



# 新 興 航 運

# 2020

**Sincere Navigation Corporation  
Company Presentation  
January 2020**



# Company Overview

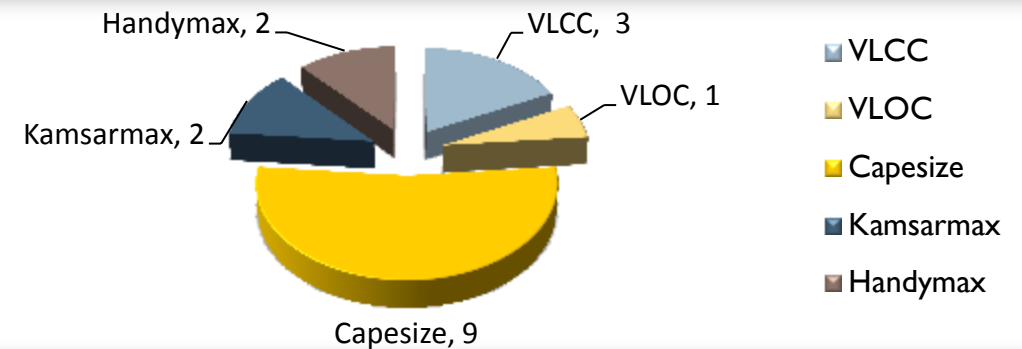
## Key Facts

Sincere Navigation ("Sincere"), established in 1968, owns and operates 17 dry bulk and tanker vessels, with an average age of 10.2 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, also served 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.
- Balanced 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 (As of 5/Jan/2020)



## Industry Conditions

Continued strength in VLCCs balanced against a near-term weakness in dry bulk. Uncertainty in compliant fuel costs driving irrational responses & fears. Near-term weakness unlikely to sustain throughout the year.

## 2019 TCE Rates

- VLCC TC Rates: US\$35,016 / day
- Capesize Average TCE Rates: US\$15,193 / day
- Kamsarmax Average TCE Rates: US\$13,455 / day
- Handymax Average TC Rates: US\$7,417 / day

## ESG

- Compliant with 2020 Sulfur Cap with Compliant Fuel
- Crew training on grain cargo operations in 2H 2019
- Focus on RightShip & PSC Inspection & Correction Performance.
- Increase IR activities and transparency, participation in investor forums.

## Technical Conditions

- Vessels in Dry Dock Planned for 1H 2020: 2 vessels (including 1 scrubber retrofit, about 50+ days)
- Tanks cleaned, all vessels transitioned to compliant fuel.
- Execute Implementation plan on LS bunker supply, spare parts/stores required for LS fuels.

# **Company Overview** 2020

# Sincere Navigation Fleet Summary

Stable  
Diligence  
Improving



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

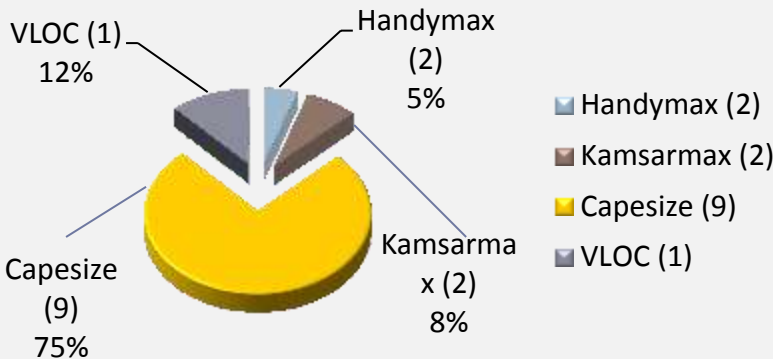


- Carries major commodities, like iron ore, coal.
- Flexible operations between spot and mid and long-term period markets.

## Total Fleet Tonnage & Mix



## Dry bulk Fleet Mix (by tonnage)

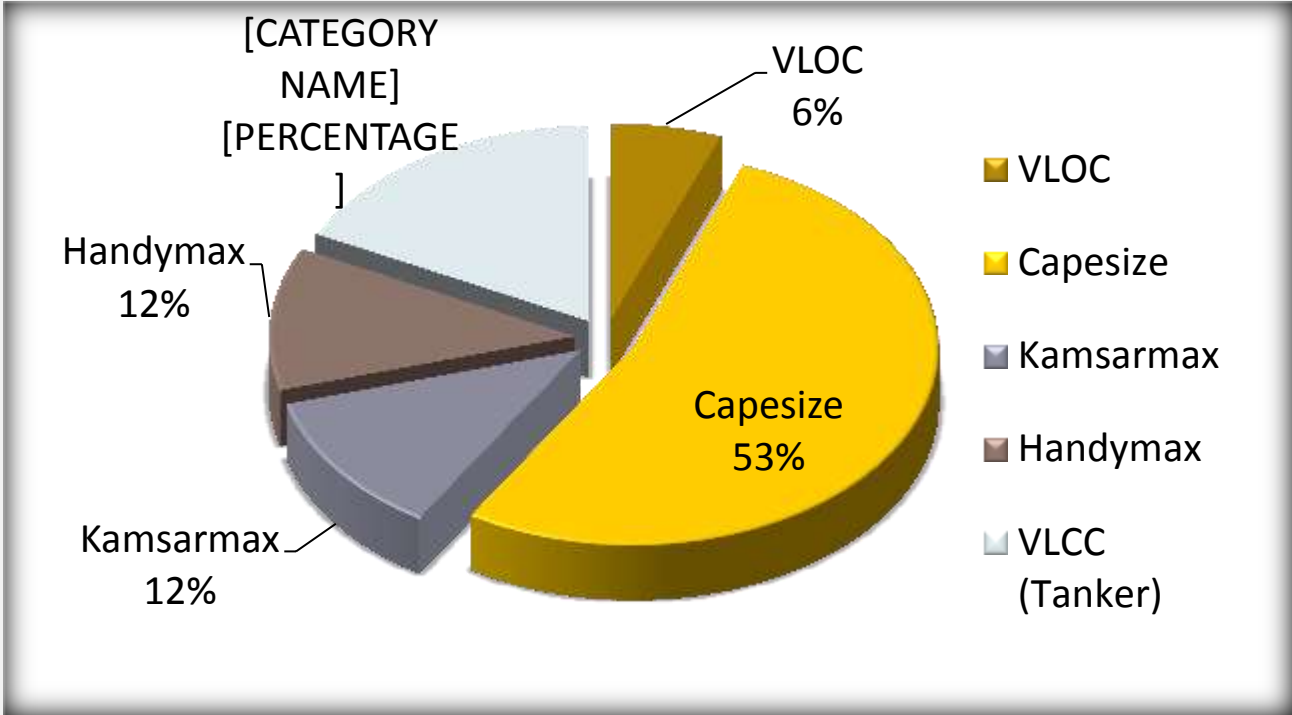


Deadweight  
Tonnage

# 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.

**2019**

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**

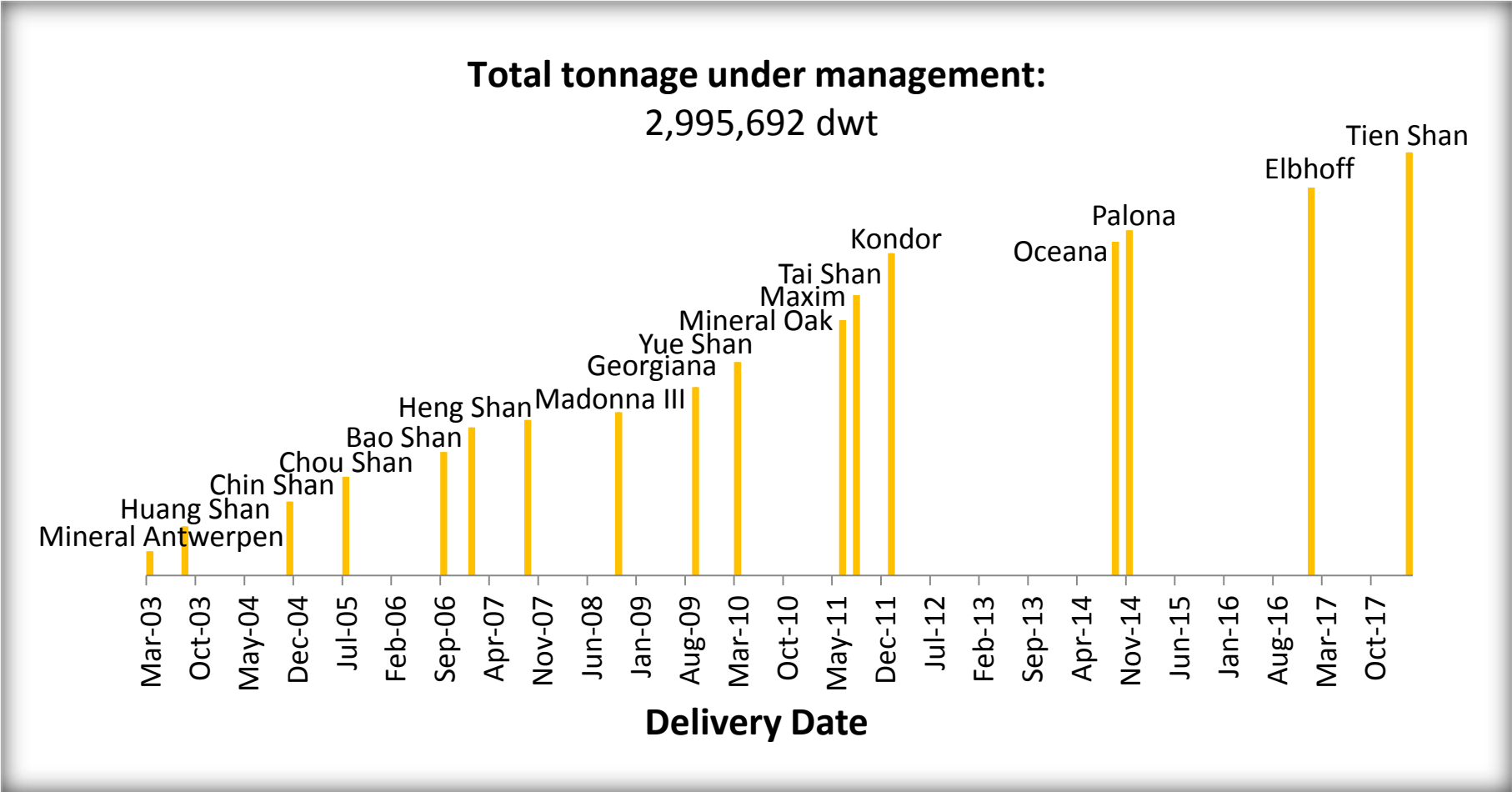
Awarded by Forbes  
Magazine as one of  
the "Best Under a  
Billion" companies  
in the Asia region.



# Cumulative Growth of Current Fleet (dwt)

**Total Fleet: 17**

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



# Industry Outlook 2020

# 2020 Tanker Market Positive / Negative Drivers

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## Positive Drivers

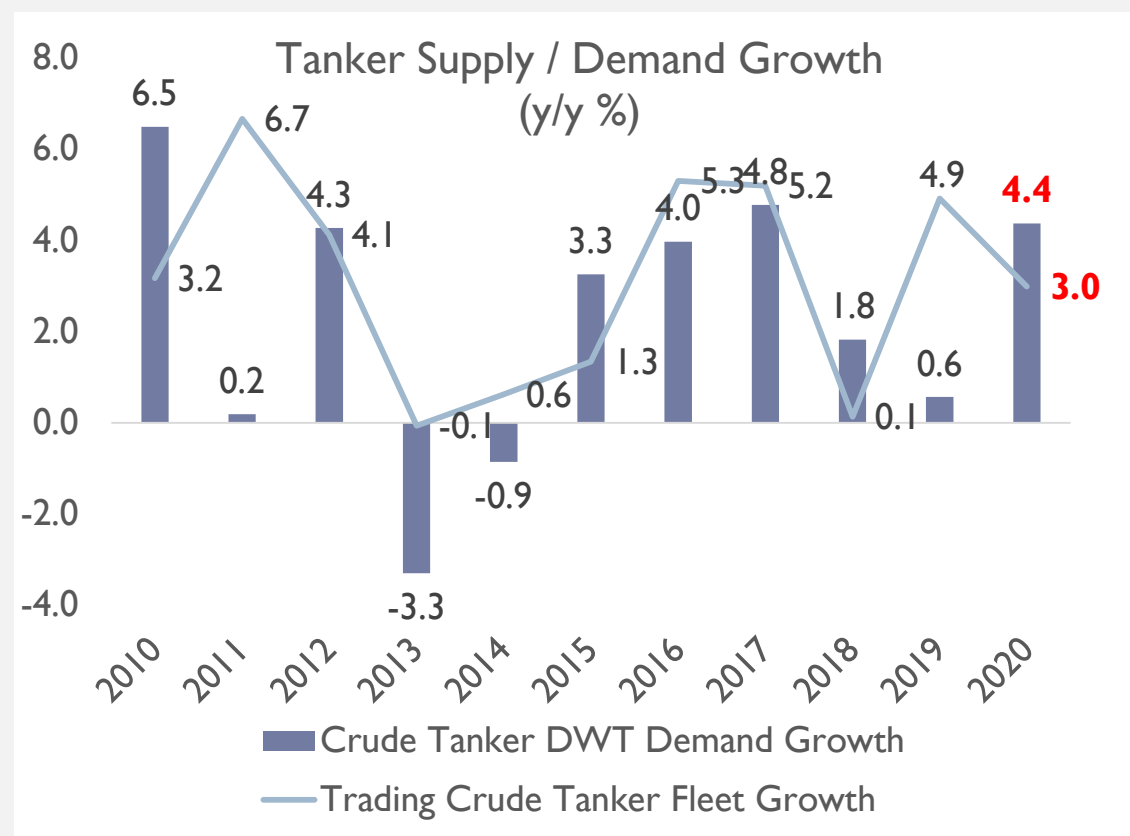
- Positive fundamentals for the Crude Tanker Market, VLCC demand to exceed 5.2% y/y in 2020, versus supply growth of 3.9%.
- Expected slowdown in deliveries, to improve supply/demand balance.
- Boost to gasoil trade due to 2020 sulfur cap, improvements in global refinery throughput and strong growth in long-haul exports from the US.
- Supply likely to continue to be limited by scrubber retrofits, absorbing 1.4% of crude tanker capacity across 2020.
- Continued demand for floating storage due to both US sanctions on Iran, as well as storage for IMO 2020 sulfur cap.

## Negative Factors

- Dec 6<sup>th</sup> decision by OPEC to cut 0.5m bpd in Q1 2020 production, limiting mid-east exports.
- Record high China crude imports due to start-up of two 0.4m bpd refineries and stockpiling reserves in 2019. May not repeat in 2020.

# VLCC Market Dynamics

## Crude Tanker Supply & Demand Growth



## VLCC Spot Earnings



Source: Clarkson SIN, 6 January, 2020

# VLCC Spot Earnings

VLCC Single Voyage.....			WS 2019			Average earnings \$/day				VLCC Earnings		
			Dec 27	Jan 03	2020	2018	2019	2020	Dec 27	Jan 03	This Week ....	
23	270,000t	MEG - China*	132.5	140	140		44,625	103,269	120,010	103,269	WEAKER	-14%
23	270,000t	MEG - S.Korea*	130	137.5	138	17,729	42,854	96,318	117,485	96,318	WEAKER	-18%
23	270,000t	MEG - WC India*	145	152.5	153	20,313	50,408	108,972	130,267	108,972	WEAKER	-16%
23	280,000t	MEG - UKC	72.5	77.5	78	2,398	28,918	72,786	92,290	72,786	WEAKER	-21%
23	280,000t	MEG - US Gulf*	70	75	75	5,868	35,644	87,970	110,397	87,970	WEAKER	-20%
23	260,000t	WAF - China*	125	128.5	129	18,358	41,072	85,446	103,384	85,446	WEAKER	-17%
23	260,000t	WAF - WC India^*	7.6	8.0	8.0	23,123	50,391	96,111	116,021	96,111	WEAKER	-17%
23	270,000t	USG - East~*	12.5	14.0	14.0		86,585	168,863	170,963	168,863	STEADY	-1%
23	275,000t	Caribs-Singapore^	11.8	12.3	12.3	53,772	93,665	171,093	187,937	171,093	WEAKER	-9%
23	VLCC Avg. Earnings*					15,561	41,364	94,286	113,354	94,286	WEAKER	-17%
39	Scrubber Fitted Avg. Earnings*							116,586		116,586		

~Basis ballast to Singapore; component of VLCC average earnings basis round voyage.

Source: Clarkson SIN, 6 January, 2020

# 2020 Dry Bulk Market Positive / Negative Drivers

## Positive Drivers

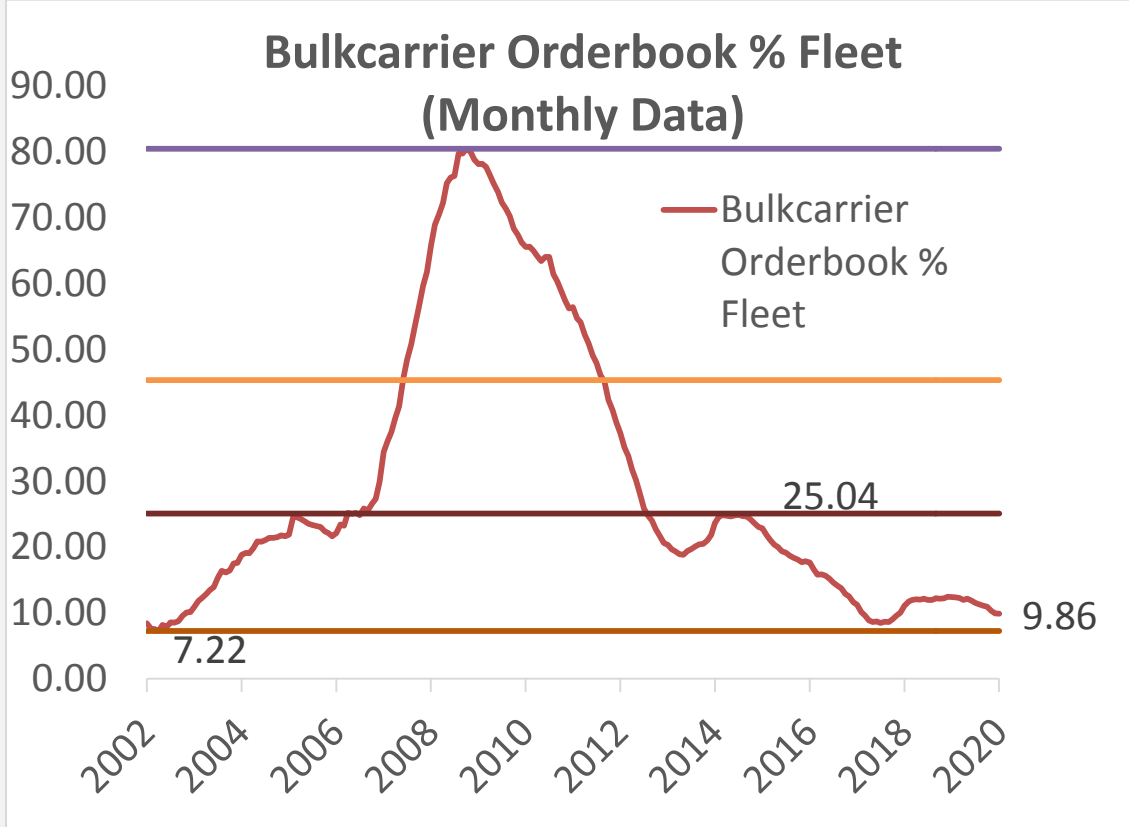
- Order book as % of Fleet back to historically low levels.
- Decrease in vessel ton-mile availability, due to installation of scrubbers on large vessels.
- Lack of available bunker supply resulting in vessel delays, and near-term decrease in vessel availability.
- Super Slow Steam (SSS) lowers fuel costs, and also decreases ton-mile supply in 2020.
- 2020 Sulphur Cap may accelerate scrapping.
- Stronger ton-mile demand forecasted in 2020 vs 2019 (2.7% vs 1.1%) supported by improving US-China volumes in grains, & stable Brazil iron ore supply.

## Negative Factors

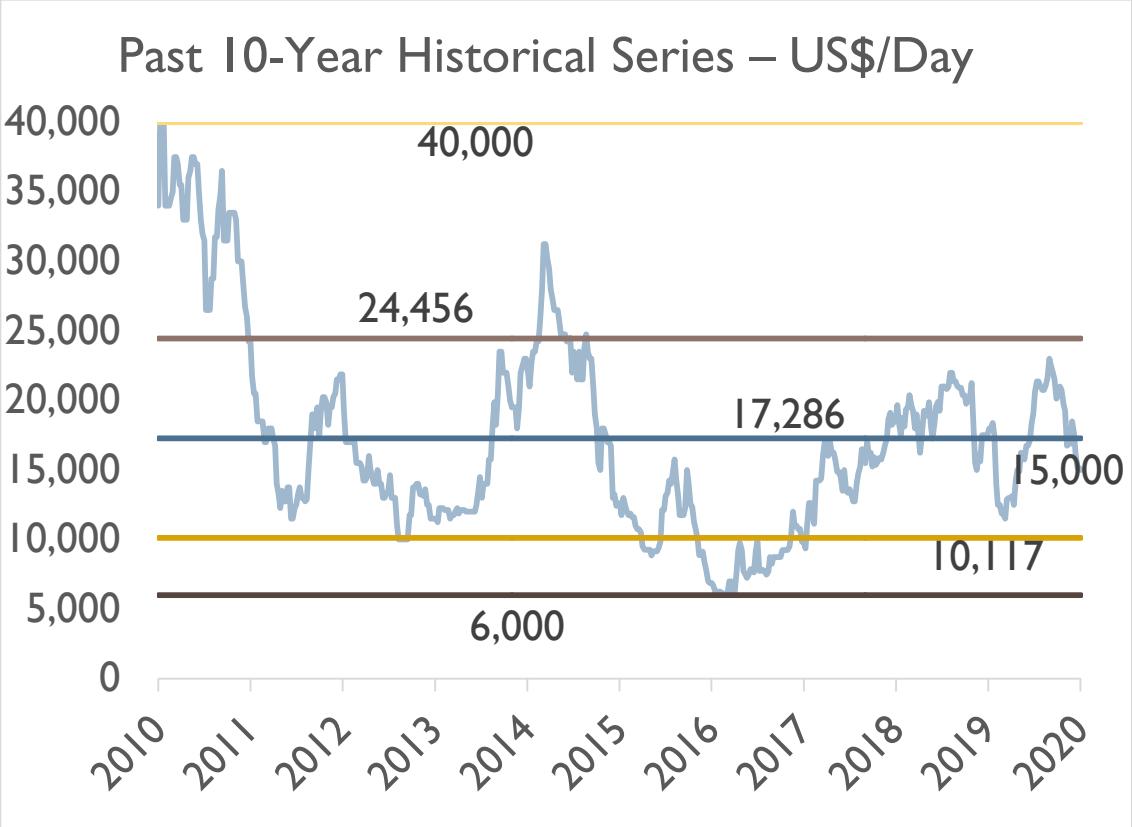
- Fleet growth continues to outpace "headline" demand growth due to "new" VLOC segments.
- China coal imports projected to fall slightly in 2020.
- Indonesia nickel ore export ban to present headwinds for minor bulk trade & smaller ships.
- Environmental factors (shift to gas & renewables, air pollution control) driving EU and South Korea to decrease steam coal imports.

# Dry Bulk Market Dynamics

## Order book as % of Fleet



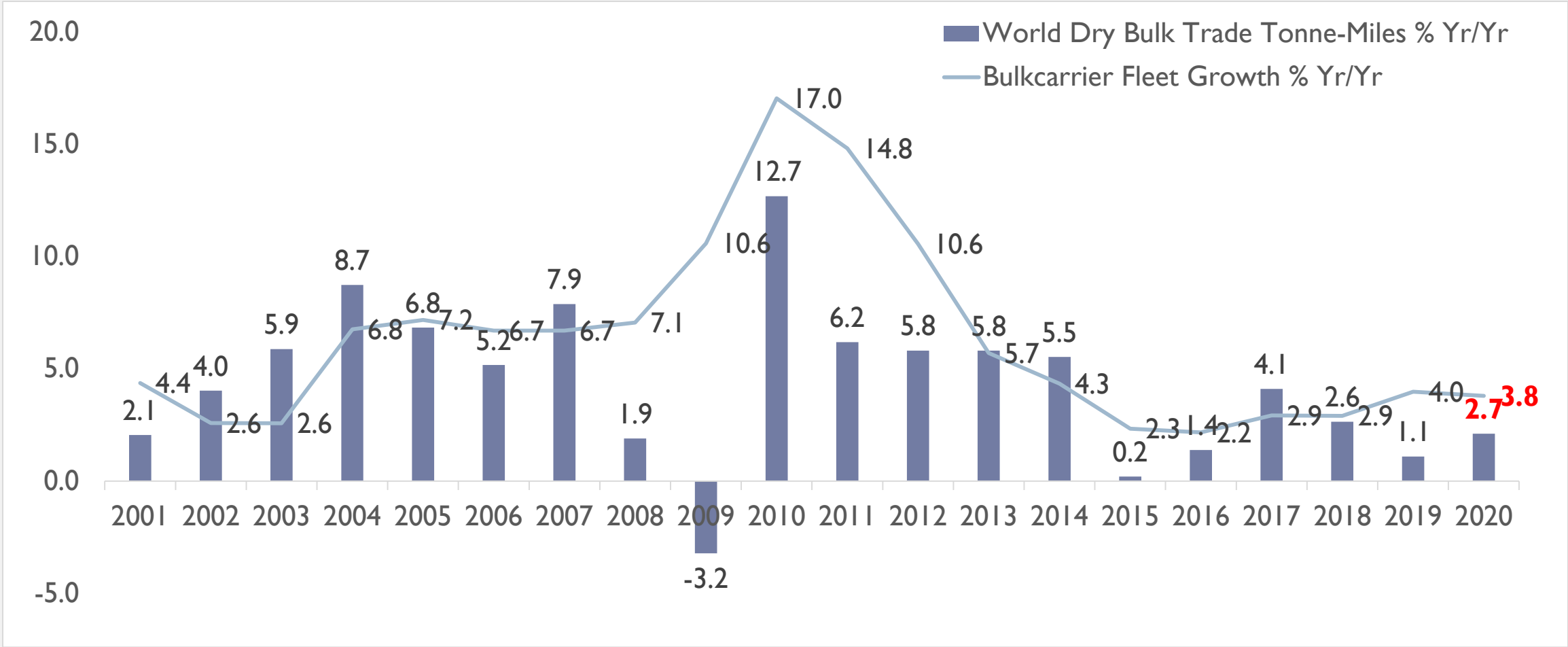
## 1-yr T/C Capesize Bulker Rates



Source: Clarkson SIN, 6 January, 2020



# Dry Bulk Supply / Demand Growth Still Unbalanced



Source: Clarkson SIN, 6 January, 2020

# Regional Bunker Fuel Prices

Regional Bunker Prices	MGO, \$/t				HSFO (380cst), \$/t				VLSFO, \$/t		Prices This Week (VLSFO)	
	2018	2019	Dec 27	Jan 03	2018	2019	Dec 27	Jan 03	Dec 27	Jan 03		
Rotterdam	614	569	600	600	400	348	294	289	577	585	UP...	1.5%
Singapore	641	599	685	704	433	402	365	374	689	723	UP...	4.9%
Fujairah	715	708	744	796	430	377	302	296	685	776	UP...	13.2%
Hamburg	643	600	627	623	416	356	267	267	579	588	UP...	1.5%
Shanghai	754	698	721	745	452	440	437	421	673	688	UP...	2.3%
Gibraltar	673	626	701	733	429	393	365	383	687	732	UP...	6.6%
Philadelphia	680	635	674	680	431	419	389	372	627	652	UP...	4.1%
Houston	649	618	672	683	401	382	369	361	634	647	UP...	1.9%
Cristobal	676	629	687	710	416	394	360	354	676	681	UP...	0.8%
Los Angeles	690	667	721	724	435	431	513	480	612	642	UP...	4.9%
Tokyo	765	730	763	766	463	432	311	324	620	628	UP...	1.3%

VLSFO prices basis range of industry sources, basis maximum sulphur content of 0.5%. HSFO prices basis max sulphur content of 3.5%.

Source: Clarkson SIN, 6 January, 2020

# Capesize Spot Earnings

Capesize Single Voyage...				\$ Per Tonne			Average Earnings \$/Day				Capesize Market		
				Dec 27	Jan 03	2020	2018	2019	2020	Dec 27	Jan 03	This Week ...	
34	177,000t	ore	Tubarao - Rotterdam*	9.10	9.10	9.10	2,731	2,837	-6,980	6,565	-6,980		
34	177,000t	ore	Tubarao - Qingdao*	18.95	18.75	18.75	16,854	18,349	6,717	20,490	6,717	WEAKER!!	-67%
34	156,000t	ore	Port Cartier - Rott.	10.05	10.50	10.50	24,716	26,862	28,098	35,191	28,098	WEAKER	-20%
34	166,500t	coal	Bolivar - Rotterdam*	10.60	10.25	10.25	15,403	18,020	12,860	23,259	12,860	WEAKER!!	-45%
34	172,000t	ore	Dampier - Qingdao*	7.65	6.90	6.90	16,895	18,672	3,988	19,553	3,988	WEAKER!!	-80%
34	172,000t	ore	Dampier - Japan*	7.30	6.55	6.55	18,245	19,756	4,393	21,570	4,393	WEAKER!!	-80%
34	165,000t	coal	Hay Point - Qingdao	8.95	8.20	8.20	16,763	18,996	4,370	19,018	4,370	WEAKER!!	-77%
34	177,000t	ore	Saldanha - Qingdao	14.10	14.10	14.10	17,245	18,535	7,081	20,539	7,081	WEAKER!!	-66%
34	165,000t	coal	R. Bay - EC India	9.00	9.00	9.00	13,627	13,548	2,291	14,546	2,291	WEAKER!!	-84%
34	Capesize Average Earnings*						14,026	15,527	4,196	18,288	4,196	WEAKER!!	-77%
70	Scrubber Fitted Average Earnings*								14,436		14,436		

Source: Clarkson SIW, 3 January, 2020



# Panamax Spot Earnings & Trip Charter Rates

Panamax Single Voyage...				\$ Per Tonne			Average Earnings \$/Day				Panamax Market		
				Dec 27	Jan 03	2020	2018	2019	2020	Dec 27	Jan 03	This Week ...	
36	67,000t	coal	USG - ARA*	15.60	15.50	15.50	10,125	10,125	8,019	13,032	8,019	WEAKER!!	-38%
36	65,000t	coal	Murmansk - ARA*	6.85	6.75	6.75	9,343	7,113	3,569	7,513	3,569	WEAKER!!	-52%
36	60,000t	grain	USG - N. China^*	44.50	43.00	43.00	19,127	20,025	14,395	20,363	14,395	WEAKER!!	-29%
36	60,000t	grain	Santos - Qingdao*	33.23	32.50	32.50	11,299	11,393	4,848	11,851	4,848	WEAKER!!	-59%
36	72,000t	coal	Dalrym. B. - N. China*	10.15	13.01	13.01	15,097	14,375	9,794	10,084	9,794	STEADY	-3%
36	70,000t	coal	Indonesia - S. China*	5.80	5.90	5.90	8,501	8,811	4,050	8,316	4,050	WEAKER!!	-51%
36	72,000t	coal	Indonesia - WC India	8.75	8.75	8.75	12,736	14,366	6,486	12,530	6,486	WEAKER!!	-48%
36	72,000t	coal	Indonesia - EC India*	8.00	8.00	8.00	13,517	14,931	8,286	13,765	8,286	WEAKER!!	-40%
36	60,000t	grain	Nopac - N. China	21.20	23.60	23.60	13,066	12,829	8,042	10,353	8,042	WEAKER	-22%
36	72,000t	coal	R. Bay - WC India*	15.50	14.00	14.00	11,504	13,594	5,247	17,375	5,247	WEAKER!!	-70%
36	Panamax Average Earnings *						12,867	13,030	7,276	12,325	7,276	WEAKER!!	-41%
72	Scrubber Fitted Average Earnings*								12,575		12,575		

Panamax Tripcharter...		Average Rate \$/Day (82,000 dwt Kamsarmax)							Panamax Market		
		2018	2019	2020	Dec 06	Dec 13	Dec 20	Dec 27	Jan 03	This Week ....	
Cont/Far East		20,510	20,788	17,000	19,000	20,300	19,500	18,750	17,000	WEAKER	-9%
Transpacific R/V		12,239	11,133	6,000	11,000	12,250	9,500	6,000	6,000	STEADY	0%
Far East/Cont		5,610	4,826	3,500	4,800	5,300	4,700	4,500	3,500	WEAKER	-22%
Transatlantic R/V		13,237	12,458	10,250	12,750	15,000	10,500	10,700	10,250	SOFTER	-4%
Average Panamax Earnings		12,899	12,301	9,188	11,888	13,213	11,050	9,988	9,188	WEAKER	-8%

Source: Clarkson SIW, 3 January, 2020

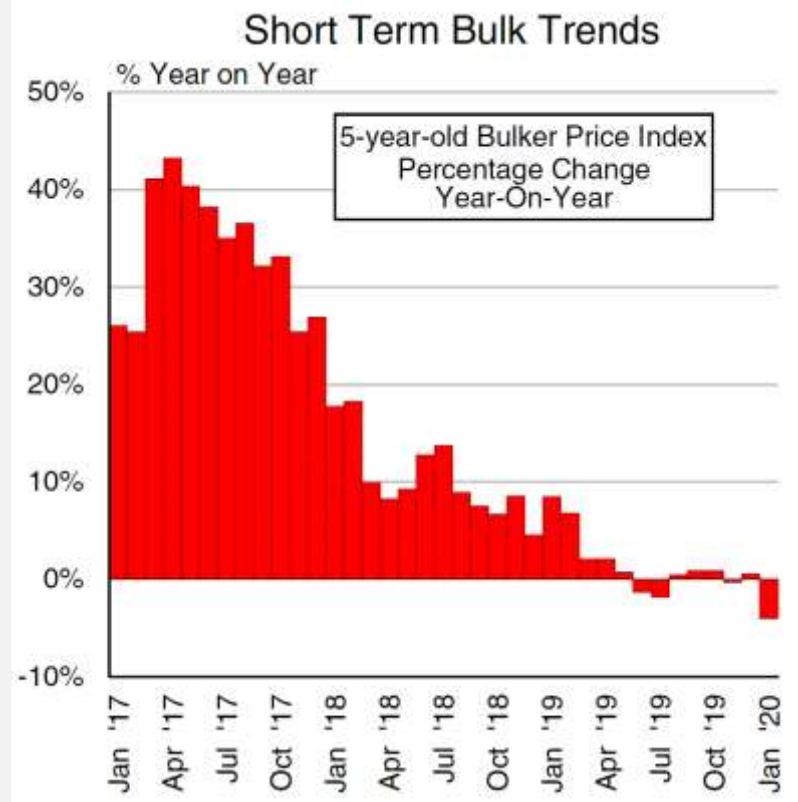
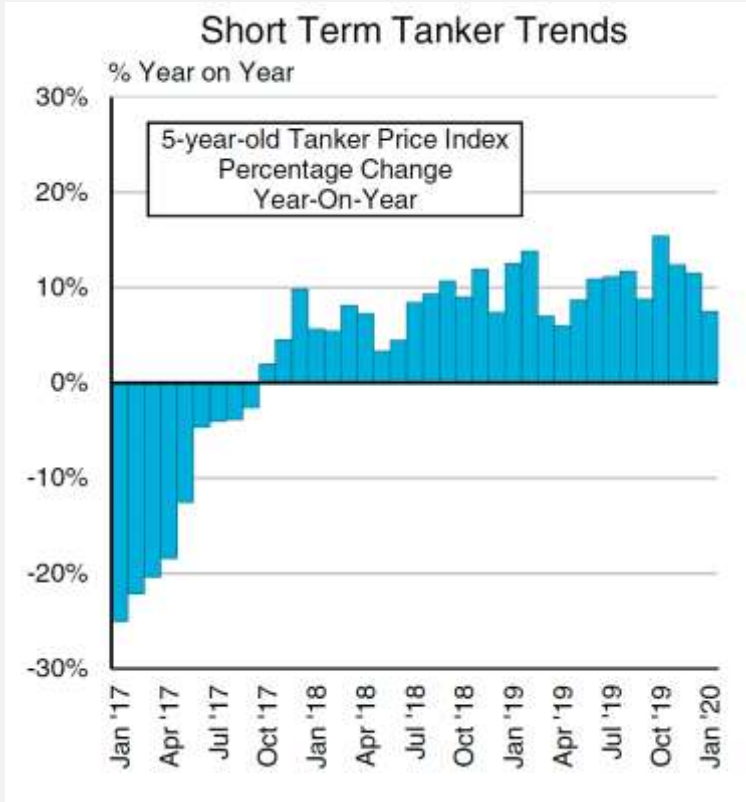
# Supramax Trip Charter Rates

Supramax Tripcharter...	Average Rate \$/Day (58,000 dwt Supramax)							Supramax Market		
	2018	2019	2020	Dec 06	Dec 13	Dec 20	Dec 27	Jan 03	This Week ....	
Cont/Far East	19,168	18,856	15,500	17,000	17,000	16,000	16,000	15,500	SOFTER	-3%
Transpacific R/V	10,242	8,997	6,400	8,300	8,150	6,500	6,500	6,400	STEADY	-2%
Far East/WAF"	6,462	4,723	2,900	4,000	4,000	3,625	3,625	2,900	WEAKER	-20%
US Gulf/Cont	18,606	14,769	15,250	17,500	17,000	16,000	16,000	15,250	SOFTER	-5%
ECSA/Cont*	10,358	9,147	7,000	6,750	7,500	6,875	6,875	7,000	STEADY	2%
Indonesia - China~	11,928	10,556	5,200	10,600	10,400	8,400	6,400	5,200	WEAKER	-19%
Average Supramax Earnings^	12,783	10,867	8,463	10,788	10,763	9,444	8,944	8,463	SOFTER	-5%

Average excludes Cont/Far East and Far East/WAF. ~Delivery South China, redelivery South China. \*Delivery WAF.

Source: Clarkson SIW, 3 January, 2020

# Secondhand Vessel Price Trends



Source: Clarkson SIW, 3 January, 2020



# Asset values have remained flat, supporting corporate value

## Market Outlook

### Newbuilding Vessel Prices

Newbuilding Prices ....		Year End, \$m.			Three Month	
		2017	2018	2019	Jan	Trend ...
<b>Tankers</b>						
VLCC	320,000 dwt	81.5	92.5	92.0	92.0	WEAKER... -0.4%
Suezmax	157,000 dwt	55.0	60.5	61.5	61.5	SAME.....
Aframax	115,000 dwt	44.0	48.0	48.5	48.5	SAME.....
'MR' Tanker	51,000 dwt	33.8	36.5	35.8	35.8	WEAKER... -1.4%
<b>Bulk Carriers</b>						
Capesize	180,000 dwt	44.0	50.0	49.5	49.5	WEAKER... -2.0%
Panamax	81,000 dwt	25.5	28.0	27.5	27.5	WEAKER... -1.2%
Handymax	62,000 dwt	24.0	26.0	25.5	25.5	WEAKER... -1.3%
Handysize	38,000 dwt	22.0	24.0	23.5	23.5	WEAKER... -1.4%
<b>Gas Vessels</b>						
LPG	82,000m <sup>3</sup>	70.0	71.0	71.0	71.0	SAME.....
LNG	174,000m <sup>3</sup>	182.0	182.0	186.0	186.0	FIRM..... 0.2%
<b>Dry Cargo</b>						
Container	22,000 teu	140.0	149.0	146.0	146.0	WEAKER... -0.1%
Container	2,750 teu	28.8	35.0	31.5	31.5	WEAKER... -1.6%
Pure Car Carrier	6,500 ceu	61.0	63.5	65.0	65.0	SAME.....
<b>Clarkson Index</b>		<b>125</b>	<b>130</b>	<b>130</b>	<b>130</b>	<b>WEAKER... -0.2%</b>

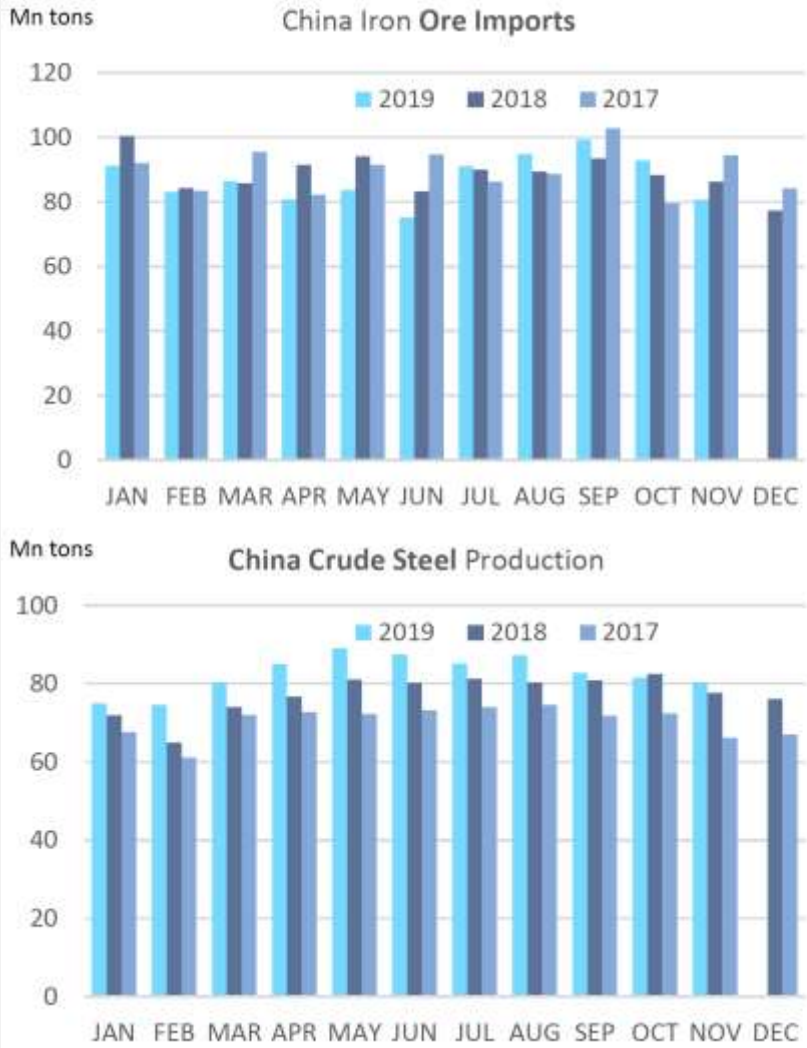
Source: Clarkson SIW, 3 January, 2020



# China Ore and Steel

## Market Outlook

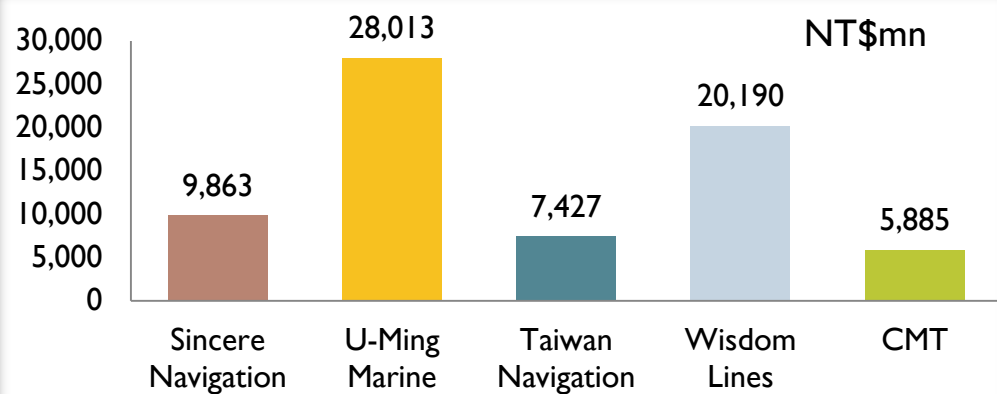
### Industry Data



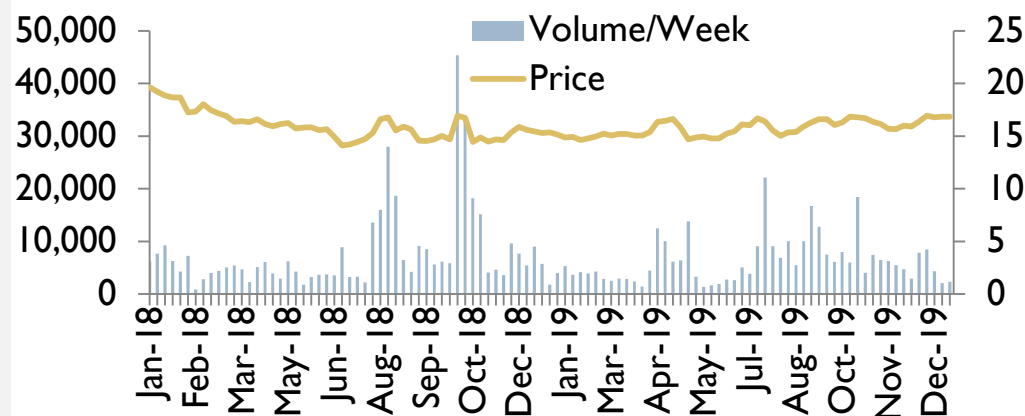
# Strategic Outlook 2020

# Market Summary

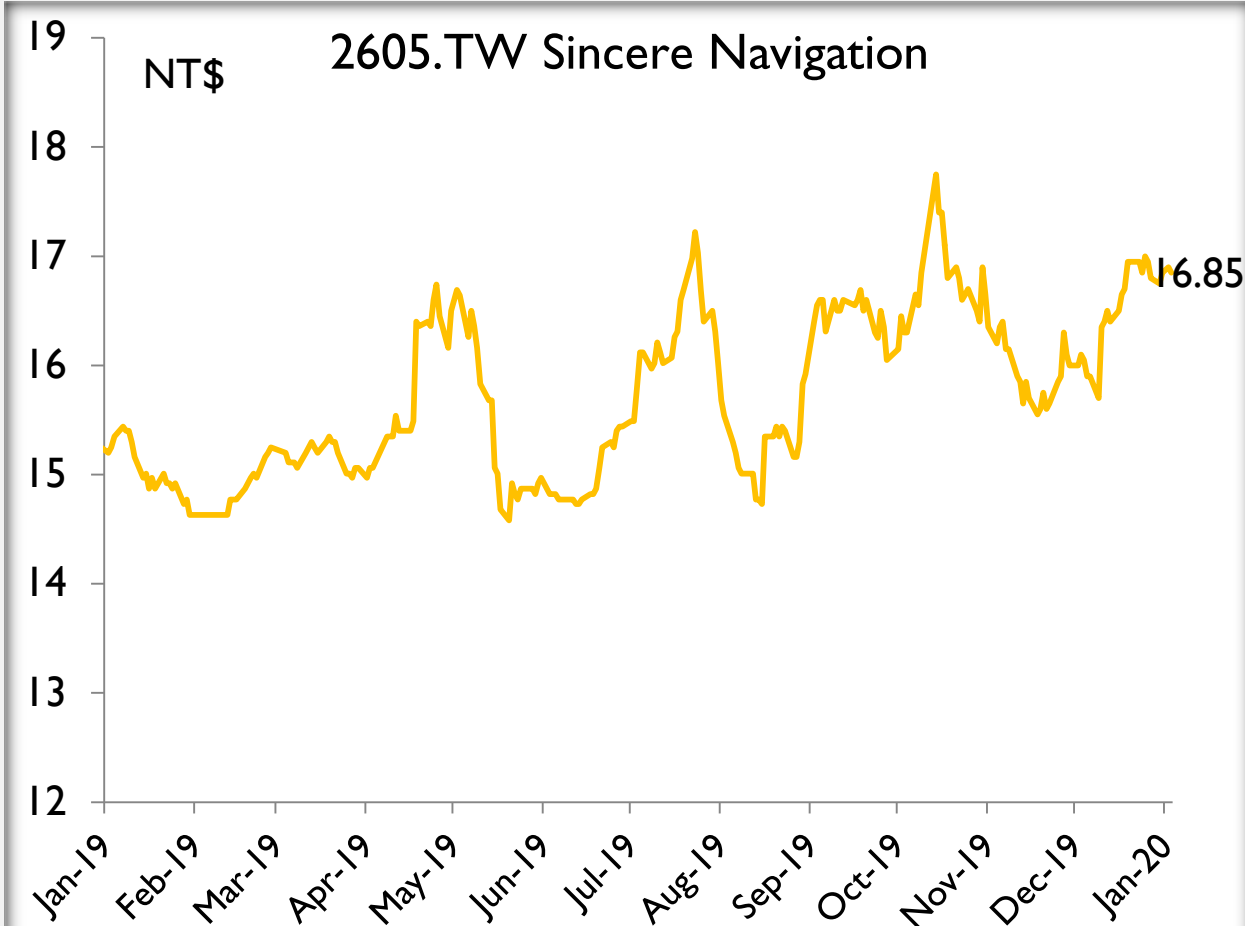
## Market Capitalization



## Liquidity



## Stock Performance (as of Jan 3, 2020)



# Dividend Policy

## Dividend Announcement

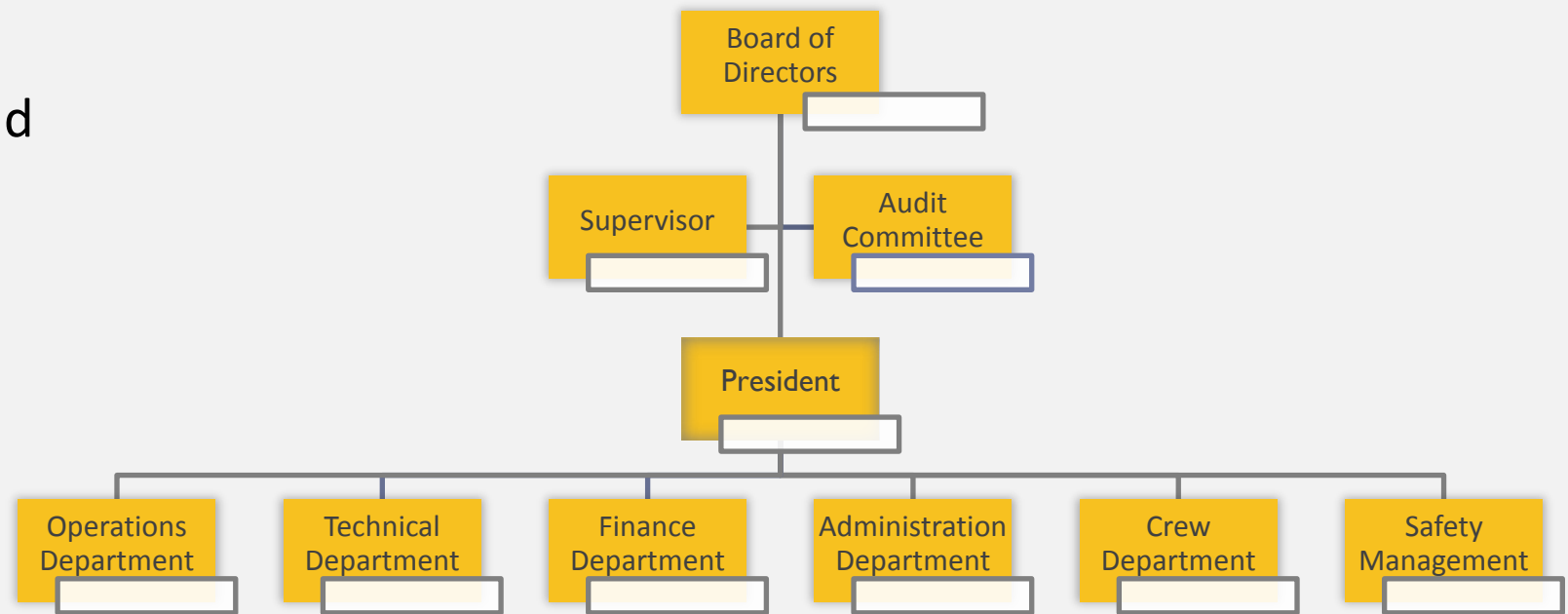
1. Announcement Date: 108/09/04
2. Event: Dividend
3. Dividend Type & Amount: Stock Dividend 0.3/share and Cash Dividend 0.2/share.
4. Ex-Dividend Date: 108/09/20
5. Last Date Before Book Closure: 108/09/23
6. Begin of Non-Registration Period: 108/09/24
7. End of Non-Registration Period: 108/09/28
8.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

## Dividend History Table

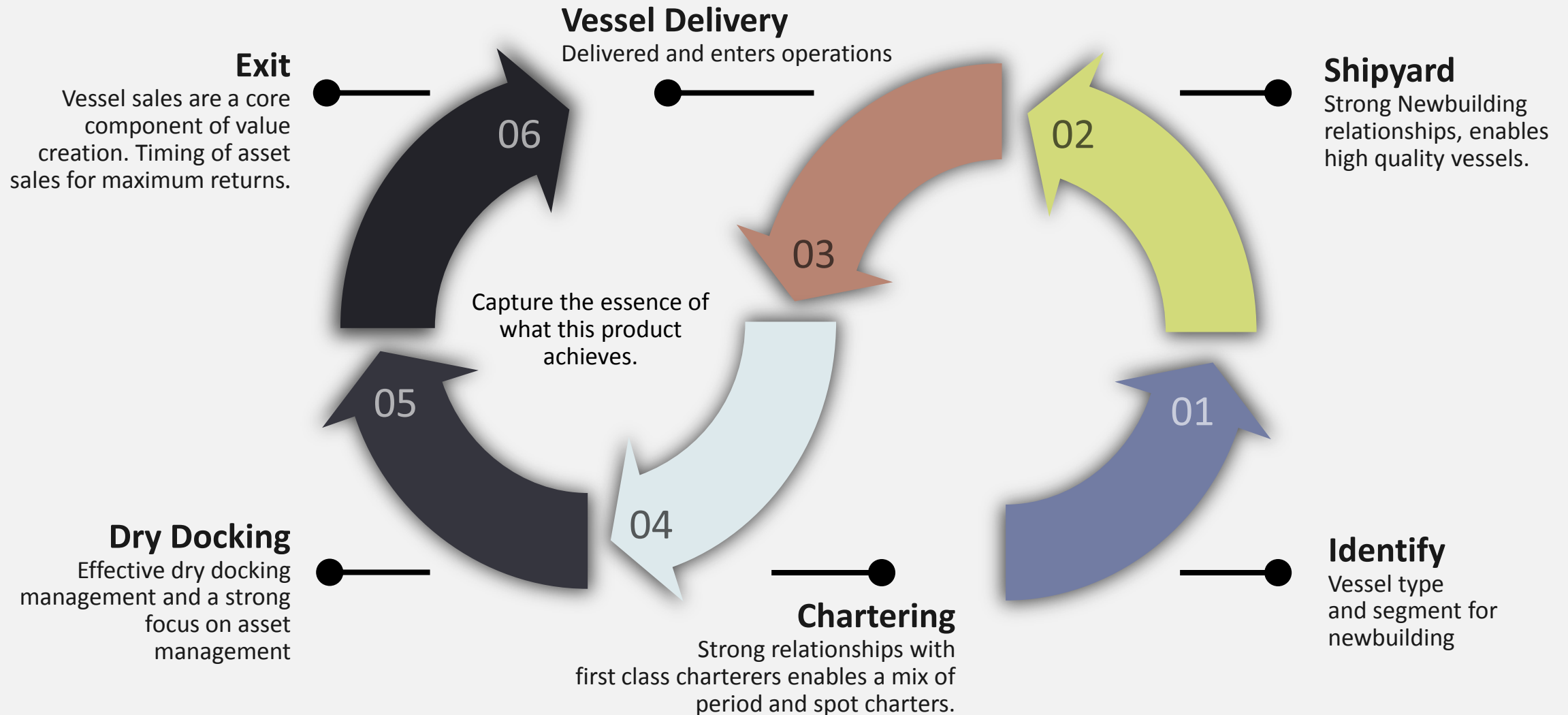
Ex Dividend Date	Cash Dividend (Per Share)	Previous Day Close	Yield	EPS	% Payout
9/28/2019	0.2	17.20	1.16%	0.11	182%
7/13/2018	0.6	15.45	3.88%	0.9	67%
7/10/2017	0.7	21.25	3.29%	1.06	66%
8/11/2016	1	19.3	5.18%	1.66	60%
7/3/2015	1	25	4.00%	1.51	66%
8/7/2014	1.1	27.35	4.02%	1.93	57%
8/8/2013	1.25	26.2	4.77%	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%

# 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 management and cash flow generation

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- Average fleet age for SNC fleet is currently at 10.2 years, in-line with the 10.2 years of the total bulk fleet average.
- 7 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:	10.2 Years		2,995,692

# Q&A

**2605.TW**

**新興航運** 

**Sincere Navigation Corporation**

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