



SITC International Holdings Company Limited

(Stock Code: HK1308)

March 2024



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1 2023 Highlights

2 Operational Review

3 Financial Overview

4 Company Overview



1. 2023 Highlights



2023 Highlights



We continued to perform well in 2023 and recorded a net profit of US\$536 million, which represented a YoY decrease of 72.5%.

	2023	2022	Variance
Container shipping volume (TEU)	3,224,498	3,261,939	-1.1%
Revenue (US\$ m)	2,429.0	4,113.0	-40.9%
Gross profit (US\$ m)	623.0	1,979.1	-68.5%
Net profit (US\$ m)	536.2	1,949.8	-72.5%
Earnings per share – basic (US cents per share)	20	72.7	-72.5%

Development of the Company in 2023



* Business development :

- SITC continues to extend the regional routes in Asia. The number of self-owned vessels reached 97, the operating fleet reached 103, the self-owned container fleet added 12 new ships, sold and delivered 4 old ships, and the fleet structure was further optimized.
- The inaugural ceremony of southeast Asia route to Kuching of NEW SITC Container Lines Co., Ltd. was successfully held. SITC continues to extend the routes within Asia, adding new routes from Southern of China to Chennai and Visakhapatnam ports, and further expands the range of routes.
- The 1st Electric Stackers in Malaysia was delivered to SITC MALAYSIA DEPOT. SITC takes the first step in Malaysia's depot industry towards green and intelligent development.
- SITC signed a strategic cooperation agreement with Chinese Academy of Sciences Venture Capital Management Co., LTD. Both parties agreed to explore and study the promotion and application of green methanol in shipping logistics.
- SITC Logistics Group's 2022-2023 High Quality Development Management Review Meeting for Storage Yard was successfully held. The company promised not to purchase any more gas-powered working vehicles.
- Qingdao intelligent storage yard started construction.

* Community and Employee Responsibility :

- SITC continues to cooperate with Dalian Maritime University, Shanghai Maritime University and Shandong Foreign Trade Vocational College.
- The unveiling ceremony of SITC International Experimental Building of Shandong Jiaotong University was successfully held.
- MV "SITC CAGAYAN" Successfully Rescued 2 Philippines Fishermen in the Philippines Waters.

* Accolades :

- SITC receives multiple excellent rankings in "Asia (ex-Japan) Executive Team" by Institutional Investor for three consecutive years.
- SITC International wins first place of "Most Outstanding Company in Hong Kong – Transportation Sector" from Asiamoney for the two consecutive years.
- SITC ranks first in the 2023 Fortune China 500 in terms of ROE.
- The General Manager of SITC LOGISTICS EASTCHINA and the General Manager of SITC INTERMODAL TRANSPORTATION, as female management representative, win the third International Shipping "YUNFAN AWARD" International Shipping Women's Award.

* IT :

- The self-developed shipowner & shipmanagement system has entered the test and upgrading stage.
- SITC information system security protection passed the evaluation and certification, improving office software and network security, enhancing information protection capabilities.



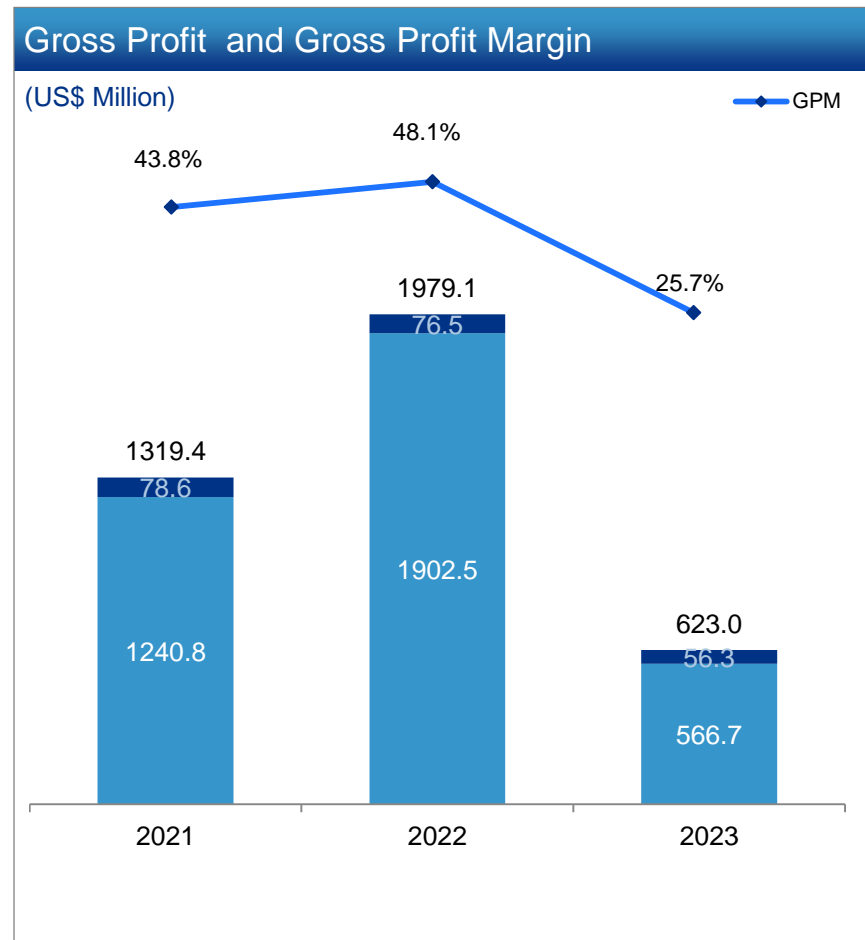
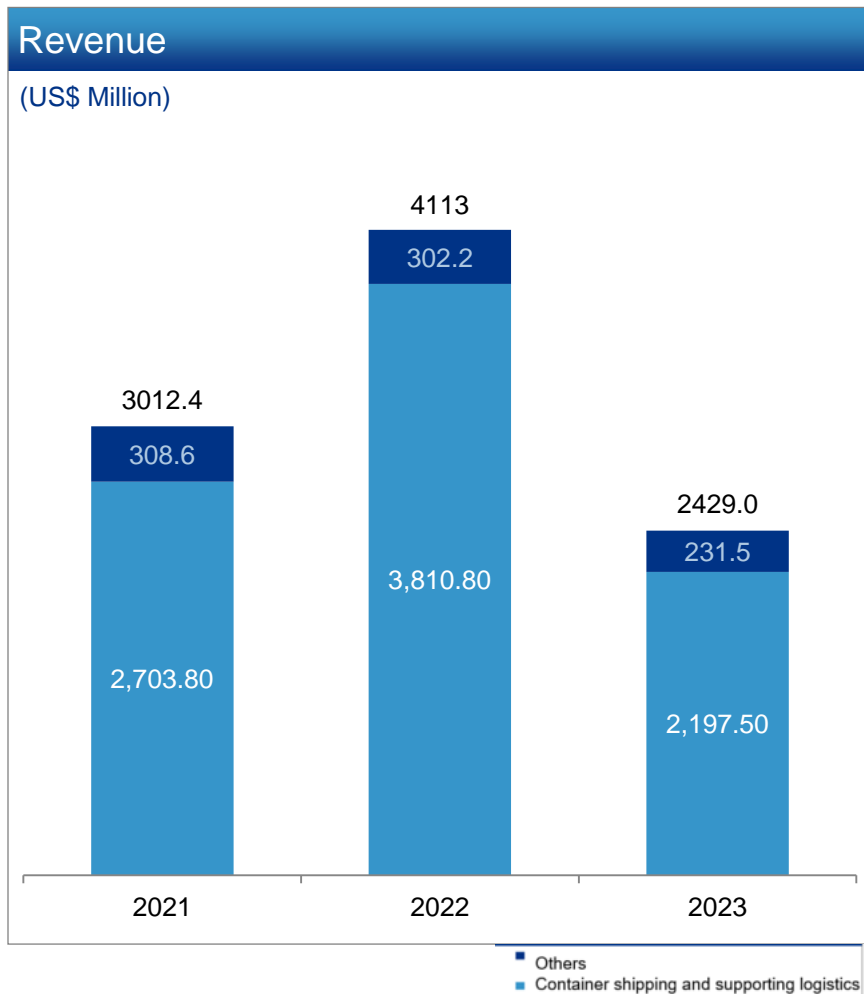
2. Operational Review



Operational Review



Our revenue decreased by 40.9% in 2023 compared to 2022, and gross profit margin decreased from 48.1% in 2022 to 25.7% in 2023.

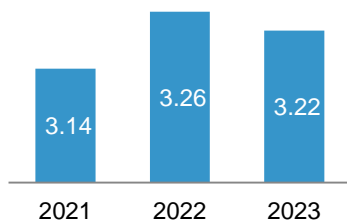


Operational Review

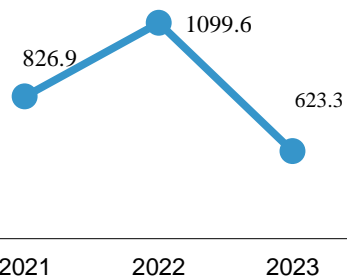


Container Shipping Volume and Avg. Freight Rate

Container Shipping Vol.
(TEU Million)



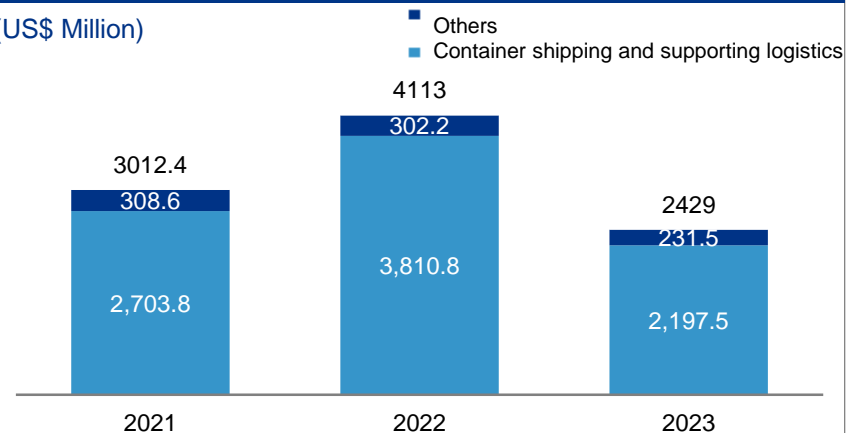
Average Freight Rate
(US\$/TEU)



Note: Average Freight Rate does not include slot exchange fee income

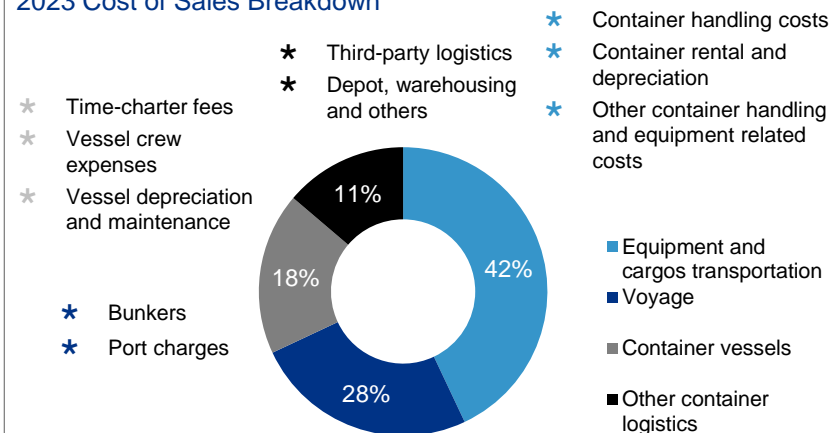
Revenue

(US\$ Million)



Cost of Sales Breakdown

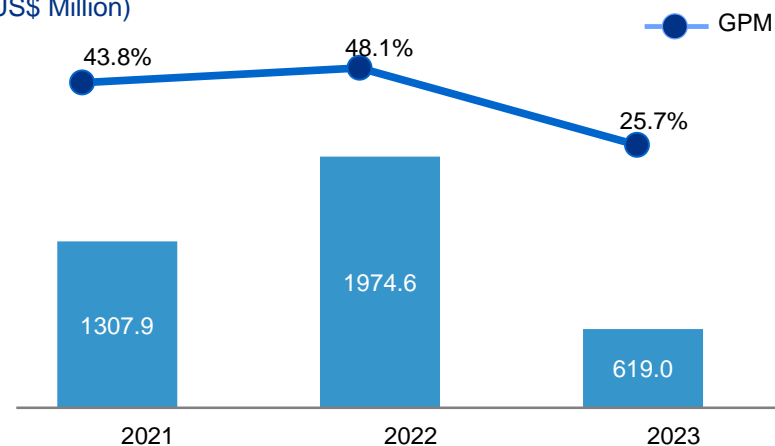
2023 Cost of Sales Breakdown



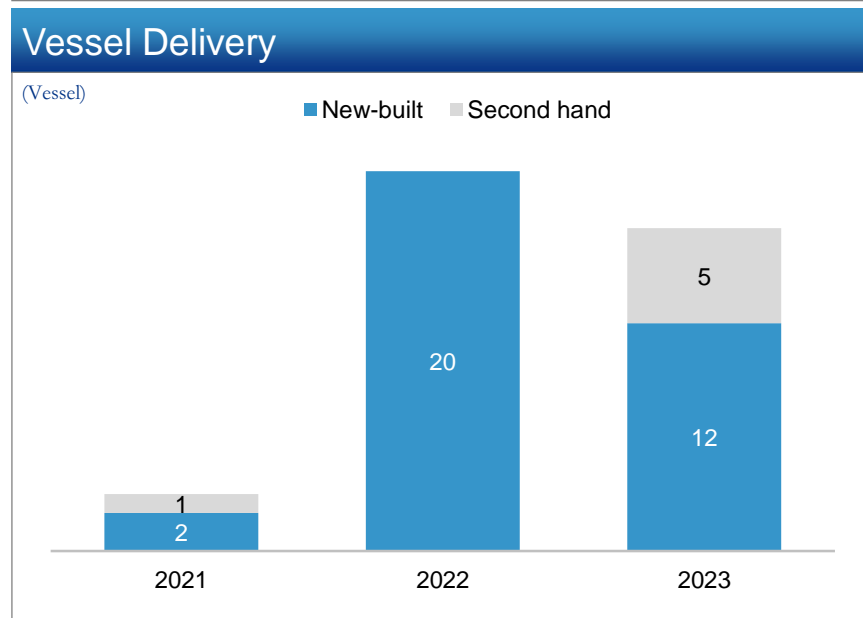
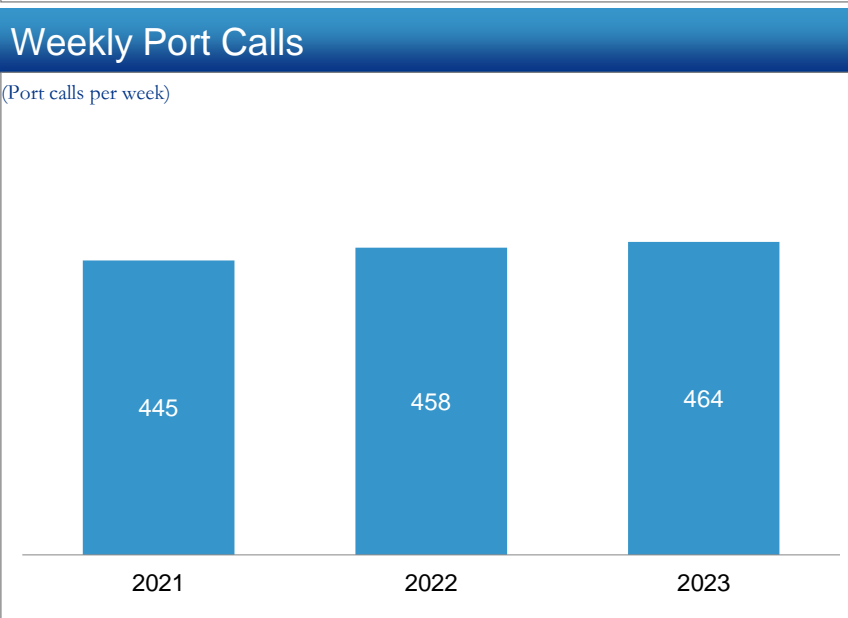
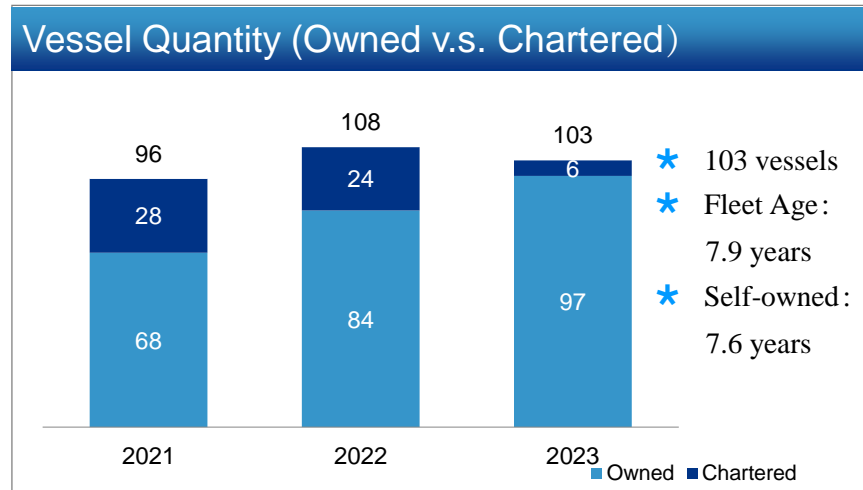
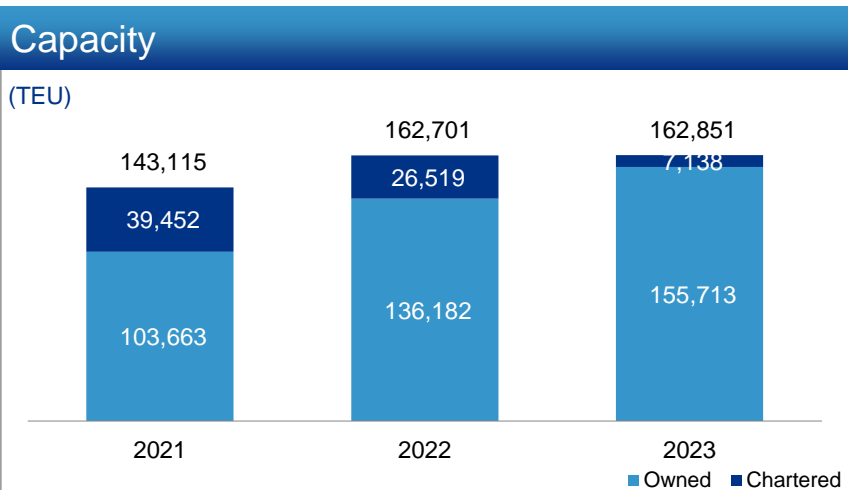
Note: The cost breakdown does not include the slot exchange fee

Gross Profit and Gross Profit Margin

(US\$ Million)



Container Shipping and Logistics: Fleet

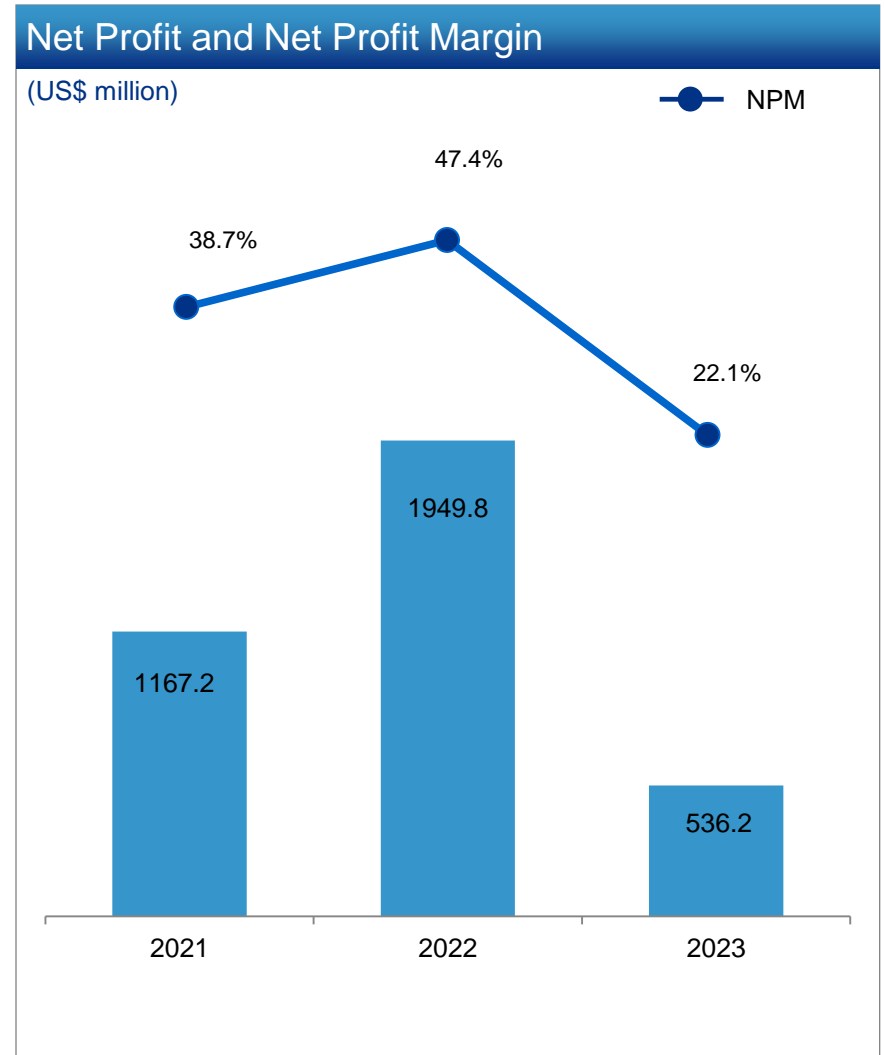
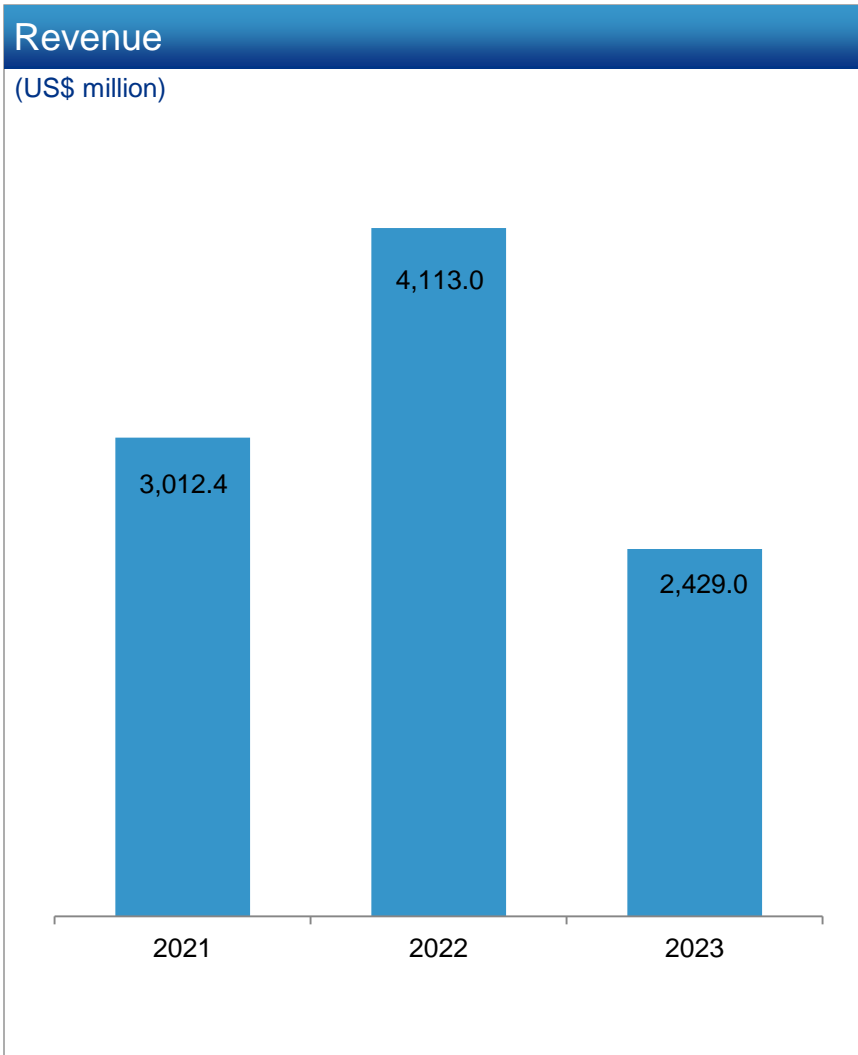




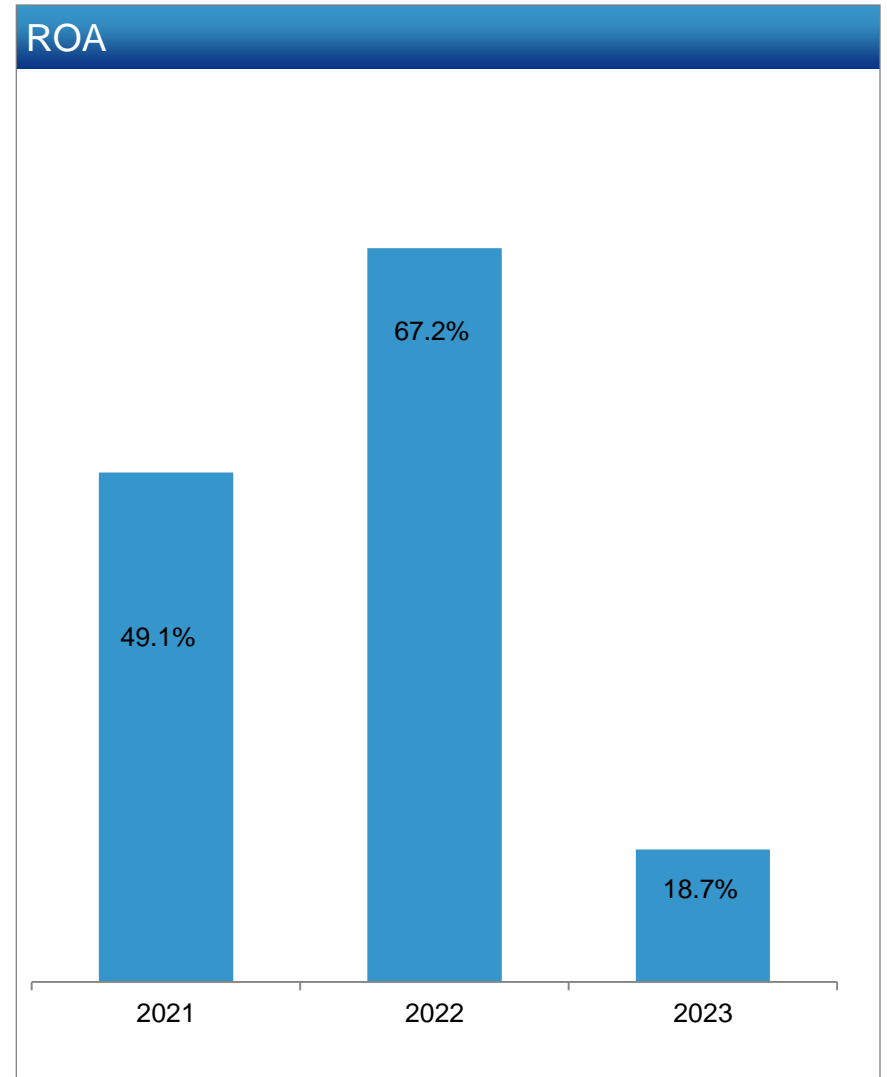
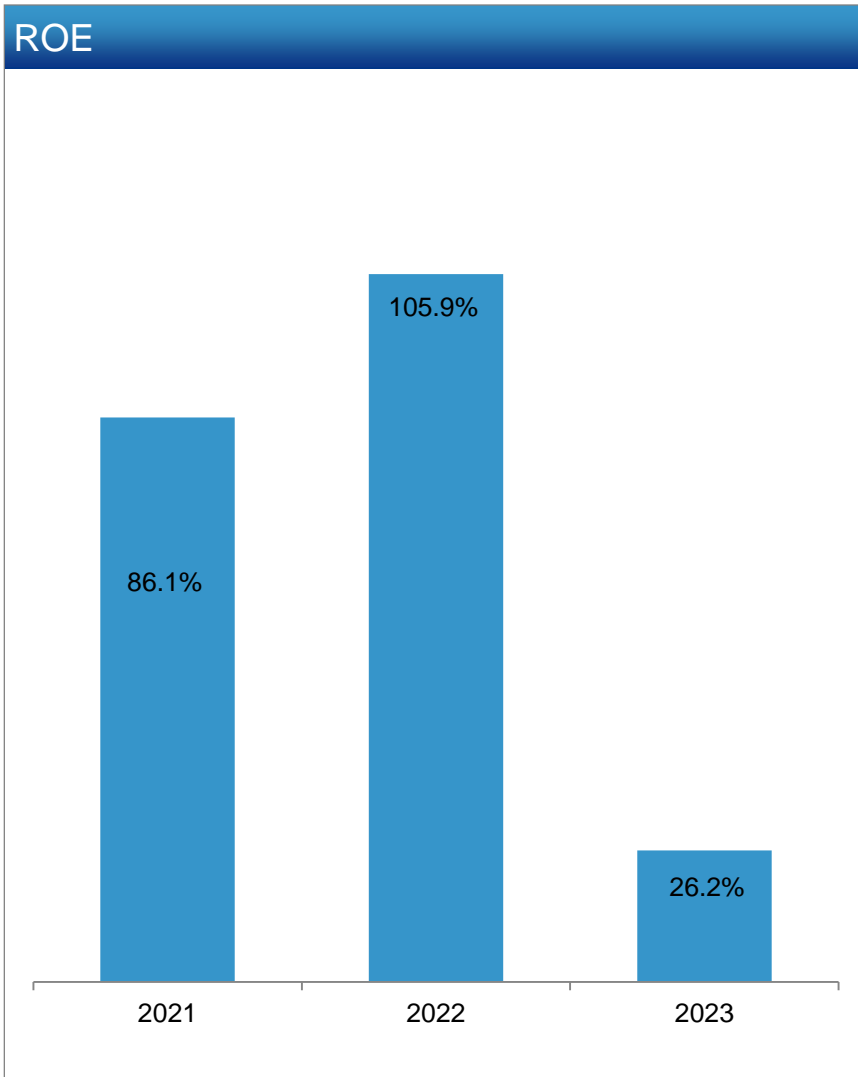
3. Financial Overview



Profitability Analysis



Return Analysis

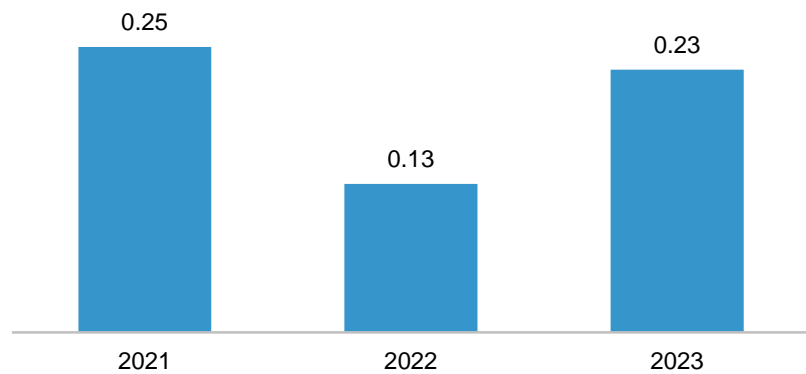


Credit Overview



Interest-Bearing Bank Borrowings⁽¹⁾ / EBITDA⁽¹⁾

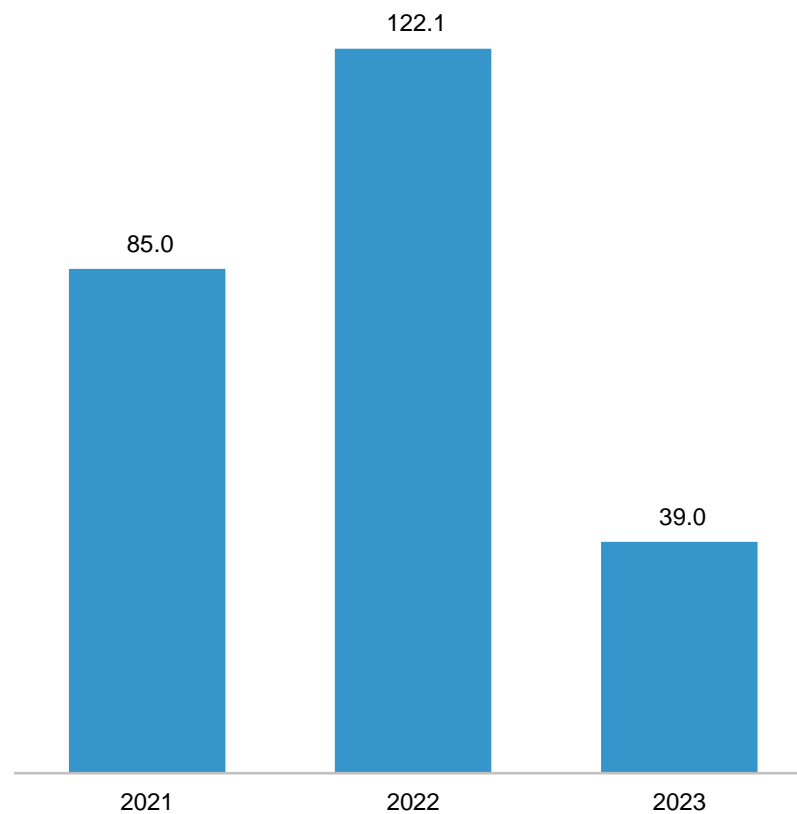
(x)



Interest Coverage⁽¹⁾

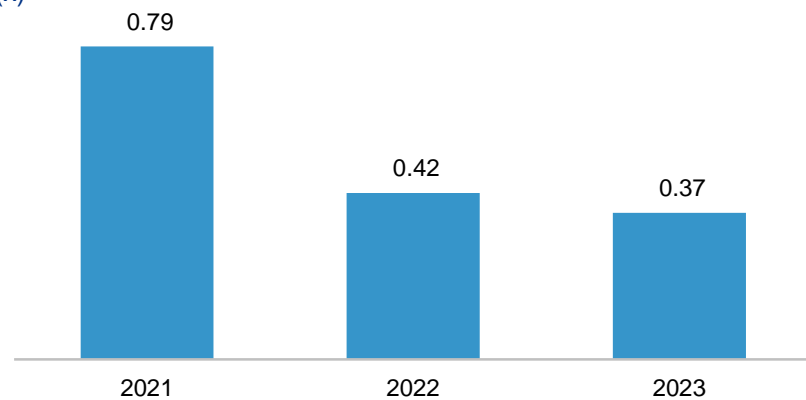
EBITDA / Interest Expense

(x)



Total Liabilities / Shareholders' Equity⁽¹⁾

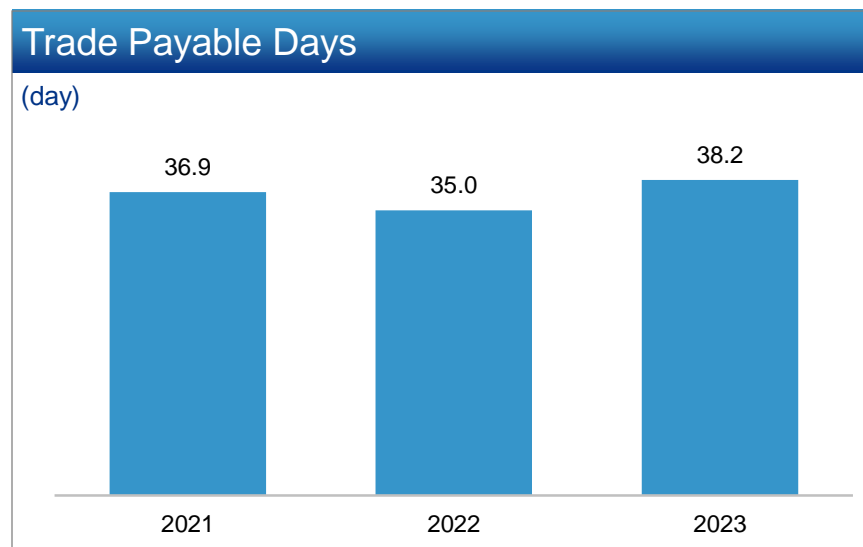
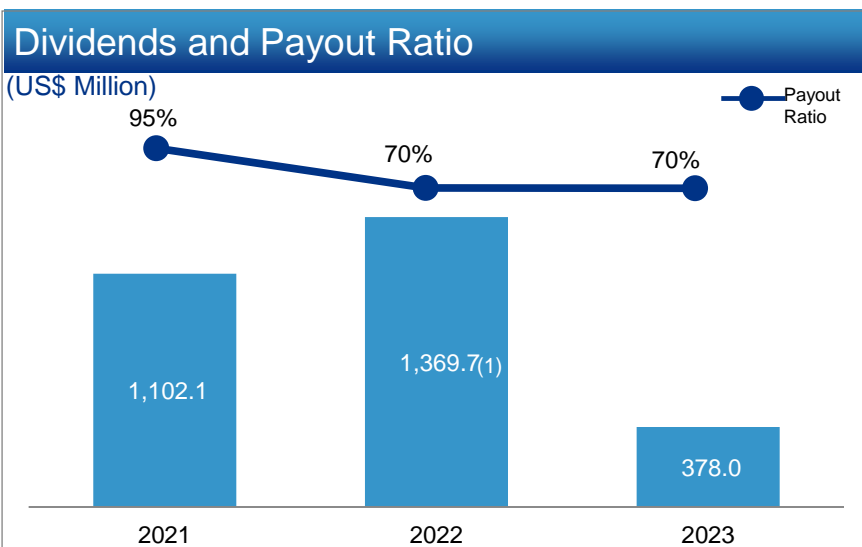
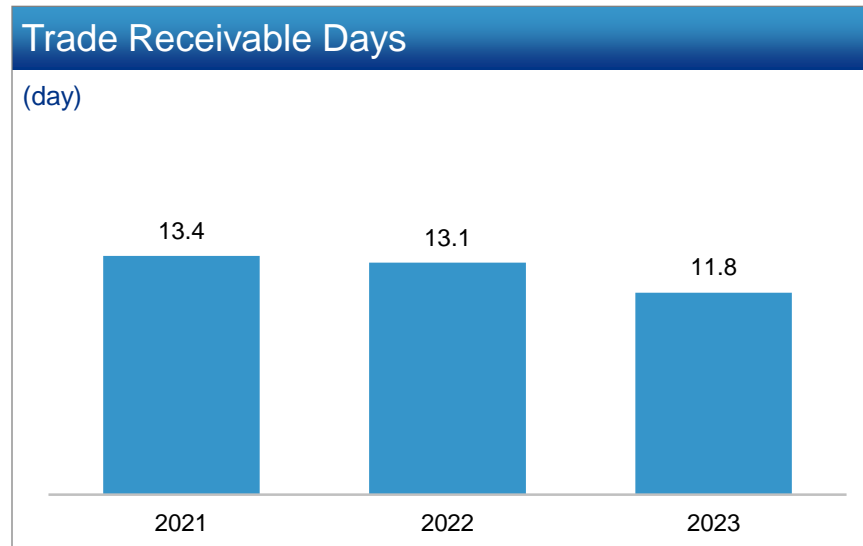
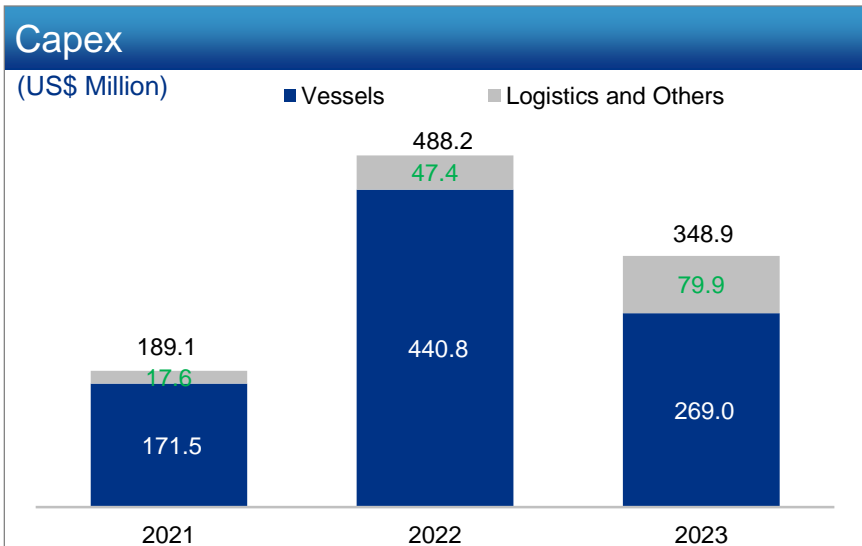
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Note:

(1) Extracted/calculated based on the financial statements of the relevant periods

Cash Flow Overview



Note: (1) including special dividend of US \$275.1million, accounting for 25% of the total . The payout ratio excluding special dividends is 71%

Income Statement Summary



US\$'000	2023	2022	Variance
Revenue	2,428,905	4,112,955	-40.9%
Cost of Sales	(1,805,926)	(2,133,873)	-15.4%
Gross Profit	623,034	1,979,082	-68.5%
Other Income and Gains,net	69,465	160,319	-56.7%
Administrative Expenses	(136,047)	(165,651)	-18.0%
Other Expenses,net	(4,085)	(5,383)	-24.1%
Finance Costs	(18,753)	(17,492)	7.2%
Share of Profits and Losses of Associates and Joint Ventures	20,013	22,167	-10.7%
Profit Before Tax	553,414	1,973,042	-71.9%
Income Tax	(17,240)	(23,235)	-25.8%
Profit For The Year	536,174	1,949,807	-72.5%

Balance Sheet Summary



US\$'000	Dec 31, 2023	Jan 1, 2023	Variance
Cash and cash equivalents	416,323	981,531	-57.6%
Trade receivables	113,333	139,051	-18.5%
Property, plant, equipment & their prepayments	1,732,685	1,508,369	14.9%
Right of use asset	215,463	262,923	-18.1%
Investment in JV and Associates	70,569	67,407	4.9%
Other assets	104,090	123,575	-15.7%
Total assets	2,652,463	3,082,856	-14.0%
Trade payables	203,514	209,102	-2.7%
Interest-bearing bank borrowings	169,034	271,438	-38.2%
Lease liability	204,527	247,713	-16.9%
Other liabilities	144,330	189,592	-23.7%
Equity attributable to owners of the parents	1,914,536	2,150,540	-11.0%
Non-controlling interests	16,522	14,471	15.5%
Total liabilities and equity	2,652,463	3,082,856	-14.0%



4. Company Overview



Our Corporate Milestones



SITC gained its **leading market position** within a short period of 30 years since its establishment in 1991.



- 2022 * Marched in India Market
- 2021 * Opened new routes to West Malaysia and Myanmar
- 2020 * Marched in Bangladesh Market
- 2015 * Entered the Fortune 500 of China
- 2014 * Marched in Malaysia and Singapore Market
- 2012 * Marched in Indonesia Market
- 2011 * Marched in Cambodia market, the first Chinese shipping operator calling Sihanouk
- 2010 * Successfully listed on the Hong Kong Stock Exchange in October 2010
- 2009 * Became market leader for PRC-Vietnam and PRC-Philippines routes
- 2008 * Became market leader among PRC-Japan route
- 2004 * Expanded into ASEAN Market
- 2001 * Reformed to be a company hold by Management and staff.
- * Purchased first vessel and started serving PRC-Japan trade lanes
- 1992 * Began our depot and warehousing services
- 1991 * SITC Corp was established to operate freight forwarding business



Our Business



We are a leading Intra-Asia shipping logistics company ,providing integrated transportation and logistics solutions



Source: (1) Drewry
(2) As of 31 Dec 2023, Alphaliner

Container Shipping and Logistics: Network



Our **high-frequency, high-density** business model and constantly expanding logistics network effectively meet our customer's needs and positions us well to benefit from intra-Asia trade and volume growth

Our Shipping and Logistics Network



* High Density

- Own one of the highest density networks in Asia
- Trade routes and composite logistics network cover 17 countries and regions, 79 major ports and 76 trade routes
- Operate, including joint ventures, approximately 1,893,000 m² of depot and 128,000 m² of warehousing space
- Wide range of scheduling options for customers

* High Frequency

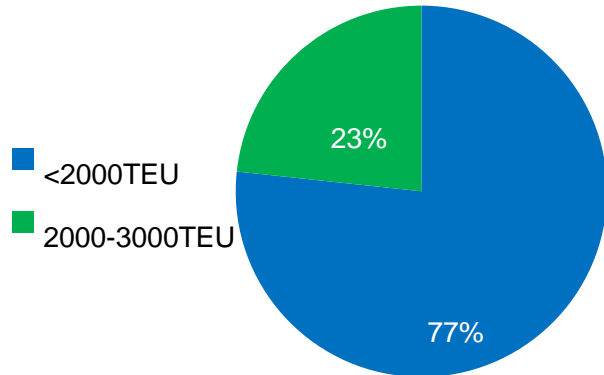
- Own one of the highest service frequencies in Asia
- 464 port calls per week
- Higher flexibility in scheduling for customers

Single-Typed, Flexible Fleet Drives Our Network Driven Model



Uniformed fleet tailored for regional markets improves our flexibility and lowers the vessel costs, which is fundamental to our network driven model.

79 of 103 Vessels are smaller than 2,000 TEU

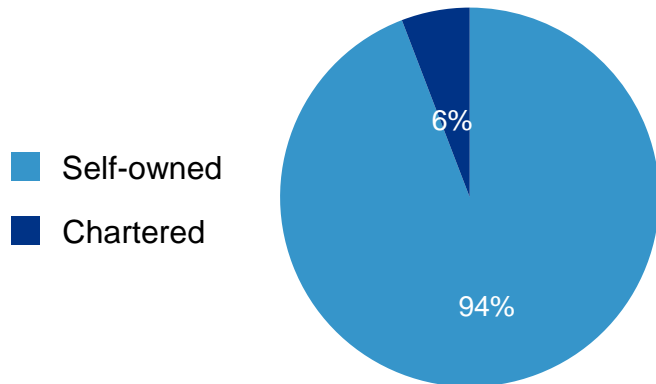


- * Small vessel best suits our business model in terms of space utilization, operating efficiency and speed

- * Uniformed fleet tailored for regional markets provides higher flexibility in allocating vessels along different routes

- * Lower operating cost from lower port charges and lower maintenance cost as a result of fleet standardization

97 of 103 Vessels are self-owned



- * Young fleet with average age of 7.9 years. Younger vessels are more efficient, technologically advanced and enjoy lower maintenance cost

- * Highly flexible fleet with some proportion of chartered vessels enables us to adjust fleet size in responding to rapid changing market.

- * Self owned vessels purchased at relatively low cost which provide us sustainable long term cost advantage.



1 Business Model

- * Mainly focus on the Asia market and provide our clients with high efficiency and high quality logistic service, to become the preferred choice for clients.

2 Pattern of Development

- * On the basis of self-operation and asset-light model, establishing logistic channels and facilities with an integration of sea and land
- * Constantly improving high-frequency, high-density sea liner network, and providing Low carbon environmental protection supply chain service to clients

3 Diversified Competition

- * We provide focused, high quality, unique and innovative solutions

4 Focuses on the Solutions

- * Application of digitization and artificial intelligence, and relevant organizational change,
- * Gradually achieve the goal of zero carbon emissions and protect biodiversity.