

**SAMUDERA SHIPPING LINE LTD**  
**Review of 1st Half Results – FY 2002**



**Investors and Analysts Briefing**  
**September 25, 2002**

# AGENDA



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

# FINANCIAL PERFORMANCE



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

# Financial Highlights

<u>(S\$ m)</u>	<u>1H 2001</u>	<u>1H 2002</u>	<u>%</u>	▲
Revenue	242.3	251.1	4	
EBITDA	15.8	13.6	(14)	
Interest	(3.2)	(2.4)	(24)	
Depreciation	(7.5)	(7.9)	6	
PBT&FxG(L)	5.1	3.2	(36)	
Fx Gain(Loss)	2.7	(2.5)		
PBT	8.5	1.1	(87)	
PAT	8.0	0.8	(90)	

# Financial Highlights (continued)

	<u>1H 2001</u>	<u>1H 2002</u>	<u>% ▲</u>
<b>Margin</b>	<b>2.1 %</b>	<b>1.3 %</b>	<b>(39)</b>
<b>[before Forex Gain (Loss)]</b>			
<b>EPS (c)</b>	<b>1.73</b>	<b>0.17</b>	<b>(90)</b>
<b>NTA p.s. (c)</b>	<b>40.37</b>	<b>39.89</b>	<b>(1)</b>

# Financial Highlights (continued)

## Average Exchange Rate SGD/USD

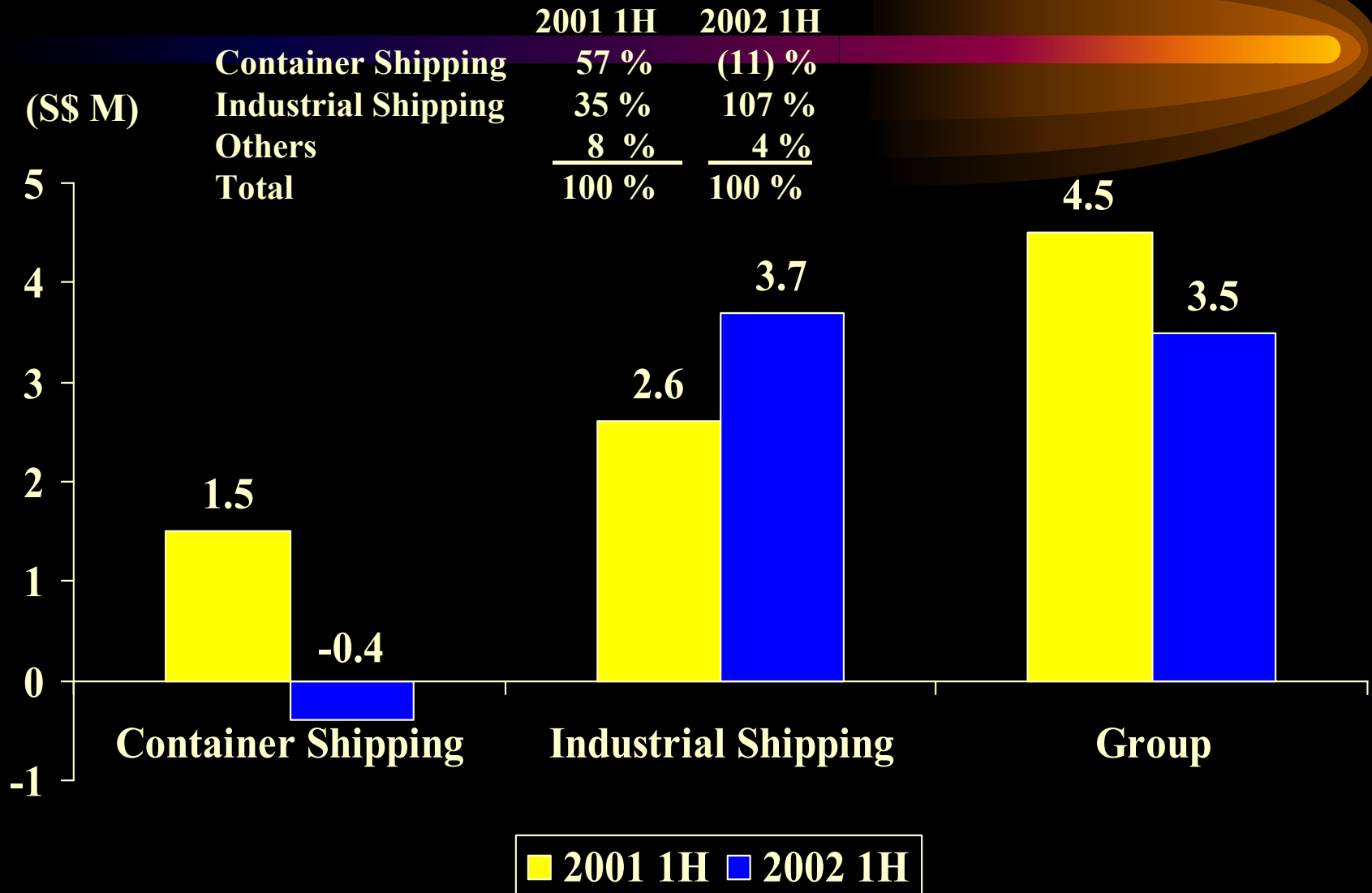
	<u>1H 2001</u>	<u>1H 2002</u>	<u>%</u> ▲
<b>Profit &amp; Loss</b>	1.79	1.81	1.1
<b>Balance Sheet</b>	1.82	1.77	(2.7)

# Revenue by Business Activity



# Operating Profit by Business Activity

[before Tax, Forex Gain (loss), Interest Income]






# PERFORMANCE REVIEW



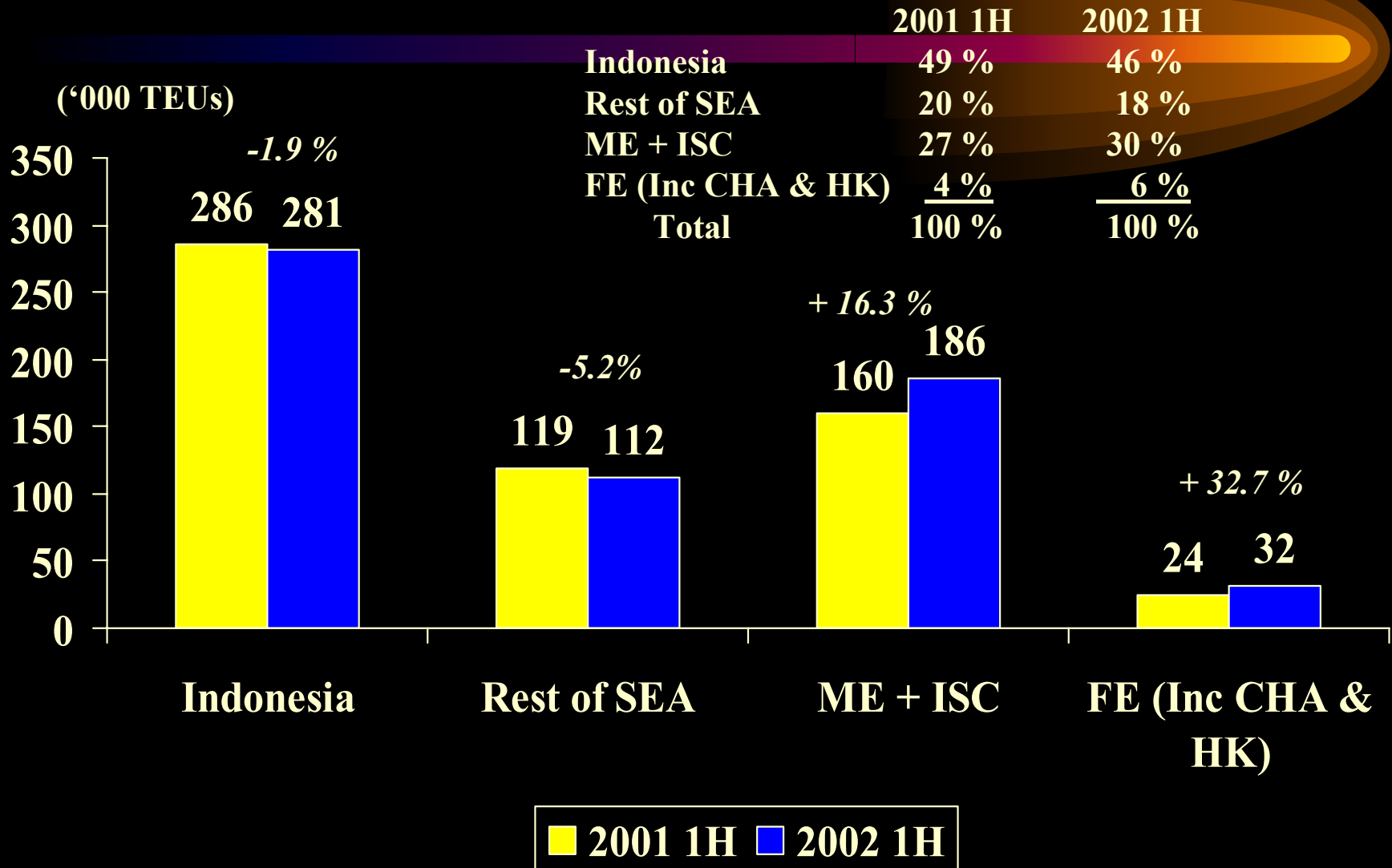
- **Container Shipping**

## Product Mix SOC & COC 1H 2002 vs. 1H 2001



	2001	2002	
<b>SOC</b>	<b>83%</b>	<b>81%</b>	<b>1 %</b>
<b>COC</b>	<b>17%</b>	<b>19 %</b>	<b>19%</b>
<b>Total</b>			<b>4 %</b>

# Container Shipping: Volume by Geographical Region



# **Performance Review :**

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

- **Company achieved about 4 % growth in volume, mainly due to**
  - **volume increase in Middle East, Indian Subcontinent & Far East**
  - **19 % growth of COC cargo**
- **Revenue grew by 3.5 % to S\$ 231 M, due to volume increase**
- **Average all-inclusive Freight per TEU decreased to about US \$ 209 in 1H 2002 compared to US \$ 211 in 1H 2001 (SGD 377 in 1H 2002 compared to SGD 379 in 1H 2001)**

# **Performance Review :**

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

- **Geographical diversification paid dividends as the volume of Middle East and Indian Subcontinent grew by 16.3 % while that of Indonesia and rest of SEA slowed down by 1.9 % and 5.2% respectively. Volume of China grew too 32.7%**
- **Consequently, contribution of SEA reduced to 64 % from 69 % (of Indonesia reduced to 46 % from 49 %), while that of ME & ISC increased to 30 % from 27 % and China to 6 % from 4 %**
- **The average load factor increased from 64% in the 1H 2001 to 68% in the 1H2002**

# Performance Review :

## Container Shipping – Costs & Margin

- While the Revenue increased by 3.5 %, the Cost of Service increased by 4.9 %, causing a decline in Gross Profit by 40.4 %
- The Cost of Service per TEU in USD remain about the same USD 205, while in SGD increased from SGD 367 to SGD 371
- Due to cost efficiency program, certain costs decreased:
  - Charter Hire
  - Container Cost
  - G & A
- In spite of cost efficiency measures, Cost of Services per TEU increased due to:
  - Stevedoring Costs
  - 3<sup>rd</sup> party Freight charges
  - War risk insurance
  - Bunker expenses

# **Performance Review :**

## **Container Shipping – Costs & Margin (continued)**

- **Consequently, operating results before tax, Foreign Exchange Gain or loss and Interest Income, decreased to a loss of S\$ 0.37 M compared to a profit of S\$ 1.5 M in 1<sup>st</sup> Half 2001.**
- **In addition, the Company experienced a Foreign Exchange Loss of S\$ 2.3 M, due to stronger SGD against USD, as it has more Assets than liabilities in foreign currencies (mainly USD). Most of it, however, are accounting losses only.**
- **Consequently, on after tax basis, the Company produced a loss of S\$ 2.5 M compared to a profit of S\$ 5.0 M in 1<sup>st</sup> Half 2001.**

# PERFORMANCE REVIEW



- **Industrial Shipping**



# **Performance Review :**

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

- **Revenues increased by 4 % to S\$ 18.2 M in 1H 2002 from S\$ 17.5 M in 1H 2001**
- **Revenue increase was primarily due to additional vessels, viz. Sinar Jogya started at the end of January 2001, and it gave full year impact in 2002.**

# **Performance Review :**

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

- **While the Revenue increased by 4%, the Cost of Services rose by only 3%, causing an increase in Gross Profit by 6% to S\$ 6.2 M compared to S\$ 5.8 M in 1H 2001.**
- **Interest Expenses decreased by 22% to S\$ 2.3 M from S\$ 2.9 M in 1H 2001.**
- **PAT rose by 24% to S\$ 3.50 M from S\$ 2.83 M in 1H 2001.**
- **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 437% against only 35% in 1H 2001.**

# 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 over-stretching the gearing**
- **Will continue to aggressively pursue its cost efficiency program**

# Strategies for Container Shipping

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

# Strategies for Industrial Shipping

- **Identify the market segments with growth potential**
- **Invest in, modern second-hand or new-built tonnage, against US\$ denominated contracts**
- **Target customer: end users which are reputable and financially sound**

# Plans & Outlook : 2002

- **Barring extraordinary events, the Company, for the full year of 2002, expects to increase its volume of container lifting compared to that of 2001**
- **Freight Rates are however not expected to improve**
- **The Company will continue its cost efficiency measures, in various areas such as container costs, agency costs and overhead costs**
- **PSA's customer-friendly measures are expected to produce positive financial impact**
- **Stevedoring rates in certain Indonesian ports are increasing**

# **Plans & Outlook : 2002** (continued)

- **In August 2002, an additional vessel, M/T Sinar Bontang, of 3,500 dwt was acquired for distribution of methanol and other chemical cargoes, against cargo contracts from producers**
- **Shall continue to explore opportunities for industrial shipping of commodities such as oil, petrochemical, coal, cement etc. and shall acquire suitable vessels once the contracts are obtained**
- **Gain on disposal of Group's investment in associated company in the 2<sup>nd</sup> Half 2002**
- **A weakening of the USD against SGD will have a negative impact on the Groups performance (if it is lower than SGD 1.77/ USD)**



# Industrial Shipping - Current Fleet Profile

**Total 11 units, comprising of:**

- **Chemical Tankers: 8 units; 1 \* 1,800 dwt, 1 \* 2,200 dwt, 1 \* 2,800 dwt, 2 \* 3,000 dwt, 1 \* 3,500 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**

# Conclusions



- **During this difficult time in container shipping, cost efficiency is a must in order to stay 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**

**We Welcome Your Questions**



**Thank You**