

# **SAMUDERA SHIPPING LINE LTD**

*November 2003*

*Review of*

*3<sup>rd</sup> Quarter results - FY 2003*

# AGENDA



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

# **FINANCIAL PERFORMANCE**



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

# Financial Highlights – Q3

<u>(S\$ m)</u>	<u>Q3 2002</u>	<u>Q3 2003</u>	<u>%</u> ▲
Revenue	116.5	131.6	13
EBIT	5.2	3.5	(33)
Interest, net	(1.0)	(0.8)	(20)
Operating Result	4.3	2.7	(38)
Forex Gain(Loss)	0.2	(0.6)	n.m.
PBT	7.3	2.2	(69)
PAT (Net Profit)	7.0	2.2	(69)

## Financial Highlights – Q3 (continued)

	<u>Q3 2002</u>	<u>Q3 2003</u>	<u>%</u> ▲
Operating Margin*)	3.69 %	2.04 %	(45)
EPS (c)	1.53	0.48	(69)

\*) before Tax, Foreign Exchange Gain or Loss, Share of associated company results and Extraordinary Gain or Loss

	<u>31 Dec 02</u>	<u>30 Sept 03</u>	
NAV p.s. (c)	42.18	44.04	4
Gearing	0.34	0.33	(4)
(Interest bearing loans over Net Worth)			

# Financial Highlights - Q3 (continued)

## Exchange Rate SGD/USD

	<u>Q3 2002</u>	<u>Q3 2003</u>	<u>%</u> ▲
<b>Profit &amp; Loss</b> (average)	1.8	1.75	(2.8)
<b>Balance Sheet</b>	1.78	1.73	(2.8)

# Revenue by Business Activity – Q3

	2002 Q3		2003 Q3		Deviation
	M S\$	%	M S\$	%	%
<b>Container Shipping</b>	<b>105.9</b>	<b>91</b>	<b>115.7</b>	<b>88</b>	<b>9</b>
<b>Industrial Shipping</b>	<b>9.3</b>	<b>8</b>	<b>14.4</b>	<b>11</b>	<b>56</b>
<b>Group</b>	<b>116.5</b>	<b>100</b>	<b>131.6</b>	<b>100</b>	<b>13</b>

# Operating Result by Business Activity – Q3

*(before Tax, Foreign Exchange Gain or Loss, Share of associated company results and Extraordinary Gain or Loss)*

	2002 Q3		2003 Q3		Deviation
	M S\$	%	M S\$	%	%
<b>Container Shipping</b>	<b>2.7</b>	<b>63</b>	<b>1.0</b>	<b>37</b>	<b>(63)</b>
<b>Industrial Shipping</b>	<b>1.5</b>	<b>34</b>	<b>1.8</b>	<b>67</b>	<b>23</b>
<b>Group</b>	<b>4.3</b>	<b>100</b>	<b>2.7</b>	<b>100</b>	<b>(38)</b>



# PERFORMANCE REVIEW



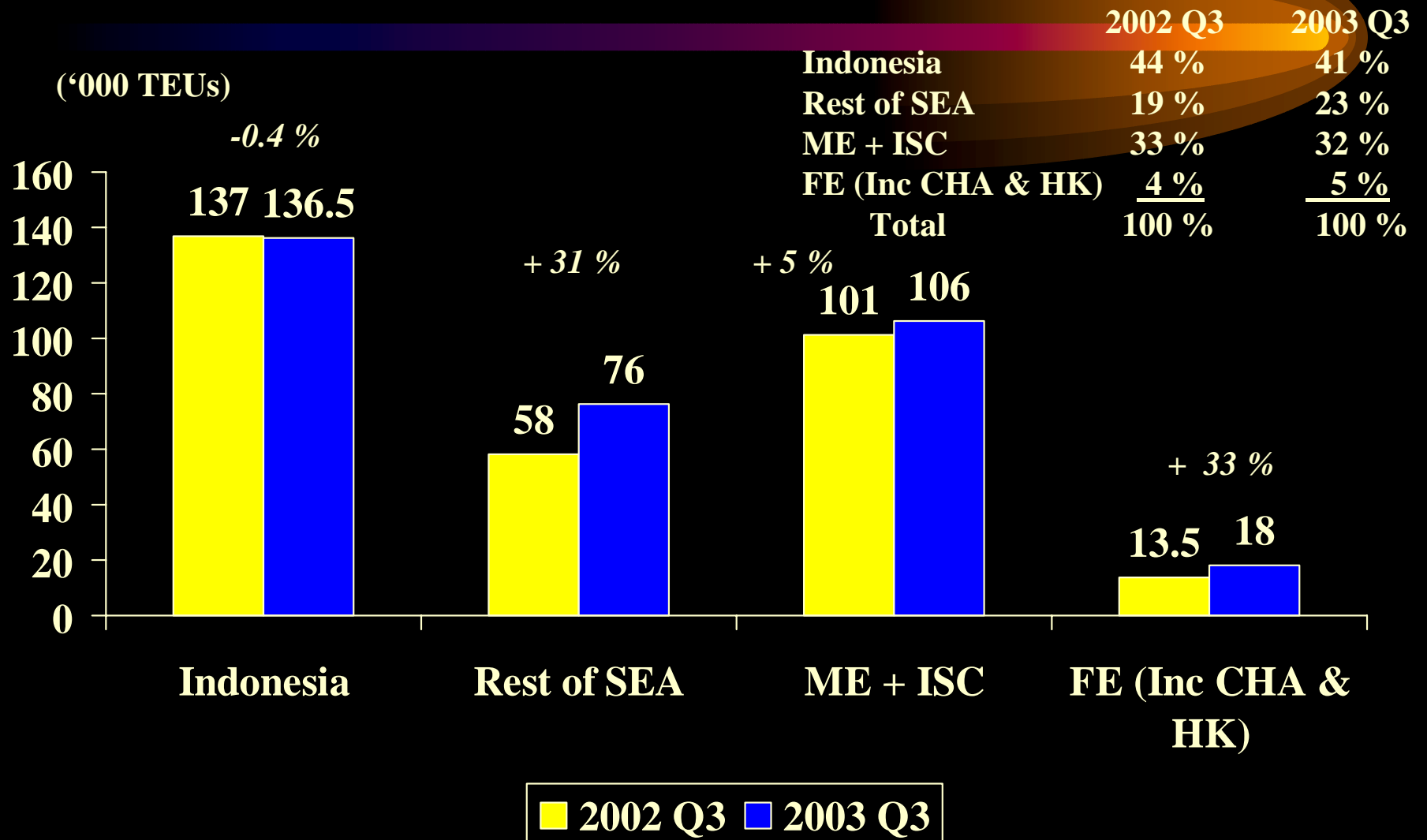
- **Container Shipping**

# COC Content & Total Volume – Q3

	2002 Q3		2003 Q3		Deviation
	'000 TEUS	%	'000 TEUS	%	%
<b>SOC</b>	<b>248</b>	<b>80</b>	<b>267</b>	<b>79</b>	<b>7.6</b>
<b>COC</b>	<b>63</b>	<b>20</b>	<b>69</b>	<b>21</b>	<b>9.5</b>
<b>Total</b>	<b>311</b>	<b>100</b>	<b>336</b>	<b>100</b>	<b>8</b>

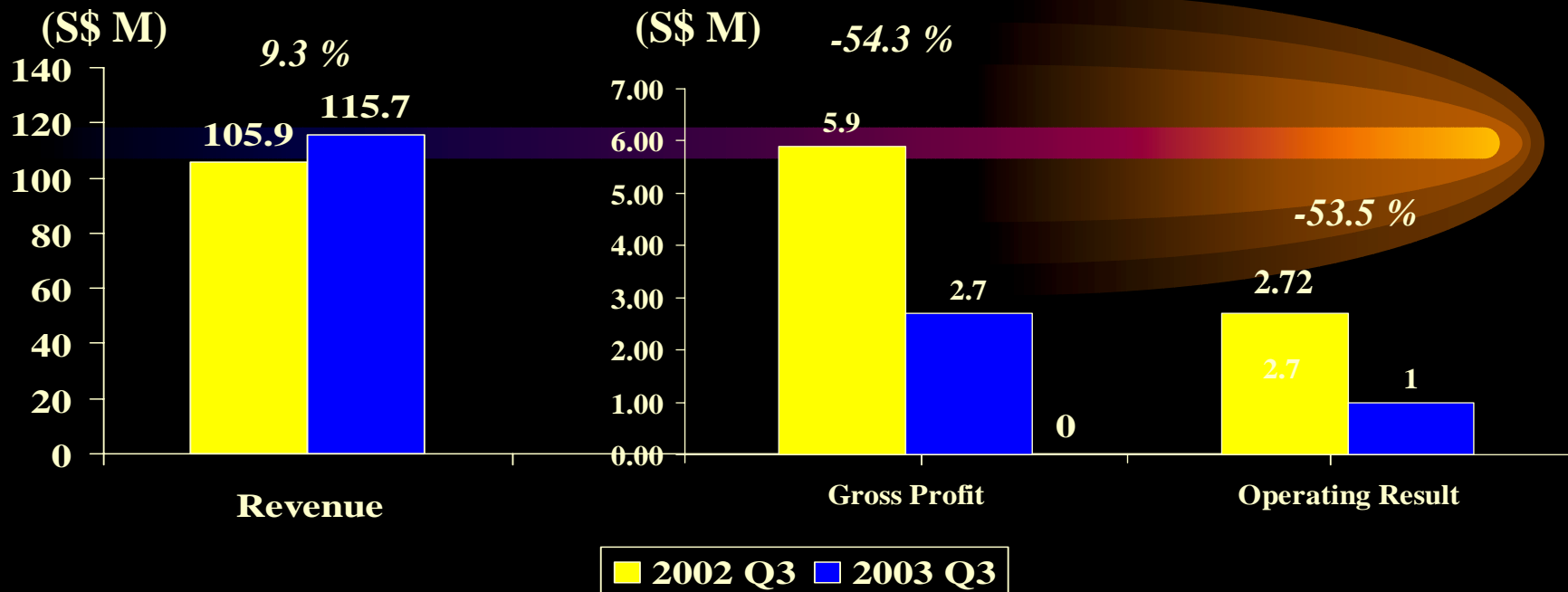
- **SOC volume grew faster due primarily to organic growth in the existing trade lanes**

# Container Shipping: Volume by Geographical Region



# Container Shipping – Operating Results

*(before Tax, Foreign Exchange Gain or Loss, Share of associated company results and Extraordinary Gain or Loss)*



- Revenue increased by 9.3% primarily due to increase in volume by 8 % and increase in average freight per TEU. Despite withdrawal of war risk surcharges in most sectors such as ME, Karachi, Mumbai, Colombo etc, since early 2003 and stronger S\$ versus US\$, the recent rate restoration in late Q3 2003 was the factor for increase in average freight per TEU. The full impact of rate restoration is expected in Q4 2003.
- Cost of services increased by 13% as compared to 2002 Q3 due to (a) higher chartering cost, (b) increase in stevedoring owing to termination of PSA anniversary rebates, (c) commencement of new services (Yemen, North Vietnam, Gulf-India) resulting in lower load factor which is usual in the initial period. This resulted a drop in Gross Profit to S\$2.7 M.
- Interest income (net) decreased from S\$0.85 M in Q3 2002 to S\$0.7M Q3 2003.
- Due to the above, Operating results declined in Q3 2003.

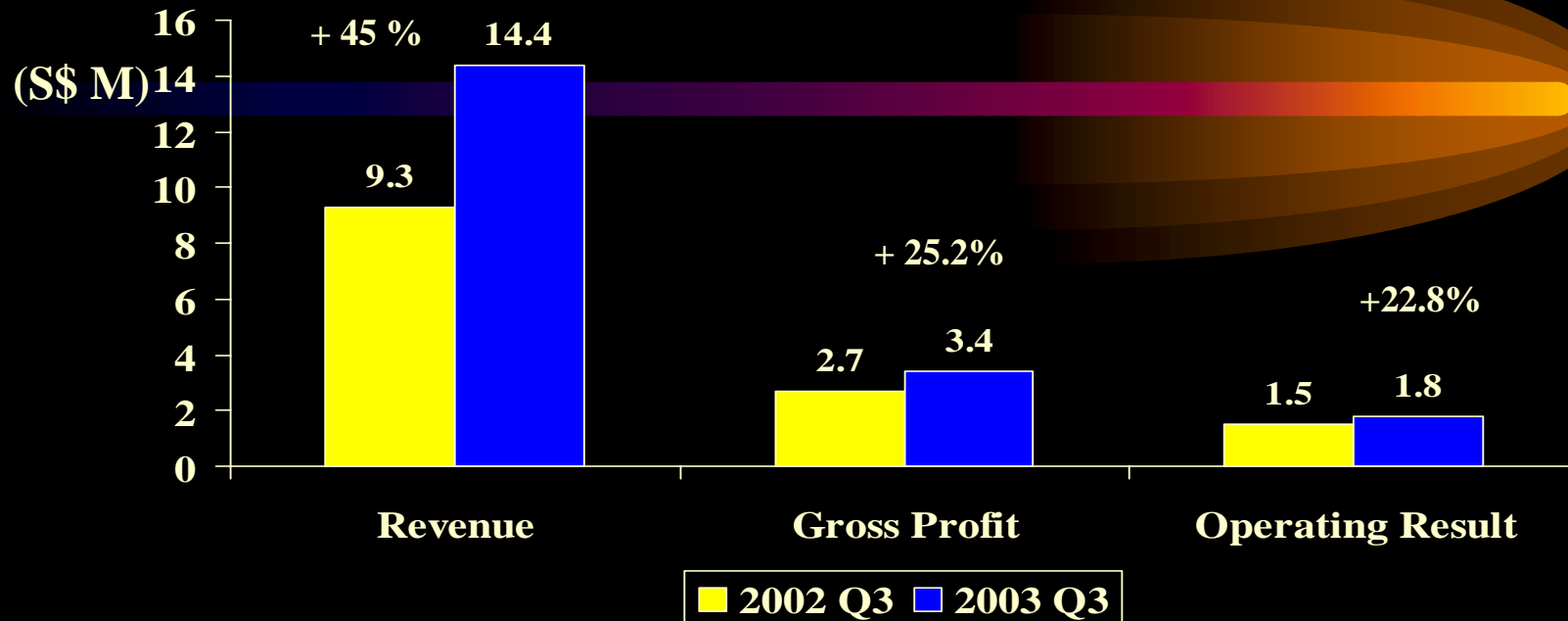
# PERFORMANCE REVIEW



- **Industrial Shipping**

# Industrial Shipping – Operating Results

*(before Tax, Foreign Exchange Gain or Loss, Share of associated company results and Extraordinary Gain or Loss)*



- Revenues increased primarily due to additional 3 tankers, 1 LPG carrier, and 3 off-shore support units.
- Cost of Sales rose due to more vessels on operation, increase in bunker expenses as well as higher docking cost. The Gross Profit rose by S\$0.7 M (25 %).
- Net Interest Expenses decreased by 21% to S\$0.8 M from S\$1 M in Q3 2002.
- As Compared to Q3 2002, G&A expenses increased due to recruitment of employees from subsidiaries of PT SI.
- Operating result rose by 22.8% to S\$1.8 M compared to S\$ 1.5 M of the 2002.

# **FINANCIAL PERFORMANCE – up to Q3**

- **Financial Highlights**
- **Margin, EPS, NAV per share**
- **Revenue by Business Activity**
- **Revenue of Container Shipping by Geographical Regions**
- **Profit by Business Activity**

# Financial Highlights - up to Q3

<u>(S\$ m)</u>	<u>Sept 2002</u>	<u>Sept 2003</u>	<u>%</u> ▲
Revenue	367.6	371.0	0.9
EBIT	10.5	14.3	36
Interest (net)	-3.2	-2.2	(33)
Operating Result	7.3	12.1	66
Forex Gain(Loss)	(2.3)	(1.1)	(55)
PBT	8.4	11.4	36
PAT (Net Profit)	7.8	11.2	44



# Financial Highlights – up to Q3 (continued)

	<u>Sept 2002</u>	<u>Sept 2003</u>	<u>%</u>
Operating Margin*)	1.98 %	3.26%	65
EPS (c)	1.71	2.45	44

\*) before Tax, Foreign Exchange Gain or Loss, Share of associated company results and Extraordinary Gain or Loss)

	<u>31 Dec 02</u>	<u>30 Sept 03</u>	
NAV p.s. (c)	42.18	44.04	4
Gearing	0.34	0.33	(4)

(Interest bearing loans over Net Worth)

# Financial Highlights – up to Q3 (continued)

## Exchange Rate SGD/USD

	<u>Sept 2002</u>	<u>Sept 2003</u>	<u>%</u> ▲
<b>Profit &amp; Loss</b> <b>(average)</b>	<b>1.8</b>	<b>1.75</b>	<b>(2.8)</b>
<b>Balance Sheet</b>	<b>1.78</b>	<b>1.73</b>	<b>(2.8)</b>

# Revenue by Business Activity - up to Q3

	Sept 2002		Sept 2003		Deviation
	M S\$	%	M S\$	%	%
<b>Container Shipping</b>	<b>336.9</b>	<b>92</b>	<b>329.2</b>	<b>89</b>	<b>(2.3)</b>
<b>Industrial Shipping</b>	<b>27.5</b>	<b>7</b>	<b>37.8</b>	<b>10</b>	<b>37.5</b>
<b>Group</b>	<b>367.6</b>	<b>100</b>	<b>371.0</b>	<b>100</b>	<b>0.9</b>

# Operating Result by Business Activity – up to Q3

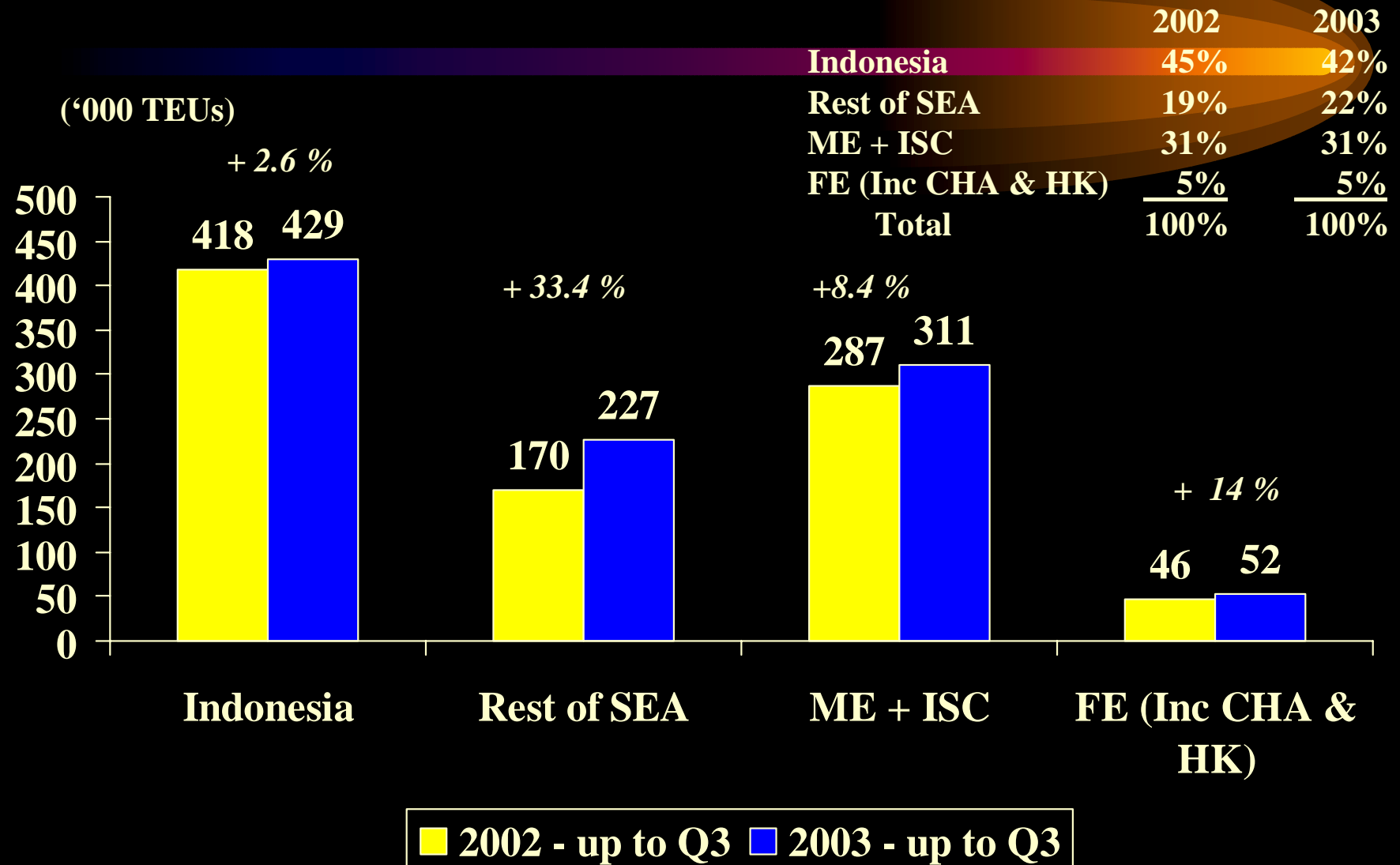
*(before Tax, Foreign Exchange Gain or Loss, Share of associated company results and Extraordinary Gain or Loss)*

	Sept 2002		Sept 2003		Deviation
	M S\$	%	M S\$	%	%
<b>Container Shipping</b>	<b>2.5</b>	<b>34</b>	<b>6.4</b>	<b>53</b>	<b>157</b>
<b>Industrial Shipping</b>	<b>5</b>	<b>69</b>	<b>5.7</b>	<b>47</b>	<b>13</b>
<b>Group</b>	<b>7.3</b>	<b>100</b>	<b>12.1</b>	<b>100</b>	<b>66</b>

# COC Content & Total Volume – up to Q3

	Sept 2002		Sept 2003		Deviation
	'000 TEUS	%	'000 TEUS	%	%
<b>SOC</b>	<b>742</b>	<b>80</b>	<b>825</b>	<b>81</b>	<b>11</b>
<b>COC</b>	<b>181</b>	<b>20</b>	<b>195</b>	<b>19</b>	<b>8</b>
<b>Total</b>	<b>923</b>	<b>100</b>	<b>1020</b>	<b>100</b>	<b>10.5</b>

# Container Shipping: Volume by Geographical Region



# STRATEGIES & PLANS



- **Corporate Strategy**
- **Strategy for Container Shipping**
- **Strategy for Industrial Shipping**
- **Activities & Plans**

# **CORPORATE STRATEGY :**

## **SSL GROUP**

- **GO REGIONAL: Diversify Geographically**
- **GO LINER: Increase the COC content in Container Shipping**
- **GO LOGISTIC: Offer logistic services by leveraging network**
- **GO EXCELLENT: Strive for excellence in all aspects of business**
- **Strike a balance between (a) Container Shipping, and (b) Industrial Shipping**
- **Follow conservative and prudent financing policies; Pursue controlled capital expenditure without over-stretching the gearing**
- **Continue to focus on cost efficiency measures**
- **Continue to promote “Samudera” brand name, throughout the network**



# Strategies for Container Shipping

- **Grow Regionally to reduce dependence on a single country or area**
- **Increase the COC content**
- **Continue cost efficiency measures: e.g. right sizing through alliance, improvement in container turn time, load factor etc.**

# Strategies for Industrial Shipping

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

# Activities in 2003

## □ NETWORK EXPANSION:

- It shall continue strengthening regional control in order to reduce costs, improve market presence and to protect better the Group's interest
- In Malaysia, set up a joint venture with Jardine i.e. GALAXY SHIPPING, for agency activities primarily - January 2003
- In Dubai, has set up a subsidiary, i.e. SILKARGO LLC., offering logistic services - April, 2003
- In Indonesia, set up a joint venture with a Jardine subsidiary for agency and freight forwarding – June, 2003
- In India, set up its fully owned subsidiary – September, 2003. Shall be fully operational from early 2004

# Activities in 2003 (continued)

## □ NEW SERVICE:

- In May 2003 started Yemen service, in order to expand to Red Sea area which is experiencing a 20 % trade growth; now run a fortnightly service using 1 \* 1,200 TEU ship
- In July 2003, started NVX (North Vietnam) service, in order to meet the strong trade & economic growth; now run a weekly service in cooperation with a partner, each contributing a 400 TEU ship
- In August 2003, started GNX (Gulf – Mumbai) service; now run a weekly service operating 2 \* 1,000 TEU ships
- In October 2003, started IPCX (Indonesia – Philippines – China) service in order to provide a direct link between the countries; now run a weekly service in cooperation with a partner – total 4 \* 1,500 TEU ships, SSL contributing 1 ship

## **Activities in 2003** (continued)

### **□ RATE RESTORATION:**

- In July 2003, announced 1<sup>st</sup> level of Rate Restoration for its South East Asian services. Took effect in September 2003**
- In September / October 2003, announced Rate Restoration for its Upper Gulf and Gulf – Indian Subcontinent services, effective from October – December 2003**
- In November 2003, announced Rate Restoration for its Indian Sub-continent services, to be effective from December 2003**

## **Activities in 2003** (continued)

### **□ INDUSTRIAL SHIPPING:**

- Industrial Shipping's contribution is expected to boost the Group's performance for full year 2003**
- Acquired SINAR LABUAN a 3,500 dwt chemical tanker in February 2003 – for distribution of methanol in South East Asia**
- Acquired 4 units – 1 LPG Carrier & 3 Marine Off-shore units, in March 2003**
- 3 units of 4,500 dwt new built coal carriers: 1 delivered, 2 to be delivered this month – for transportation of coal from mine site to export terminal**
- 1 Unit of 2,850 dwt fully stainless steel chemical tanker – new building agreement signed in June 2003 - due for delivery in August 2004**

# Plans for 2004

- **Shall continue cost efficiency measures, in various areas such as container costs, agency costs etc**
- **Plans to set up own office in Thailand and China in H1 2004 – for better control and greater cost efficiency**
- **Plans to implement 2<sup>nd</sup> level of Rate Restoration during H1 2004**
- **Plans to start liner service linking China and India**
- **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**

# Conclusions

- **Stayed Profitable throughout and has resumed Profit Growth**
- **Business is well diversified:**
  - **Business Activity : Industrial Shipping**
  - **Product Mix : COC**
  - **Geographical Region : ME + ISC and China**
- **Strong balance sheet and a healthy cash flow**
- **“Samudera” brand name**
- **Growth oriented: continuing to seek new opportunities in container shipping, industrial shipping and logistics.**

**With its sound financial condition, it is well positioned to support new investment projects, as and when they come up.**



**We Welcome Your Questions**



**Thank You**