

# **SAMUDERA SHIPPING LINE LTD**



**Review of Results**  
**1<sup>st</sup> Half, 2001**

# AGENDA



- **Financial Performance**
- **Performance Review**
- **Strategy & Plans**
- **Questions & Answers**

# FINANCIAL PERFORMANCE



- **Financial Highlights**
- **Margin, EPS, NTA per share**
- **Revenue by Business Activity**
- **PAT by Business Activity**

# Financial Highlights

<u>(S\$ m)</u>	<u>1H 2001</u>	<u>1H 2000</u>	<u>%</u> ▲
Revenue	242.3	200.4	21
EBITDA	15.8	17.7	(11)
Interest	(3.2)	(2.4)	34
Depreciation	(7.5)	(4.8)	55
PBT	8.5	12.9	(34)
PAT	8.0	12.3	(35)

## Financial Highlights (continued)

	<u>1H 2001</u>	<u>1H 2000</u>	<u>%</u> ▲
Margin	3.3 %	6.1 %	(46)
EPS (c)	1.73	2.66	(35)
NTA p.s. (c)	40.26	35.79	12

# Revenue by Business Activity



# PAT by Business Activity



	2000 1H	2001 1H
Container Shipping	94 %	63 %
Industrial Shipping	4 %	35 %
Others	<u>2 %</u>	<u>2 %</u>
Total	100 %	100 %

# PERFORMANCE REVIEW



- **Container Shipping**



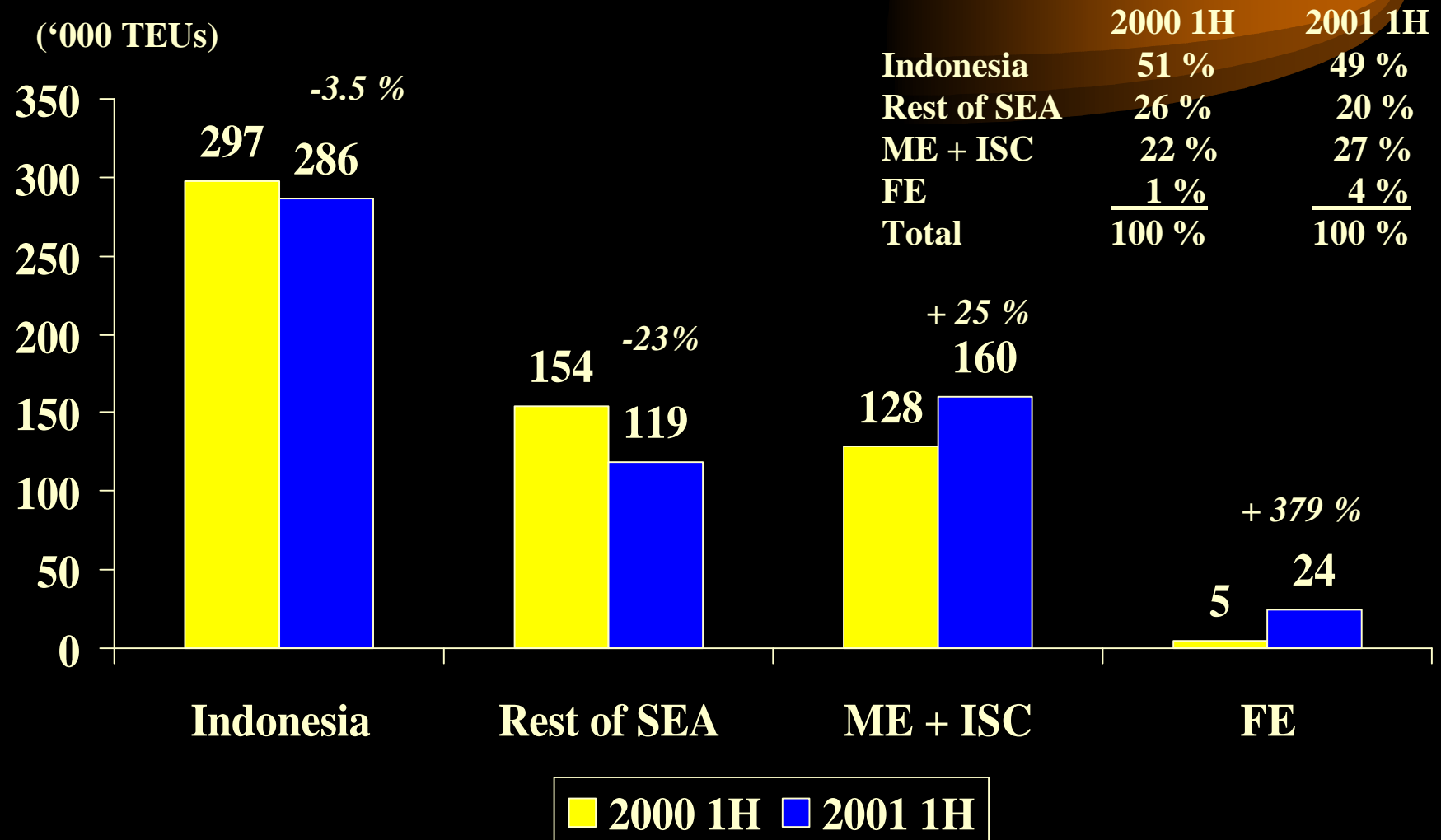
# Volume Growth

(1H 2001 vs. 1H 2000)



<b>SOC</b>	<b>(6 %)</b>
<b>COC</b>	<b>35 %</b>
<b>Total</b>	<b>1 %</b>

# Container Shipping: Volume by Geographical Region



	2000 1H	2001 1H
Indonesia	51 %	49 %
Rest of SEA	26 %	20 %
ME + ISC	22 %	27 %
FE	1 %	4 %
<b>Total</b>	<b>100 %</b>	<b>100 %</b>

# **Performance Review :**

## **Container Shipping – Volume & Revenue**

- **Overall market volume dropped due to simultaneous economic slow down in U.S.A, Europe and Japan. Throughput of PSA dropped by 13 % in 1<sup>st</sup> Half 2001.**
- **Against this backdrop, Company achieved about 1 % growth in volume, mainly due to :**
  - **additional routes e.g. to Vietnam, China etc, and**
  - **35 % growth of COC cargo**
- **As a result, Revenue grew by 17 % to S\$ 223 M, also boosted by depreciation of S\$ against US\$**
- **Average Freight per TEU increased to about US \$ 211 compared to US \$ 188 in 1H 2000. This was due to implementation / increase of various surcharges such as IPS, BAF, THC as well as increased contribution of COC**

# **Performance Review :**

## **Container Shipping – Service & Capacity**

- **In comparison against 1H 2000, the Company had 3 additional routes in 1H 2001, viz.**
  - **Gulf Asia Line Express (GALEX) service (started June'00)**
  - **China Service (started July'00)**
  - **Vietnam service (started December'00)**
- **Geographical diversification paid dividends as the volume of Middle East and Indian Subcontinent grew by 25 % while that of SEA slowed down by 10 %. Volume of China grew too**
- **Consequently, contribution of SEA reduced to 69 % from 77 % (of Indonesia reduced to 49 % from 51 %), while that of ME & ISC increased to 27 % from 22 % and China to 4 % from 1 %**
- **Deployed capacity increased by about 20 % to about 23,000 TEUs, mostly due to additional routes, while downsizing was done in other areas responding to market trend**

# **Performance Review :**

## **Container Shipping – Costs & Margin**

- **While the Revenue increased by 17 %, the Cost of Service increased by 23 %, causing a decline in Gross Profit by 43 %**
- **Cost of Services increased due primarily to increases in**
  - **Charter Hire, mainly for vessels on additional routes**
  - **Stevedoring Costs, mainly due to increase in tariff in Indonesian ports, and**
  - **Container Costs, due to enlarged container fleet necessary to support the growth of COC business**
- **The Company benefited from Foreign Exchange Gain due to weaker S\$ against US \$, as it has more Current Assets than interest bearing Loans**
- **Consequently, PAT reduced by 57 % to S\$ 5 M compared to S\$ 11.6 M in 1<sup>st</sup> Half 2000**

# PERFORMANCE REVIEW



- **Industrial Shipping**

# **Performance Review :**

## **Industrial Shipping – Volume & Revenue**

- **Revenues increased by 81 % to S\$ 17.5 M in 1H 2001 from S\$ 9.7 M in 1H 2000**
- **Revenue increase was primarily due to additional vessels, viz.**
  - **M/T Sinar Emas – 17,500 dwt white oil tanker on long term contract to Pertamina (commenced service in May 2000)**
  - **M/T Sinar Jogja – 17,500 dwt white oil tanker on long term contract to Pertamina (commenced service in end January, 2001)**
  - **M/T Sinar Anyer – 2,800 dwt chemical tanker on medium term contract to petrochemical producer (commenced service in July 2000),**
  - **M/T Sinar Merak – 1,800 dwt chemical tanker on medium term contract to petrochemical producer (commenced service in December 2000)**

# **Industrial Shipping - Current Fleet Profile**



**Total 10 units, comprising of:**

- Chemical Tankers: 7 units; 1 \* 1,800 dwt, 1 \* 2,200 dwt, 1 \* 2,800 dwt, 2 \* 3,000 dwt and 2 \* 7,700 dwt on medium term contracts**
- Cement Carrier: 1 unit \* 6,700 dwt, self-unloading type, on long term contract**
- Product Tankers: 2 units \* 17,500 dwt, on long term contract**



# **Performance Review :**

## **Industrial Shipping – Costs & Margin**

- **While the Revenue increased by 81 %, the Cost of Services rose by only 51 %, causing an increase in Operating Profit by 216 % to S\$ 5.5 M compared to S\$ 1.75 M in 1H 2000**
- **FMPL adopted, with effect from January 1, 2001, Functional Currency Method of accounting. Hence, Income Statements will no longer include the Foreign Exchange Loss /Gain resulting from US\$ denominated loans**
- **Depreciation charges rose due to additional vessels and depreciation of S\$ against US\$ resulting from the adoption of US\$ as its functional currency**
- **Interest Expenses rose by 69 % to S\$ 2.9 M from S\$ 1.75 M in 1H 2000. This was due to additional vessels**
- **PAT rose to S\$ 2.83 M from S\$ 0.47 M in 1H 2000**
- **This increase and the simultaneous decline in Container Shipping's profits resulted in an increase in contribution of Industrial Shipping to Group's consolidated profit, rising to 35 % against only 4 % in 1H 2000.**

# STRATEGIES & PLANS



- **Corporate Strategy**
- **Strategy for Container Shipping**
- **Strategy for Industrial Shipping**
- **Plans and Outlook**

# **CORPORATE STRATEGY : SSL GROUP**



- **Diversify Geographically**
- **Strike a balance between (a) Container Shipping, and (b) Industrial Shipping**
- **Explore diversification in the logistics / forwarding sector as well as other areas within transportation industry**
- **Follow conservative financing policies ; Pursue controlled capital expenditure without overstretching the gearing**

# Strategies for Container Shipping

- **Grow Regionally to spread the risks : being pursued since 1993**
- **Aggressively promote “*Carrier*” business (COC), as opposed to “*Vendor*” (SOC) business, as the Growth Driver, due to higher margin**

# Strategies for Industrial Shipping



- **Identify the market segments with growth potential and intrinsic needs of long term contracts**
- **Invest in, modern second-hand or new-built tonnage, against US\$ denominated long term contracts, preferably from the end users**
- **Contracts from reputable and financially sound customers**

# Plans & Outlook : 2001

- **In spite of the on going economic slow down, the Company, for the full year of 2001, expects to maintain, if not slightly improve, its volume of container lifting of last year**
- **The Company will continue its cost efficiency measures, in various areas such as container costs, agency costs and overhead costs**
- **It will explore the possibilities of converting some of the existing offices from 3<sup>rd</sup> party agency network to that of owned network, through joint ventures, in order to reduce costs and improve market presence**

## **Plans & Outlook : 2001** (continued)

- **Industrial Shipping's contribution is expected to boost the Group's performance for full year 2001**
- **Industrial Shipping will not anymore be subject to significant foreign exchange loss (or gain), as FMPL has adopted, with effect from January 1, 2001, Functional Currency Method of accounting which reflects better the nature of operation**
- **Adopting a conservative approach, most of the long term loans have been fixed through Interest Rate Swaps converting from floating LIBOR rates to fixed rates**

# Conclusions

- **Amidst a global economic slowdown and the consequent slowdown in the container volume, the Company has stayed profitable**
- **Strategy of Diversification proving beneficial. Diversification, in terms of:**
  - **Business Activity : Industrial Shipping**
  - **Product Mix : COC**
  - **Geographical Region : ME + ISC and China**
- **The Company has a strong balance sheet and a healthy cash flow**
- **Its “Samudera” brand name is well recognized in the market place**
- **Hence, the Company is well poised to improve its performance with the economic recovery and the consequent increase in container volume**