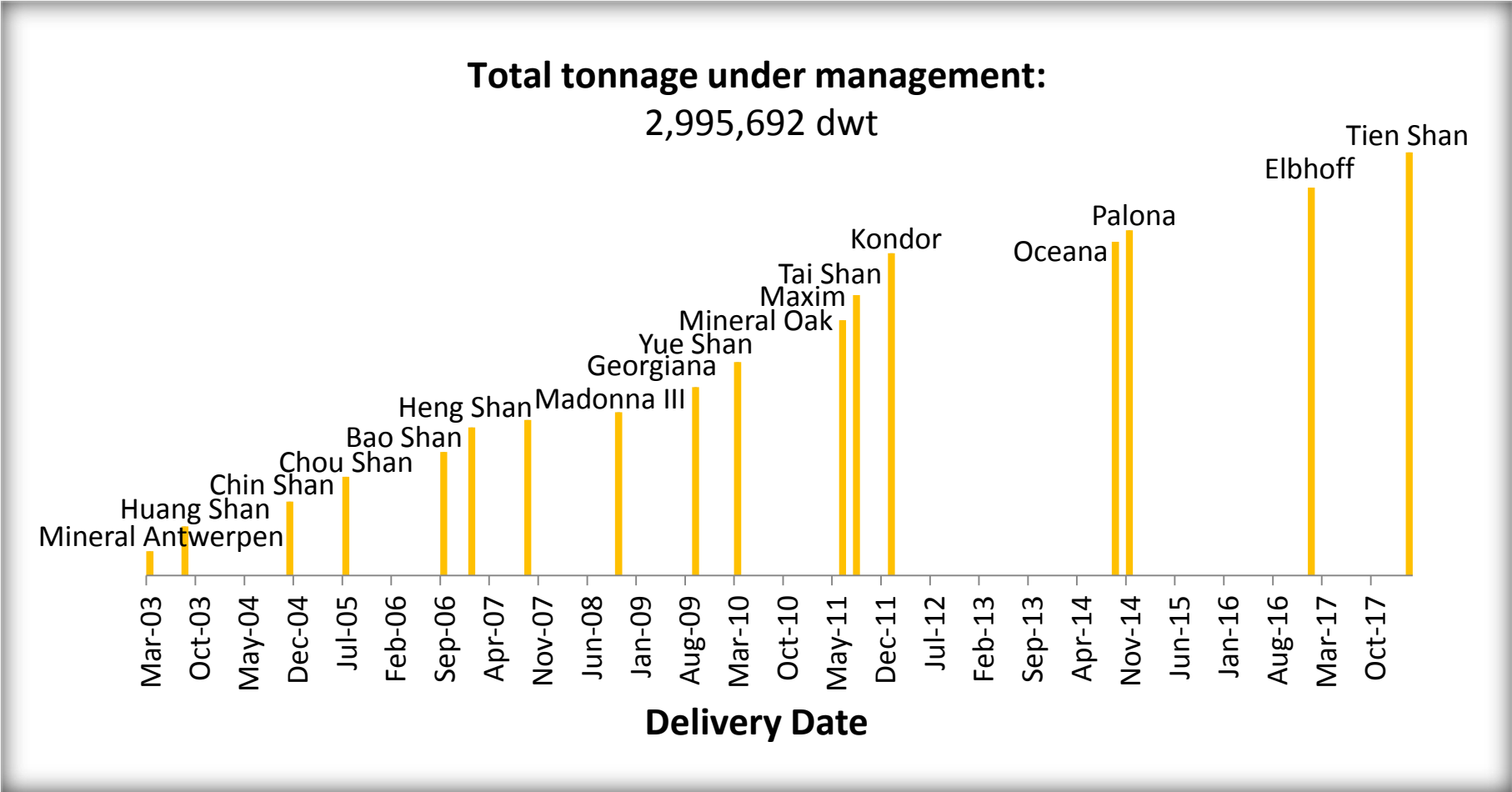
2006

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

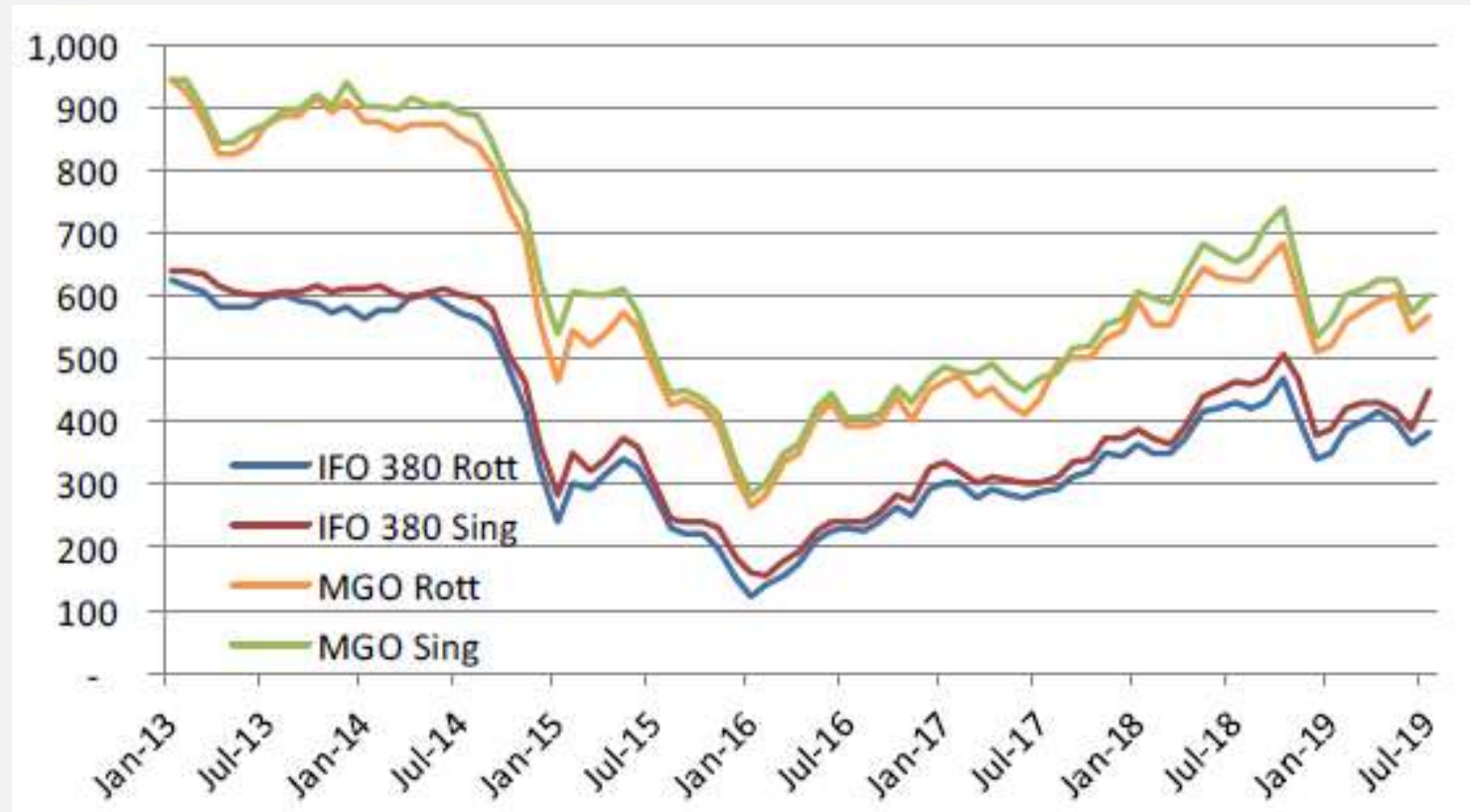
- Brazil Government authorized VALE to restart iron ore exports.
- 2019 decrease in ton-miles supply, due to installation of scrubbers on large vessels.
- Super Slow Steam (SSS) lowers fuel costs, and also decreases ton-mile supply in 2020.
- 2020 Sulphur Cap may accelerate scrapping.
- International 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.

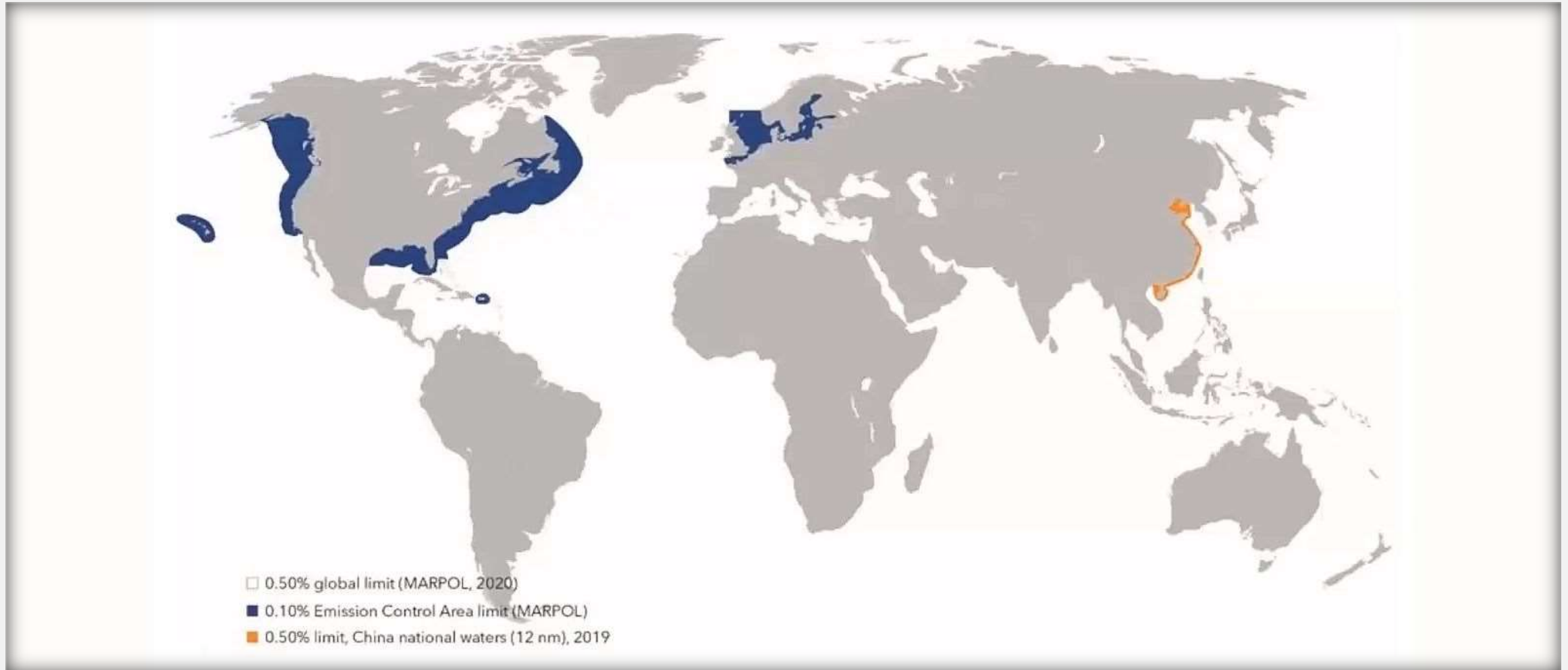
Bunker Prices

Market Outlook Index Performance



Source: Alphabulk Monthly Monitor, August 2019

Current limits and 2020 Global Sulfur Cap

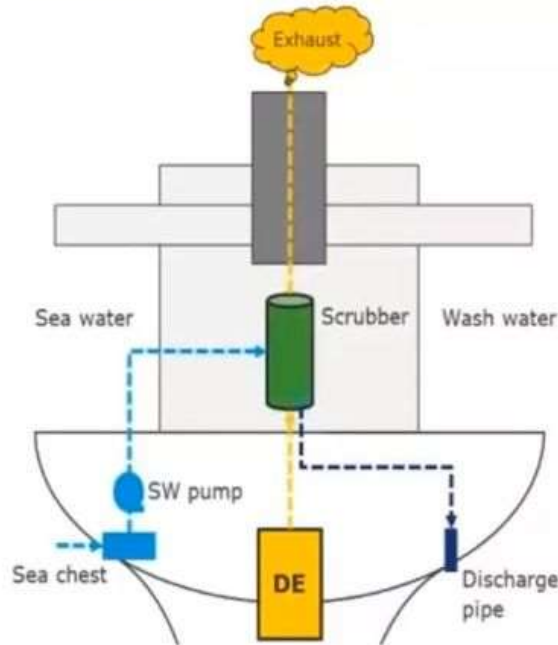


Source: DNV GL Scrubber Refit Presentation, Oct 10, 2018

What is a Scrubber?

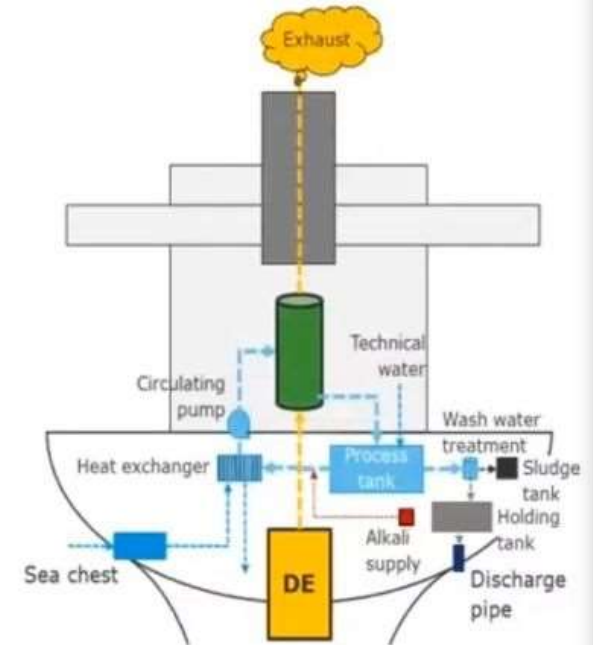
Open Loop

- 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

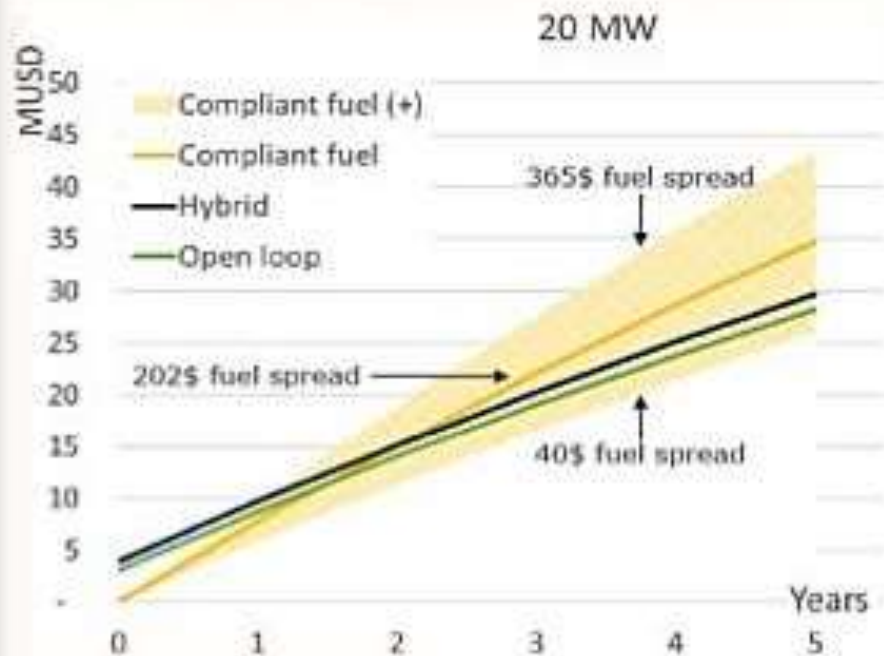
- Process water flows through the tower and recirculates in a closed loop.
- Treated wash water is held onboard then discharged where permitted.
- Increased flexibility
- Can operate in all areas regardless of seawater alkalinity or temperature.
- Increased complexity (higher cost)
- Requires a constant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

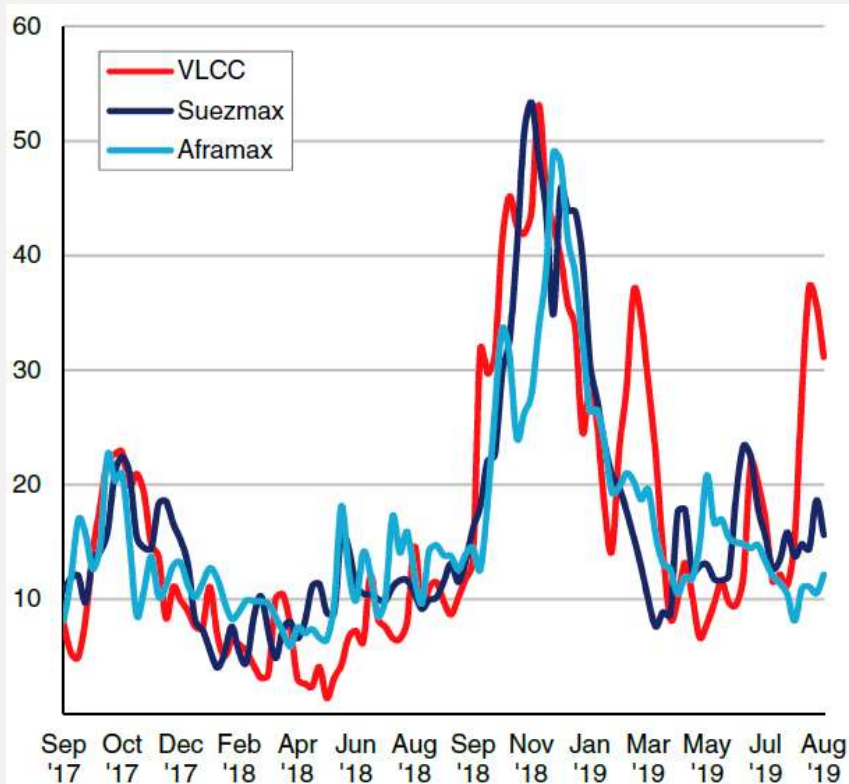
Assuming a price spread between HFO and compliant fuel greater than US\$100/ton, there is a positive business case if HFO fuel is available.

Spot Earning Outlook

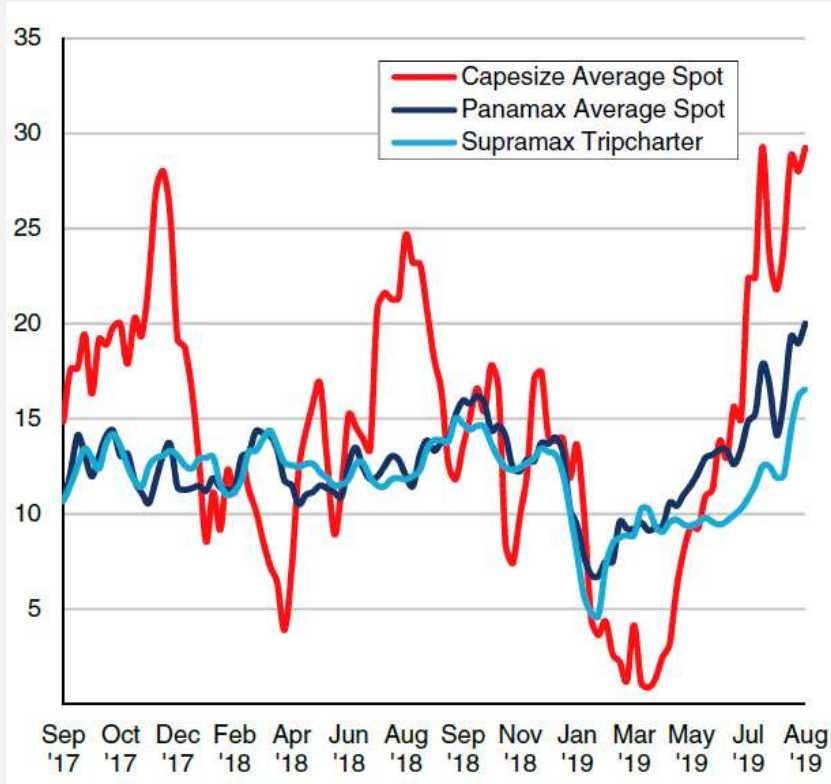
Market Outlook

Index Performance

Crude Tanker Spot Earnings



Bulk Carrier Spot Earnings



Source: Clarkson SIW, 30 August, 2019

Capesize Spot Earnings

Market Outlook

Spot Earnings

Capesize Single Voyage...				\$ Per Tonne			Average Earnings \$ Per Day				Capesize Market		
				Aug 23	Aug 30	2019	2017	2018	2019	Aug 23	Aug 30	This Week ...	
34	176,000t	ore	Tubarao/Rotterdam*~	10.75	11.50	7.58	4,442	2,731	545	11,014	10,952	STEADY	-1%
34	176,000t	ore	Tub/Qingdao*~	23.50	28.00	17.22	13,603	16,854	15,133	29,192	35,821	FIRMER	23%
34	160,000t	ore	Port Cartier/Rott.	9.75	12.00	8.35	17,242	24,716	23,919	34,136	47,528	FIRMER	39%
34	166,500t	coal	Bolivar/Rotterdam*	12.50	14.00	8.96	15,538	15,403	14,557	30,277	35,739	FIRMER	18%
34	176,000t	ore	Dampier/Qingdao*	10.50	10.30	7.06	14,539	16,895	14,792	33,663	30,880	WEAKER	-8%
34	176,000t	ore	Saldanha/Qingdao~	18.00	21.00	12.70	14,357	17,245	14,950	30,516	36,268	FIRMER	19%
34	176,000t	ore	Dampier/Japan 18m*	9.90	9.70	6.56	19,255	18,245	15,459	35,872	32,768	WEAKER	-9%
34	165,000t	coal	Hay Pt./Qingdao	11.70	12.50	8.38	13,733	16,763	14,561	29,364	30,815	FIRM.....	5%
34	168,500t	coal	R.Bay/Rotterdam~	10.50	11.25	7.20	4,580	3,041	811	11,731	11,816	STEADY	1%
34	168,500t	coal	R.Bay/EC India~	12.75	13.75	9.91	12,588	13,627	10,233	27,644	28,859	FIRM.....	4%
34	Capesize Average Earnings *						13,475	14,026	12,097	28,003	29,232	FIRM.....	4%

Source: Clarkson SIW, 30 August, 2019

Panamax Average Earnings

Market Outlook

Spot Earnings

Panamax Single Voyage...				\$ Per Tonne			Average Earnings \$ Per Day				Panamax Market		
				Aug 23	Aug 30	2019	2017	2018	2019	Aug 23	Aug 30	This Week ...	
36	67,000t	coal	USGulf/ARA*	17.95	19.60	13.82	8,783	10,125	9,065	16,630	19,033	FIRMER	14%
36	67,000t	coal	Bolivar/ARA	13.80	16.00	10.97	7,291	5,850	7,040	13,600	17,176	FIRMER	26%
36	65,000t	coal	Murmansk/ARA*	7.50	9.00	6.55	7,996	9,343	5,687	9,835	14,803	FIRMER	51%
36	60,000t	grain	USGulf/N. China**	52.30	52.30	44.32	15,266	19,127	19,073	25,872	25,840	STEADY	0%
36	72,000t	coal	Rob. Bank/N. China*	20.05	20.15	15.36	12,279	16,284	15,125	23,986	23,174	SOFTER	-3%
36	72,000t	coal	Dalrymp. B./N. China*	15.65	15.88	12.50	11,494	15,092	13,751	21,069	20,488	STEADY	-3%
36	70,000t	coal	Indonesia/S. China*	8.00	8.20	6.03	6,489	8,501	8,316	14,625	14,542	STEADY	-1%
36	72,000t	coal	Indonesia/WC India*	11.50	12.50	9.51	11,555	12,736	13,562	19,221	20,773	FIRMER	8%
36	72,000t	coal	Indonesia/EC India	10.50	11.50	8.30	12,676	13,517	13,839	20,510	22,424	FIRMER	9%
36	60,000t	grain	Nopac/N. China*	29.30	29.85	23.77	10,747	13,066	12,344	18,107	17,987	STEADY	-1%
36	66,500t	coal	R.Bay/Rotterdam	10.48	10.51	8.10	3,147	1,349	463	4,913	4,721	SOFTER	-4%
36	72,000t	coal	R.Bay/WC India*	18.60	20.00	13.33	10,525	11,504	11,712	21,282	23,337	FIRMER	10%
36	Panamax Average Earnings *						10,570	12,866	12,071	18,959	19,997	FIRM.....	5%

Source: Clarkson SIW, 30 August, 2019

VLCC Spot Earnings

Market Outlook

Tanker Earnings

VLCC Single Voyage.....			WS 2019			Average earnings \$ per day				VLCC Earnings		
			Aug 23	Aug 30	2019	2017	2018	2019	Aug 23	Aug 30	This Week	
23	270,000t	Gulf - China	62.5	59.5	50			22,401	39,931	34,709	WEAKER	-13%
23	270,000t	Gulf - Japan *	61.5	58.5	48	20,653	20,288	23,658	41,263	37,168	WEAKER	-10%
23	270,000t	Gulf - S.Korea *	60	57.5	47	17,344	17,729	21,581	38,976	35,517	WEAKER	-9%
23	280,000t	Gulf - UKC	30	29	24	10,519	2,398	7,770	20,837	18,586	WEAKER	-11%
23	280,000t	Gulf - US Gulf~ *	28	27	22	13,414	5,868	11,476	25,880	23,078	WEAKER	-11%
23	280,000t	Gulf - Red Sea	65	62.5	52	24,562	25,173	28,709	45,012	41,585	SOFTER	-8%
23	260,000t	WAF - China *	61.5	57.5	50	19,763	18,358	21,264	36,598	28,863	WEAKER	-21%
23	260,000t	WAF - US Gulf	70	65	53	27,741	23,457	28,013	52,056	45,698	WEAKER	-12%
23	260,000t	WAF - WC India^	3.8	3.6	3.2	25,689	23,123	28,459	41,784	37,294	WEAKER	-11%
23	275,000t	Caribs-Singapore^	5.8	5.5	5.0	49,278	53,772	61,383	80,080	73,662	WEAKER	-8%
23	VLCC Ave. Earnings *					17,794	15,561	19,495	35,679	31,157	WEAKER	-13%

Source: Clarkson SIW, 30 August, 2019

Tripcharter Outlook

Market Outlook Trip Charter Day Rates

Capesize Tripcharter...

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

Average Rate \$ Per Day						
2017	2018	2019	Aug 02	Aug 09	Aug 16	Aug 23
26,165	30,881	29,900	45,000	43,000	50,000	51,500
15,314	15,836	14,107	23,500	23,000	31,000	31,250
5,596	2,087	579	10,250	8,500	10,000	11,000
15,930	16,302	14,957	24,500	24,500	31,000	31,000
15,751	16,276	14,886	25,813	24,750	30,500	31,188

Capesize Market

Aug 30	This Week	
60,000	FIRMER	17%
30,000	SOFTER	-4%
13,000	FIRMER	18%
40,000	FIRMER	29%
35,750	FIRMER	15%

Panamax Tripcharter...

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

Average Rate \$ Per Day						
2017	2018	2019	Aug 02	Aug 09	Aug 16	Aug 23
16,168	18,923	18,086	24,300	26,300	28,150	28,500
9,328	11,120	9,544	11,000	11,600	15,500	15,500
3,753	4,671	3,474	5,400	5,500	6,250	6,500
9,999	11,964	10,279	16,400	18,500	19,750	19,000
9,812	11,670	10,346	14,275	15,475	17,413	17,375

Panamax Market

Aug 30	This Week	
29,250	STEADY	3%
16,000	FIRM.....	3%
6,500	STEADY	0%
19,750	FIRM.....	4%
17,875	STEADY	3%

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	Aug 02	Aug 09	Aug 16	Aug 23
15,966	19,168	16,971	23,000	25,000	25,000	27,000
8,106	10,242	8,407	9,750	9,750	11,750	12,000
4,495	6,462	4,400	4,500	4,750	5,500	6,000
15,760	18,606	13,393	15,750	15,000	20,000	21,000
9,106	10,358	8,643	10,750	12,000	13,500	16,500
9,747	11,928	9,693	11,400	11,400	12,400	15,000
10,680	12,783	10,034	11,913	12,038	14,413	16,125

Supramax Market

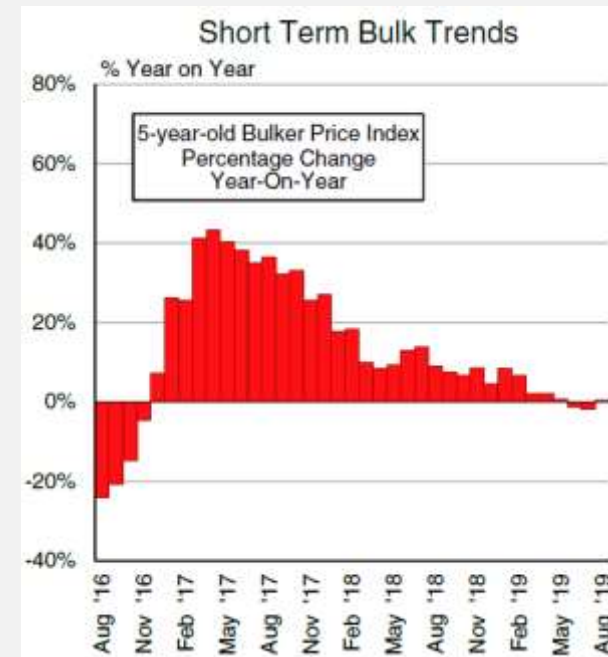
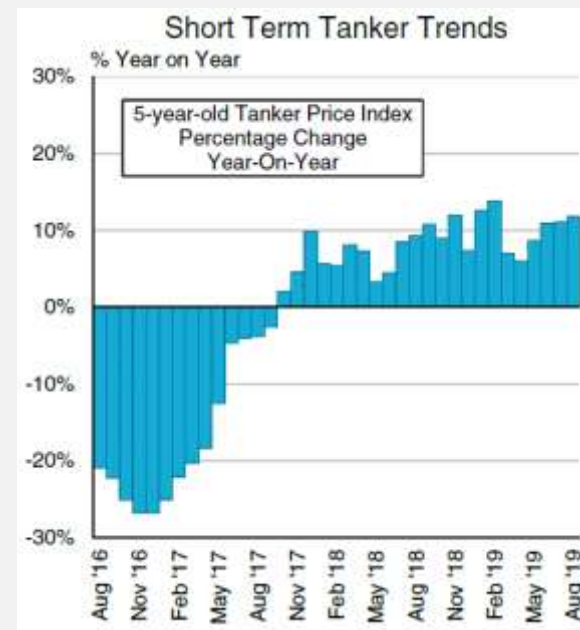
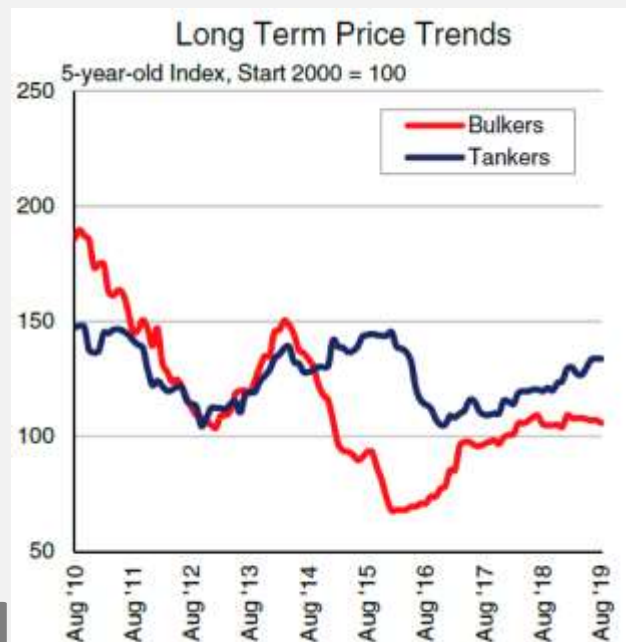
Aug 30	This Week	
29,000	FIRM.....	7%
13,000	FIRMER	8%
6,500	FIRMER	8%
21,000	STEADY	0%
16,750	STEADY	2%
15,500	FIRM.....	3%
16,563	STEADY	3%

Source: Clarkson SIW, 30 August, 2019

Secondhand Vessel Price Trends

Market Outlook

Secondhand Vessel Prices



Source: Clarkson SIW, 30 August, 2019

Asset values have remained flat, supporting corporate value

Market Outlook

Secondhand Vessel Prices

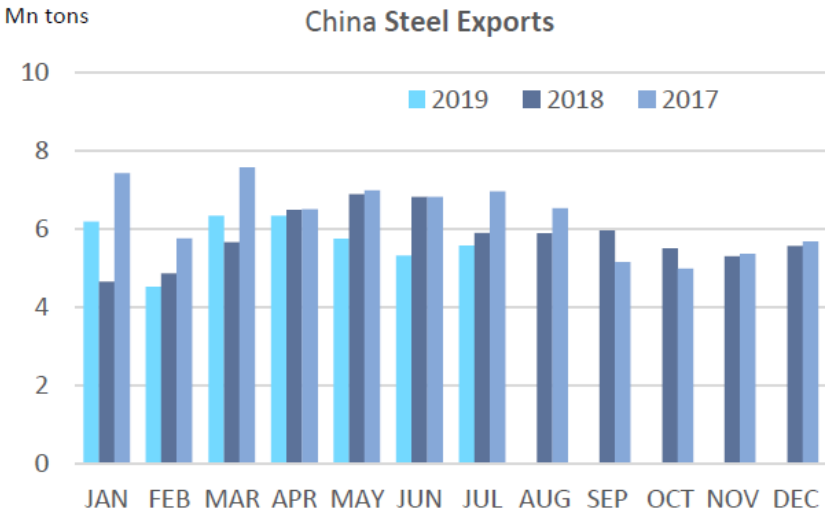
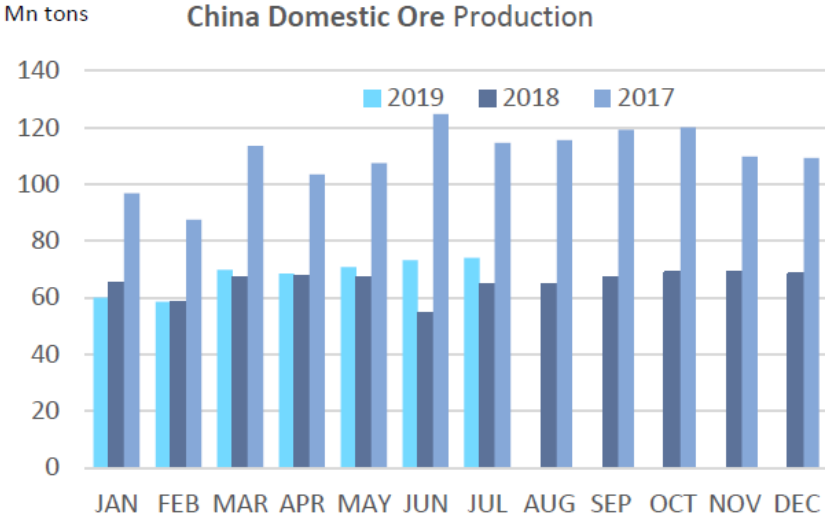
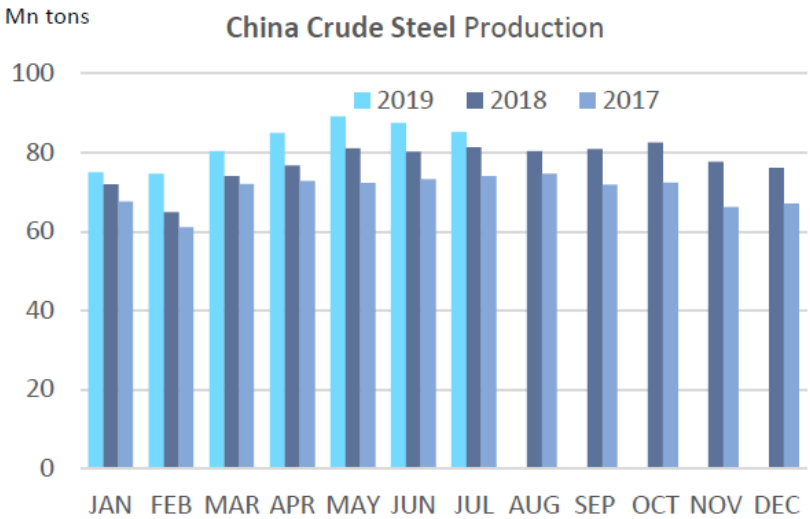
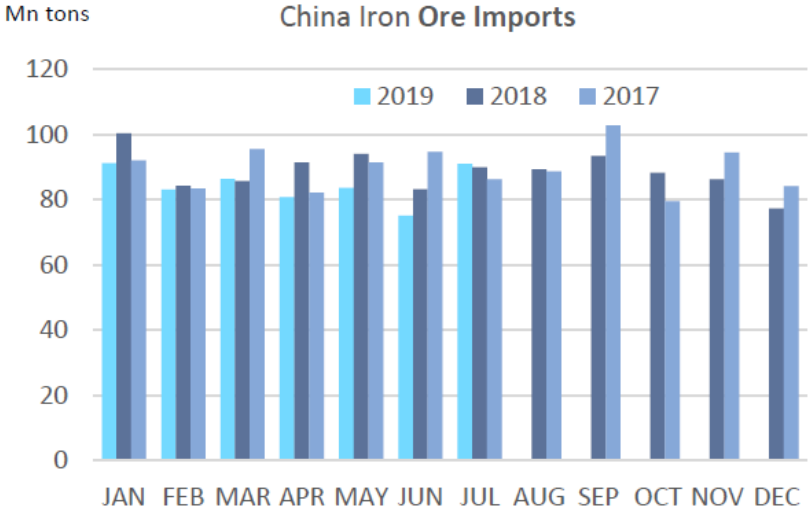
Newbuilding Prices		Year End, \$m.			Three Month	
		2016	2017	2018	Aug	Trend ...
Tankers						
VLCC	320,000 dwt	84.5	81.5	92.5	92.5	WEAKER... -0.4%
Suezmax	157,000 dwt	54.5	55.0	60.5	61.5	SAME.....
Aframax	115,000 dwt	44.5	44.0	48.0	48.5	SAME.....
'MR' Tanker	51,000 dwt	32.5	33.8	36.5	36.5	SAME.....
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..... 0.2%
Dry Cargo						
Container	13,000 teu	109.0	107.0	115.0	111.5	WEAKER... -1.6%
Container	2,750 teu	27.0	28.8	35.0	32.0	WEAKER!! -5.5%
Pure Car Carrier	6,500 ceu	60.0	61.0	63.5	65.0	SAME.....
Clarkson Index		123	125	130	130	WEAKER... -0.2%

Source: Clarkson SIW, 30 August, 2019

China Ore and Steel

Market Outlook

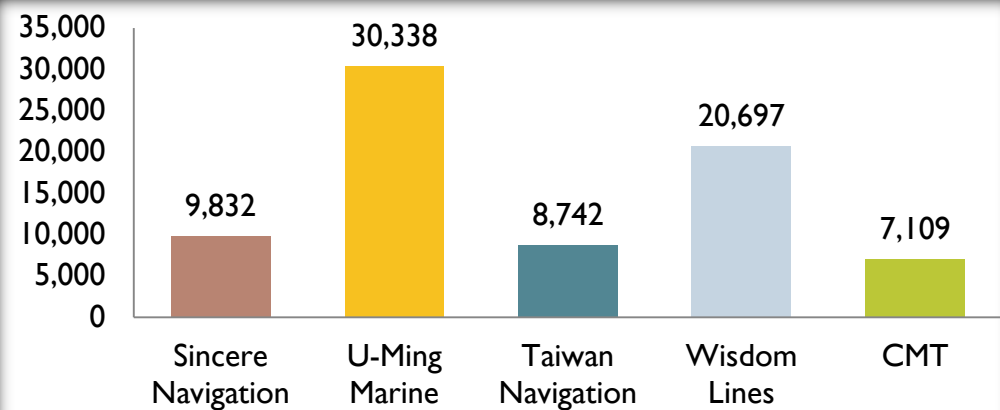
Index Performance



Strategic Outlook 2019

Market Summary

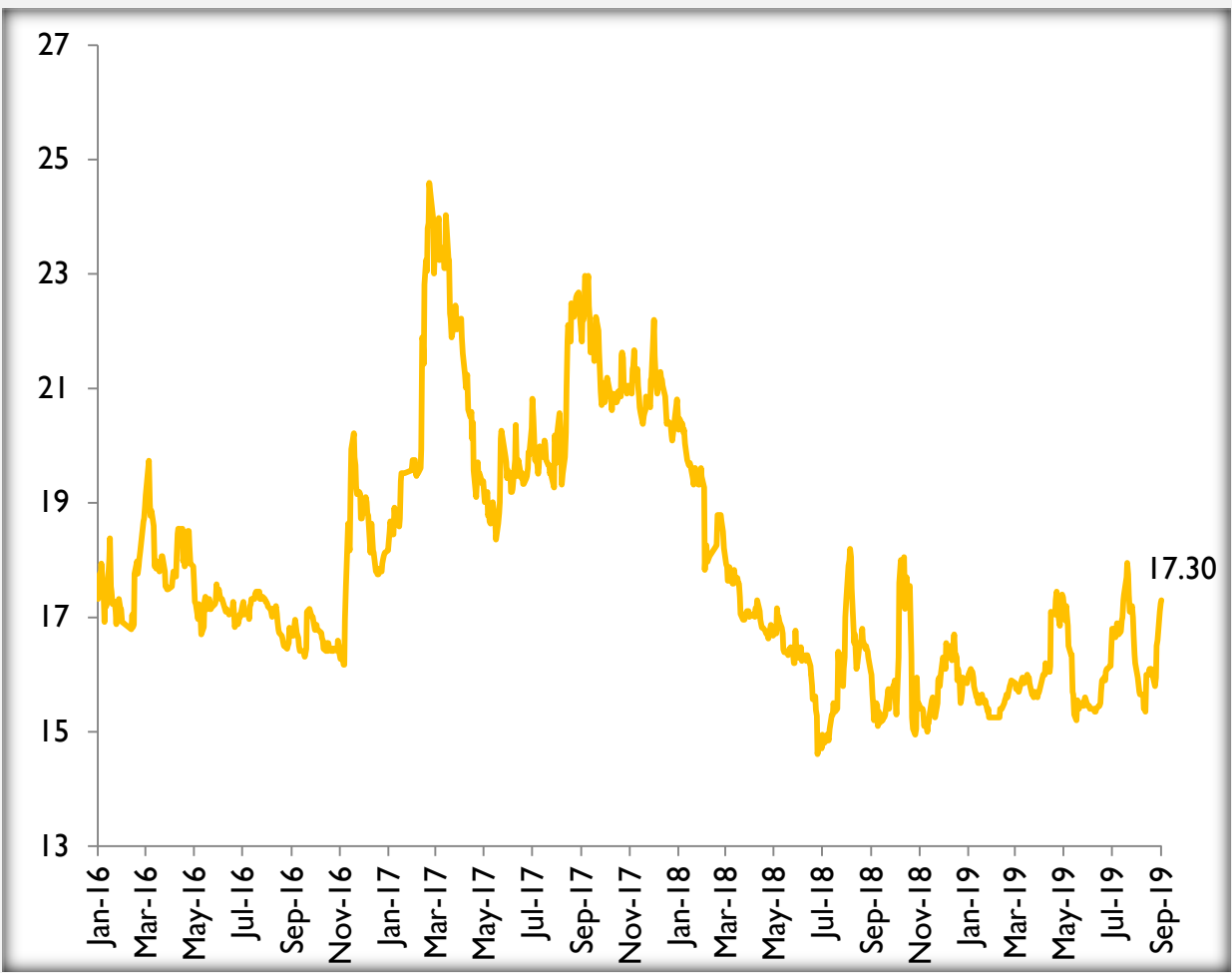
Market Capitalization



Liquidity



Stock Performance (as of Sep 4, 2019)



Dividend Policy

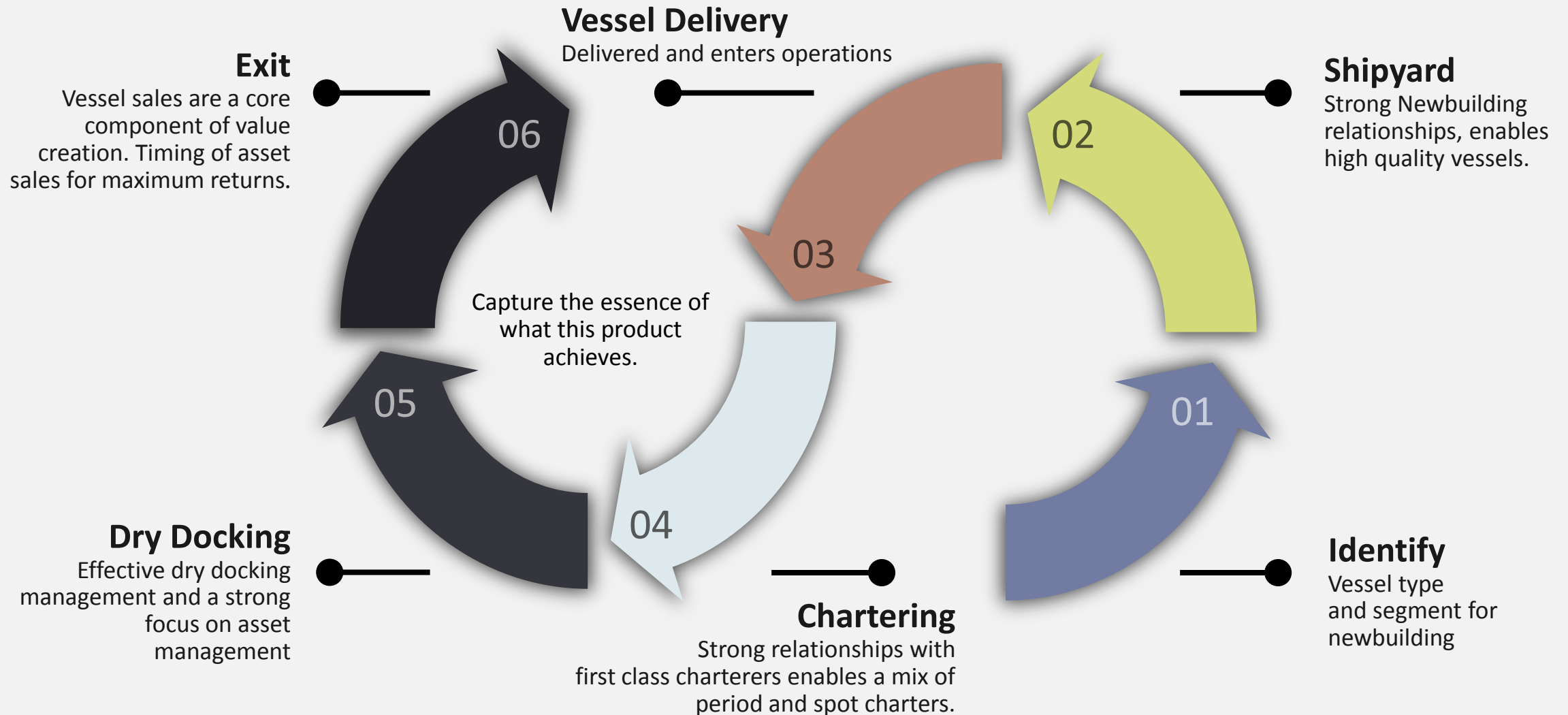
Dividend Announcement

1. Announcement Date: 108/09/04
2. Event: Dividend
3. Dividend Type & Amount: Stock Dividend 0.3/share and Cash Dividend 0.2/share.
4. Ex-Dividend Date: 108/09/20
5. Last Date Before Book Closure: 108/09/23
6. Begin of Non-Registration Period: 108/09/24
7. End of Non-Registration Period: 108/09/28
8. Record Date: 108/09/28
9. Other Items: Payout Date: 2019/11/1

Dividend History Table

Ex Dividend Date	Cash Dividend (Per Share)	Previous Day Close	Yield	EPS	% Payout
9/28/2019	0.2	n/a	n/a	0.11	182%
7/13/2018	0.6	15.45	3.88%	0.9	67%
7/10/2017	0.7	21.25	3.29%	1.06	66%
8/11/2016	1	19.3	5.18%	1.66	60%
7/3/2015	1	25	4.00%	1.51	66%
8/7/2014	1.1	27.35	4.02%	1.93	57%
8/8/2013	1.25	26.2	4.77%	2.86	44%
8/9/2012	1.5	26.95	5.57%	3.1	48%
8/4/2011	2.5	32.7	7.65%	3.7	68%
7/29/2010	3	39	7.69%	5.42	55%
8/19/2009	2.5	39	6.41%	5.09	49%

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 9.9 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:	9.9 Years		2,995,692

Q&A

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新興航運 

Sincere Navigation Corporation

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