

# First Steamship Co., Ltd. Investor Conference



2019/4/29

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- The future outlook in this presentation reflects the company's views on the future to this day. The company will not be responsible to send reminders or make updates for any future change or adjustment in those views.

# Agenda

- Company Profile
- Group Overview
- Business Development
- Financial Summary
- Business Vision

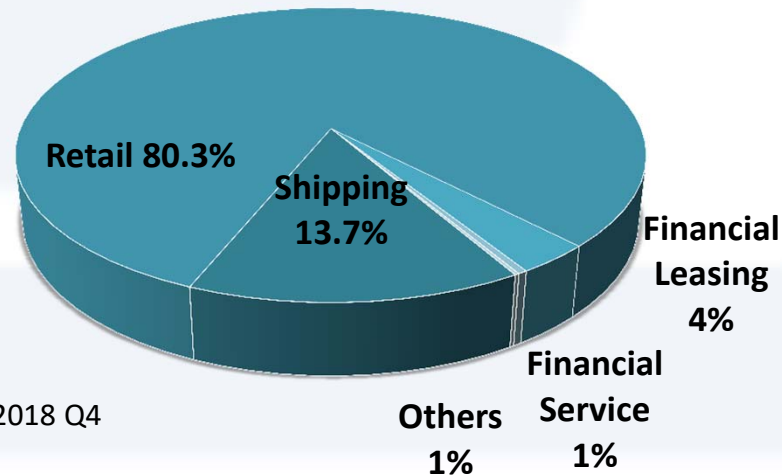
# Company Profile

## Basic Info

- Inception Date: 1963/10/8
- Listed Date: 1965/11/4
- Capital: NT\$6,308,831,500
- Stock Symbol: 2601

## Business

- Operation includes shipping, retail, rental, financial leases, property development, and financial services



All data are based on financial report as of 2018 Q4

# Group Overview

1963



Shipping



2006

Grand Ocean



Retail



2013

Mariner Finance Ltd.



Financial  
Leasing



2015

RSW



Property  
Development



2016

Morton Securities



Financial  
Service



2015 TESC

2017 Sandmartin,  
Summit Ascent



Group  
Holding



SUMMIT ASCENT  
First Steamship Group Holdings Limited



First Steamship Group

# Business Development : Shipping (1)

Self-own fleet dedicated in the dry bulk ship market

- Currently own 9 vessels: 2 Handysize-type, 3 Kamsarmax-type, and 4 Supramax-type.
- A new ship is under construction : Kamsarmax type, estimated to be delivered in Nov. 2020.
- Maintain high operation flexibility by switching between charter time model and joint-operation model as well as effective vessel asset management.
- Strengthen E-management and maintenance effectiveness , lowering operation costs and boosting operation efficiency.



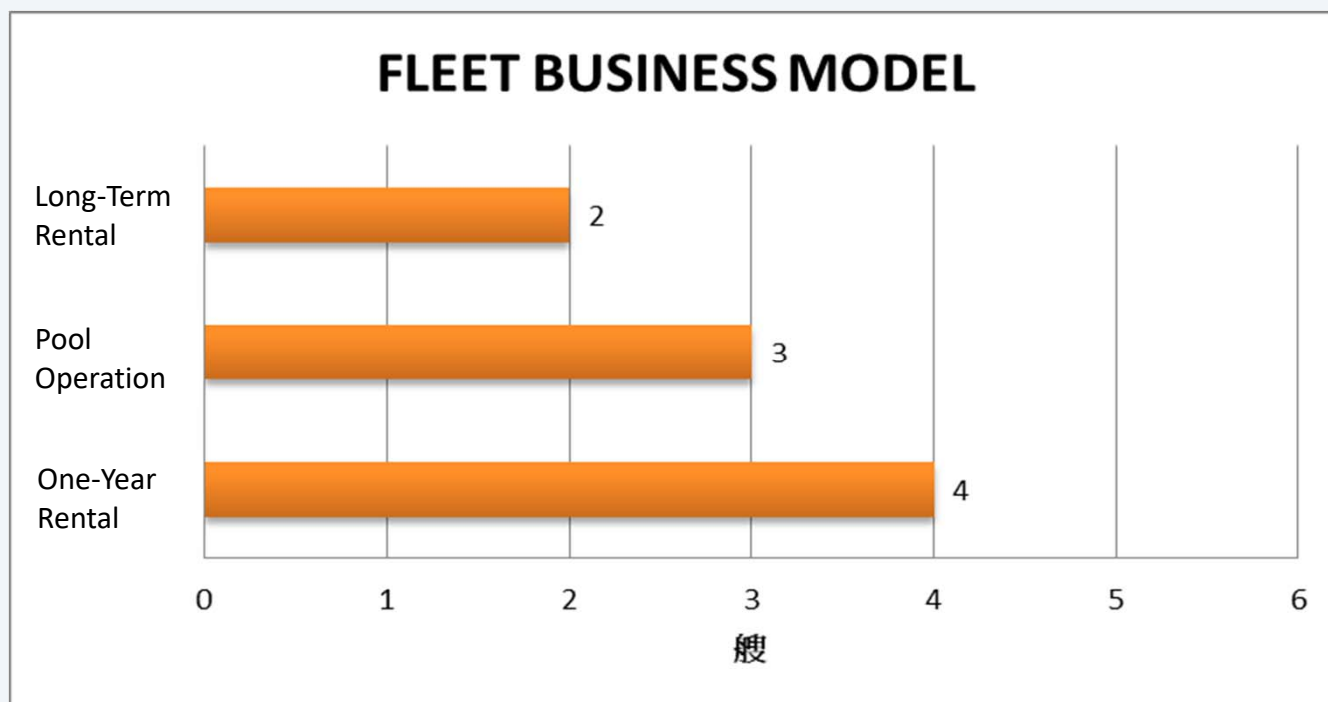
# Business Development : Shipping (2)

Baltic Dry Index  
2017/01-2019/4



- The trend of Baltic Dry Index illustrates that the index has been on an increasing path since 2017 Jan. Although the index was undergoing a downward correction during 2019 Q1, our outlook on 2019's dry bulk cargo is still bullish and we believe the index will bounce up to the level of 2018. We can see in the figure the index is ramping up since April 2019, and we anticipate this momentum will continue.

# Business Development : Shipping (3)

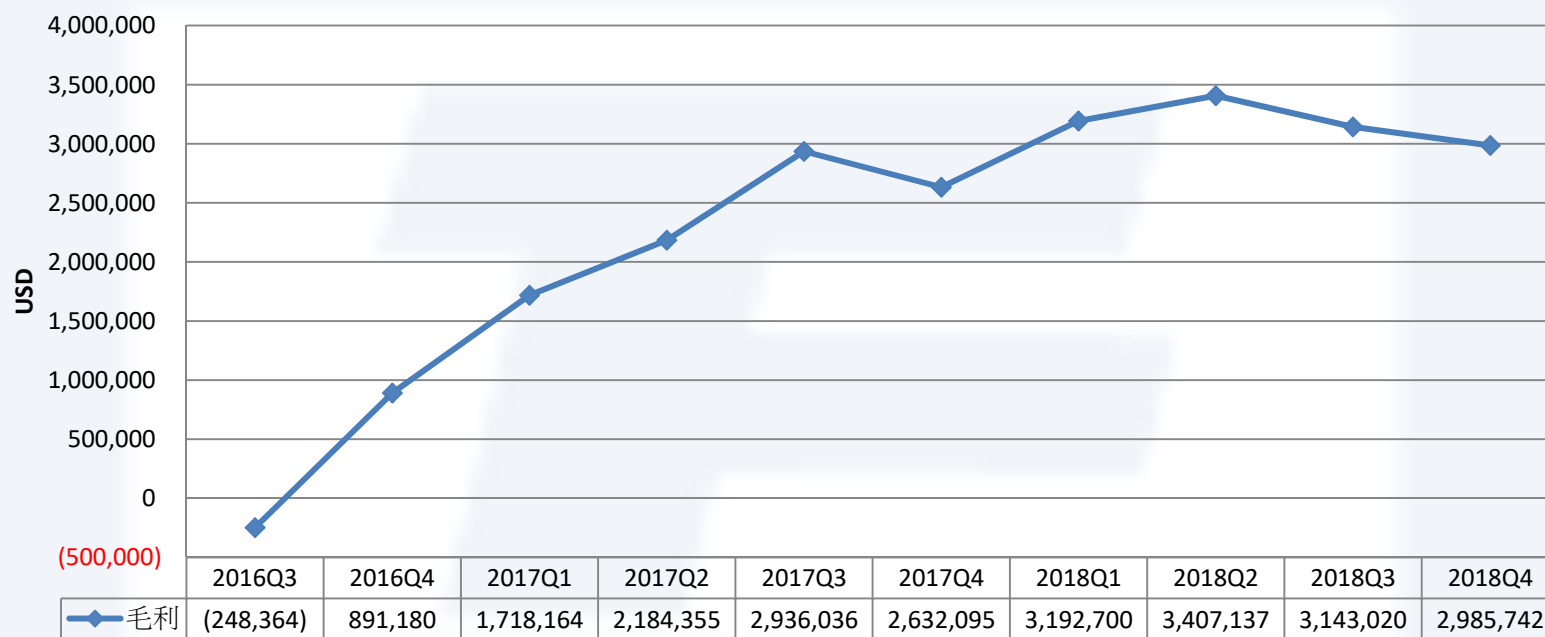


- Among the 9 ships in the fleet, 2 of them are undergoing long-term rental contracts with duration above 5 years, 3 of them under the pool operation business, and the rest 4 ships are in one-year contracts.
- This portfolio of ship operation provide stable income and less exposure in the market risk.



# Business Development : Shipping (4)

## Gross Profit of Shipping Department



# Business Development :

## Mariner Finance Ltd. (1)

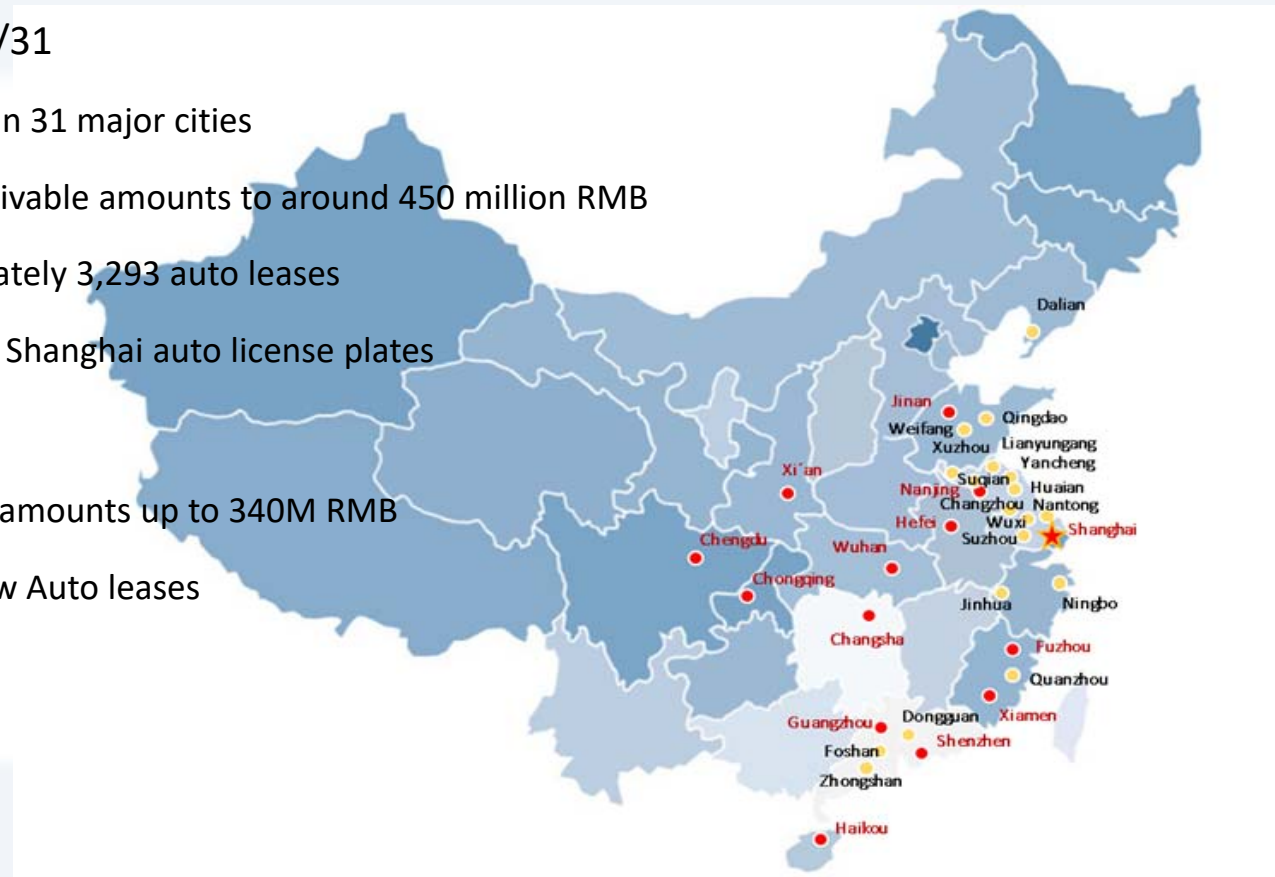
- Provides financial leasing service for businesses and for individuals, including but not limited to new car leasing.

- As of 2018/12/31

- Operates in 31 major cities
- Loan Receivable amounts to around 450 million RMB
- Approximately 3,293 auto leases
- Owns 589 Shanghai auto license plates

- During 2018 :

- New loan amounts up to 340M RMB
- 2,037 New Auto leases



# Business Development :

## Mariner Finance Ltd. (2)

- Financial Result over the last 3 years

Unit:RMB '000

Fiscal Period	2018	2017	2016	Notes
Recorded Profit After Tax	(5,418)	86	(52,859)	PAT Record in the financial report
FX Gain / (Loss)	(5,121)	3,418	(14,492)	Unrealized valuation loss on USD based foreign borrowings
Estimated Credit Loss (Due to applying IFRS 9)	(6,237)			Additional provision due to IFRS 9, compared to local accounting principle
Adjusted Profit After Tax	5,940	(3,332)	(38,367)	Excluding FX and Estimated Credit Loss

# Business Development :

## Mariner Finance Ltd. (3)

In 2019 , Mariner Finance anticipate to growth 20% in revenue , grounding on the achievement in 2018, 2,037 new auto leases and RMB 340M new loan. By expanding new geographic region and exploring new business model, Mariner Finance is confident that it should reach the goal of 2019, 3,900 new auto leases and RMB 460M new loan.

### Expanding New Geographic Region

#### Wuhan City

- ❑ GDP : RMB 1080 Billion in 2018 Q3, ranked no.9 in China.
- ❑ Population : Up to 8.15 million in 2018
- ❑ Fortune 500 : 256 of Fortune 500 businesses have branches in WuHa

#### Xi-an

- ❑ GPD : RMB 588.4 Billion in 2018 Q3, ranked no.20 in China.
- ❑ Population : Up to 9.81 million in 2018
- ❑ Fortune 500 : 203 of Fortune 500 have branches in Xi-an, and two Xi-an are on the F-500 list.

### Exploring Business Scope (Partner with C-Trip)

#### 1.Rental Business :

- ❑ Among 30 cities filing application, 8 cities are granted for the chartered license in the first batch, 2018. And the demand in first phase should be 900~1500 vehicles.

#### 2.Raid-Hailing Business :

- ❑ C-Trip raid-hailing : Through C-trip platform and C-Trip ride-hailing app, C-Trip currently owns chartered license in 128 cities.

### Establishing High Quality Client Portfolio

- ❑ Ride-hailing business
- ❑ Partnership with C-Trip in car renting of Business Travel and of Casual Travel
- ❑ Business-used card of Government business and agencies, and of global luxury



# Business Development :

## Royal Sun Way



- Royal Sun Way(RSW) is the expert in residential and business building development.
- RSW’s business covers rental and sale of real estates, and investments in infrastructure, in new town development, and in new community development, etc.
- The followings are some facts of the First Phase of “River and Tree” joint Venture Project :
  - locates in the Taipei metropolitan area, and is aside to Keelung River. It has a upside and foursquare base of about 20,000 square meters.
  - Building Occupation Permit : Acquired in Feb. 2018
  - Revenue Recognition : Revenue is recognized on the delivery of condos since the third quarter of 2018
- RSW turned profit and recorded a profit of NTD 4.5M by recognizing the aforementioned revenue on delivery.

Phase 1 Base Size	Number of Condos	Parking Lot	Size of Condo	Number of Floors
Around 5,000 square meters	265 Condos	169 Parking Spaces	96~139 Squire meters	15F/B3

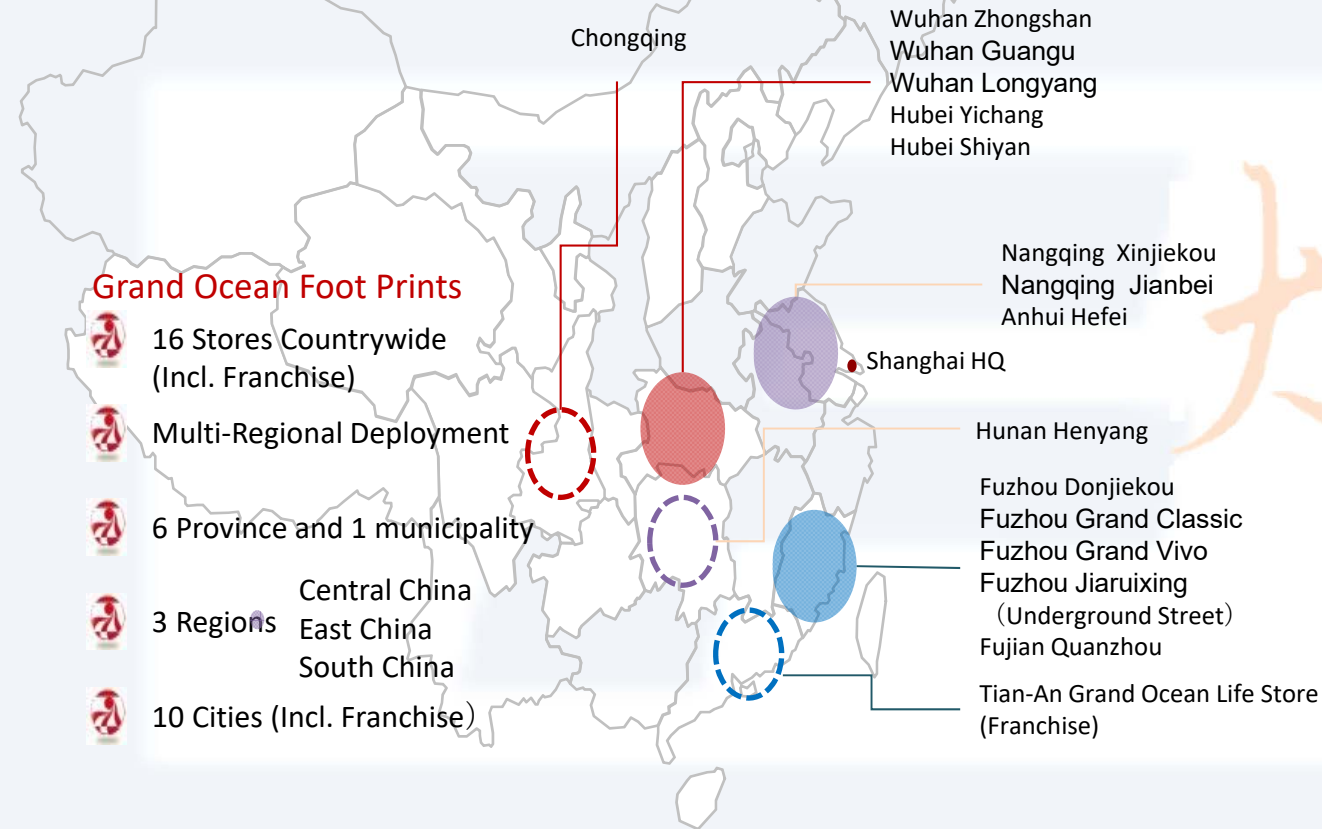
# Business Development: Group's Holding



(Information: Announcements as of December 31, 2018)

# Business Development: Grand Ocean

Operation Status : Store Locations



# Financial Summary

- **Consolidated Statement of Comprehensive Income**
- **Key Elements in Non-Operating Income/(Expense)**
- **Business Status After the new management team took over**



# Consolidated Statement of Comprehensive Income

Unit: NT million dollars

項目	2018	2017	2016
Operating revenues	8,044	7,297	7,616
Operating costs	2,311	2,030	2,152
Gross profit from Operation	5,733	5,267	5,464
Operating expenses	4,425	4,283	4,889
Net Operating income	1,308	984	575
Non-operating income and expenses	-868	23	-1,128
Profit from Operating before tax	440	1,007	-553
Tax expense	221	312	407
Profit (Owners of parent)	6	565	-1,086
Basic earnings per share (NT dollars)	0.01	1.06	-2.93



# Key Elements in Non-Operating Income/(Expense) in 2018

## 1. Recorded Non-Operating loss of NTD 279M from interests in Grand Ocean :

- A. Impairment associated with the closure of Xiantan store
- B. Impairment associated with the closure of Suzhou store
- C. Impairment due to the underperforming of Fuzhou-3 store
- D. Impairment associated with the closure of Tongling store (such as not collectable margin)

## 2. Recorded Non-Operating loss of NTD 692.1M in First Steamship Group level :

- A. Loss in fair value due to position in SIHL (After reclassifying into Available for Sale security)
- B. Pro-Rata loss in SIHL due equity method investment position in SIHL(2018/01~2018/11)
- C. Additional provision as estimated credit loss in **Mariner Finance** due to the implementation of IFRS9
- D. Pro-Rata loss in equity method investment position in TESC



# Business Status

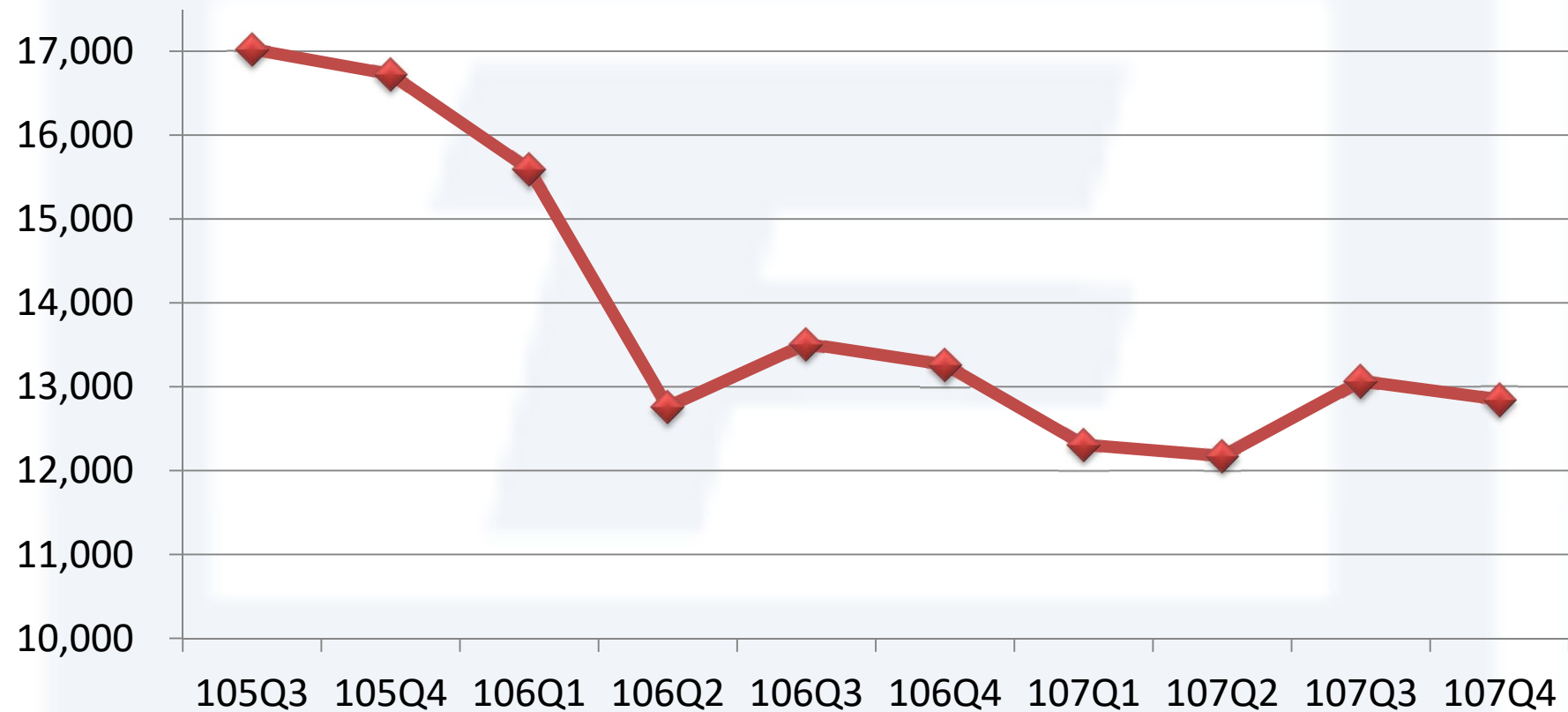
## After the new management team took over

- Financial Liability Level Change
- Net Debt Ratio Level Change
- Operating revenues Level Change
- Operating profit ratio and change in net operating income
- Ship Operating gross profit and gross profit margin change

# Financial Liability Level Change

Unit: NT million dollars

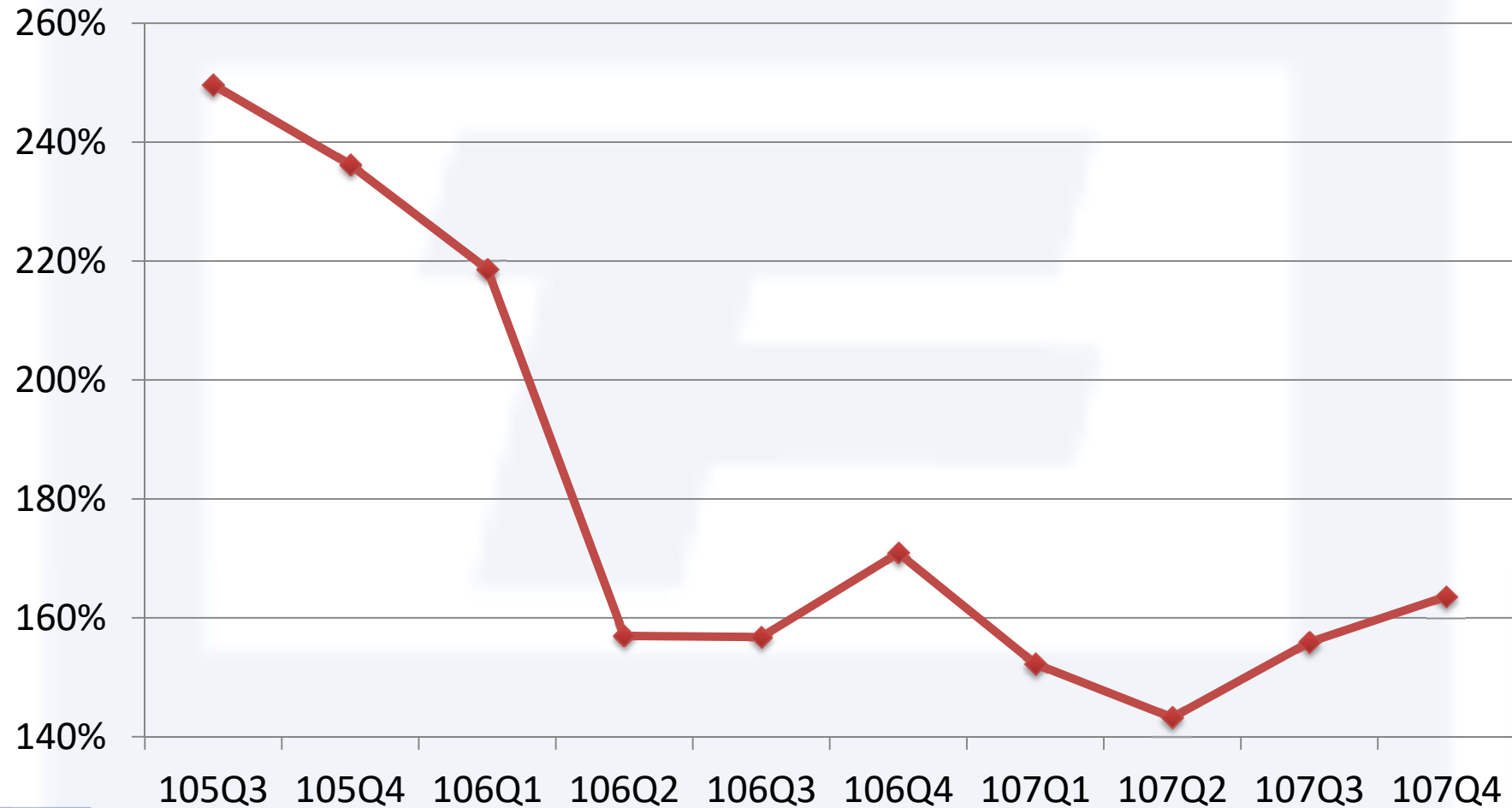
Amount of financial liability



# Net Debt Ratio Level Change

Net Debt Ratio

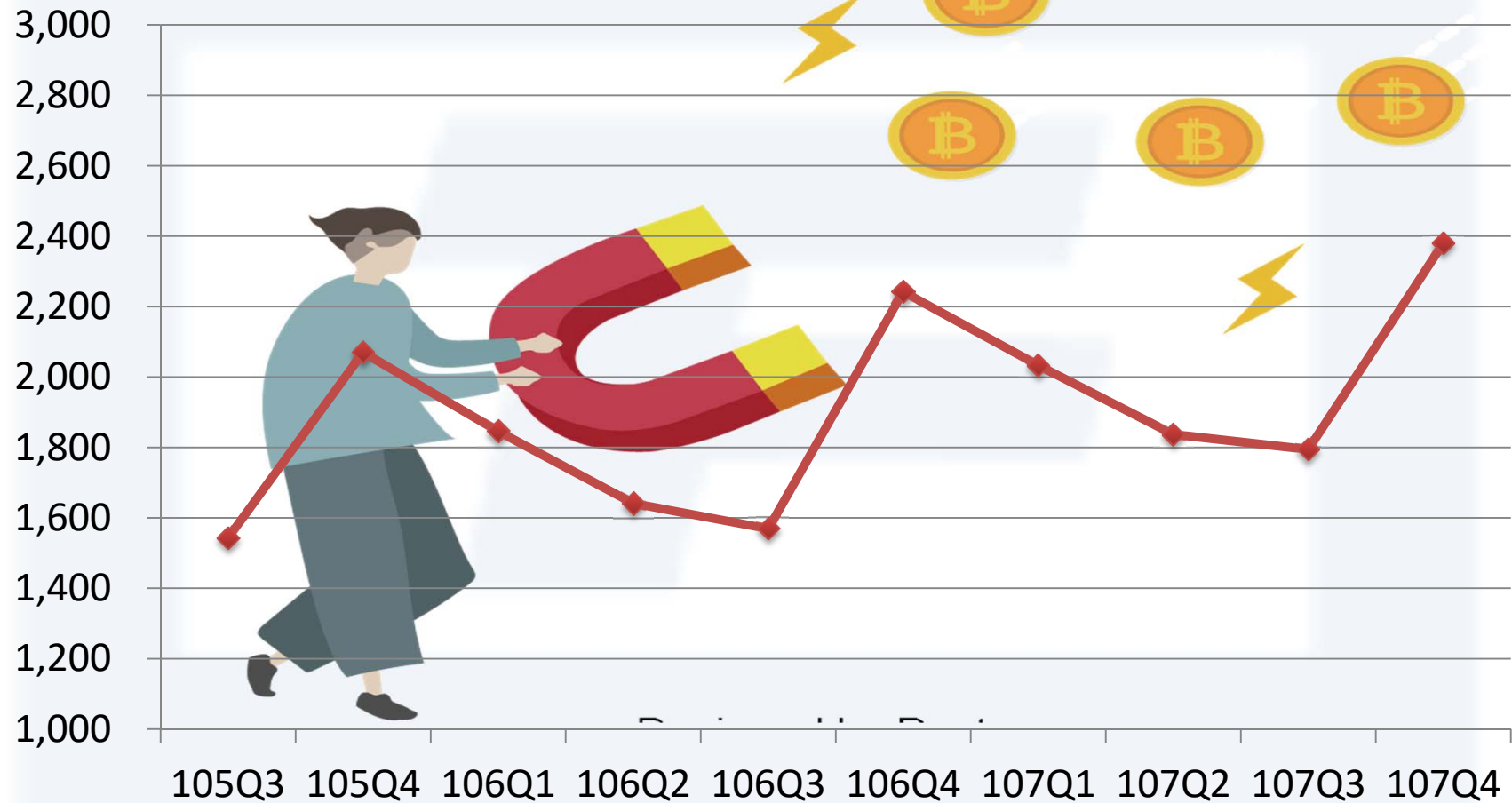
Unit : %



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# Operating Revenues Level Change

Operating Revenues

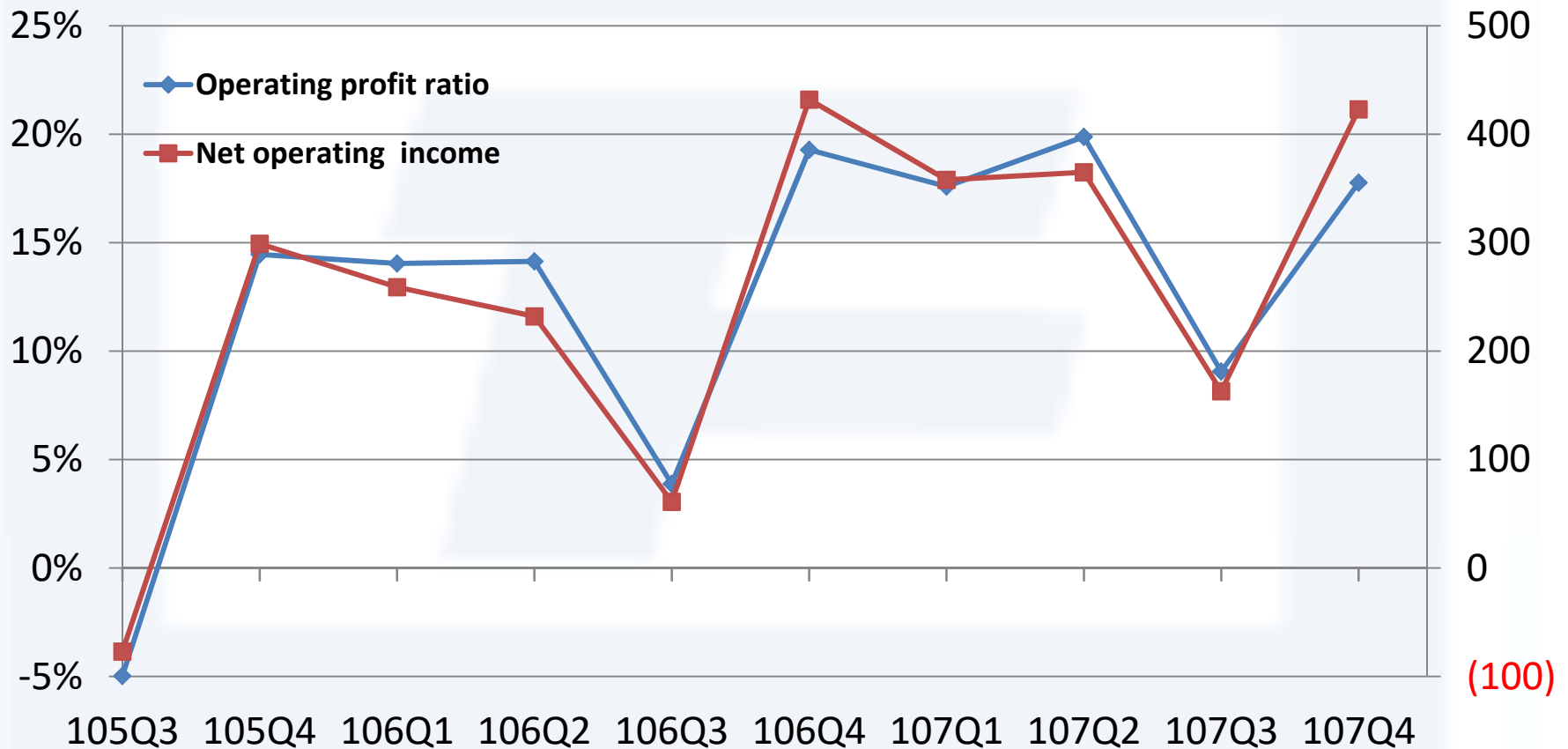


# Operating profit ratio and change in net operating income

Unit : NT million dollars

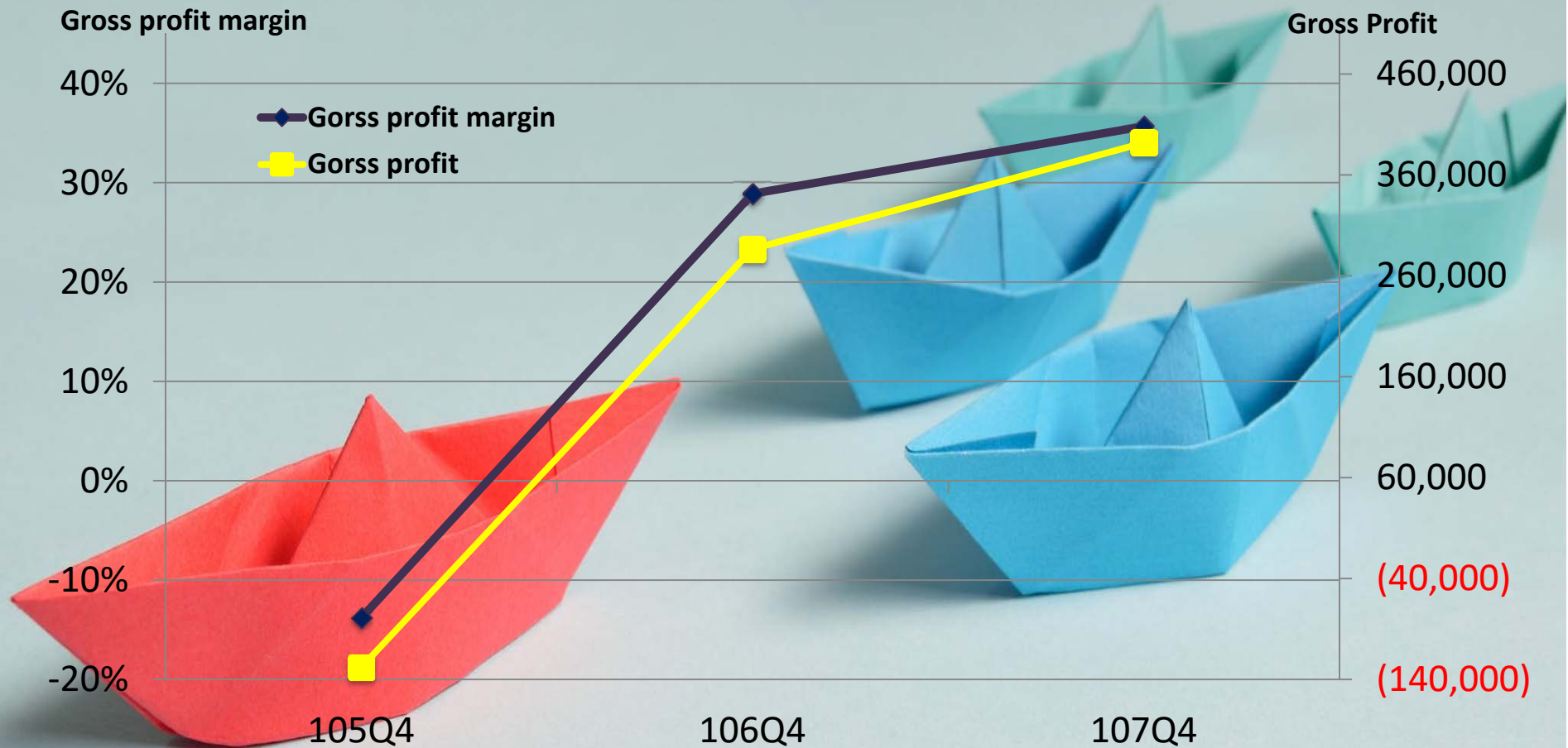
Operating profit ratio

Net operating income



# Ship Operating gross profit and gross profit margin change

Unit : NT thousand dollars





# Thank you



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# The End