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# SITC International Holdings Company Limited

(Stock Code: HK1308)

March 2022

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## 2021 Highlights

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# 1. 2021 Highlights

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# 2021 Highlights



We continued to perform well in 2021 and recorded a net profit of US\$1.167 billion, which represented a YoY increase of 230%.

	2021	2020	Variance
Container shipping volume (TEU)	3,142,118	2,614,203	20.2%
Revenue (US\$ m)	3,012.4	1,685.2	78.8%
Gross profit (US\$ m)	1,319.4	445.0	196.5%
Net profit (US\$ m)	1,167.2	353.7	230.0%
Earnings per share – basic (US cents per share)	43.70	13.22	230.6%

# Development of the Company in 2021



## ★ Business development :

- Continued to expand the intra-Asia routes ,four new self-operated routes were added in the year
- SITC opened new routes to West Malaysia and Myanmar
- Two newly built container vessels and one second-hand container vessel is added to own fleet
- 18 orders for newly built container vessels were added, a total of 36 new vessels will be delivered from 2022 to 2024
- SITC Logistics Xiamen, SITC Logistics Indonesia Surabaya and Semarang Depot were established
- The sea-rail container for Vietnam -- Guangzhou – Europe via “Silk Road on land and sea” cooperated by SITC—China Railway—Guangzhou Port Group was launched for the first time

## ★ Community and Employee Responsibility :

- All employees of the company carry out corporate culture training
- SITC celebrating 30th anniversary
- SITC assisted Fujian Provincial Department of Commerce in transporting, donated medical materials donated to the Thai Red Cross and Vietnam Sai Gon Newport to help fight the epidemic
- The company purchases and stores anti epidemic chinese medicine for overseas companies and personnel on board
- "SITC Poverty Alleviation aid Longfen primary school comprehensive teaching building project broke ground"
- SITC International Academic Exchange Center was successfully established in Shanghai Maritime University.

## ★ Accolades :

- SITC participates in the first "International carbon neutral 30 forum" and won the title of "carbon neutral practice pioneer"
- SITC won the award of "Listed Company With The Most Investment Value" in the selection of China Securities Golden Bauhinia Award
- SITC Garners Six Rankings for the First Time in “2021 All-Asia Executive Team” by Institutional Investor, the best CEO, the best CFO, the best ESG, and the best investor relations all ranked second in the Mainland China sector.
- SITC International won the title of "Container liner company with user satisfaction", "NVOCC with user satisfaction" and "Top 50 Chinese freight forwarding brand" in the " China Freight Service Quality Tracking and Investigation Activity".
- SITC won the "2021 "Silk Road Shipping" Named Route of the Year Quality Carrier Service Award".

## ★ IT :

- The company organizes digital training to bring digitization into the company's operation and management
- Promote the blockchain paperless order exchange business
- Promote the construction of integrated and automated intelligent storage yard information system
- Promote the application of robotic process automation in customer service scenarios
- Promote the construction of professional logistics information system for coiled steel containers and multimodal transport



## 2. Operational Review

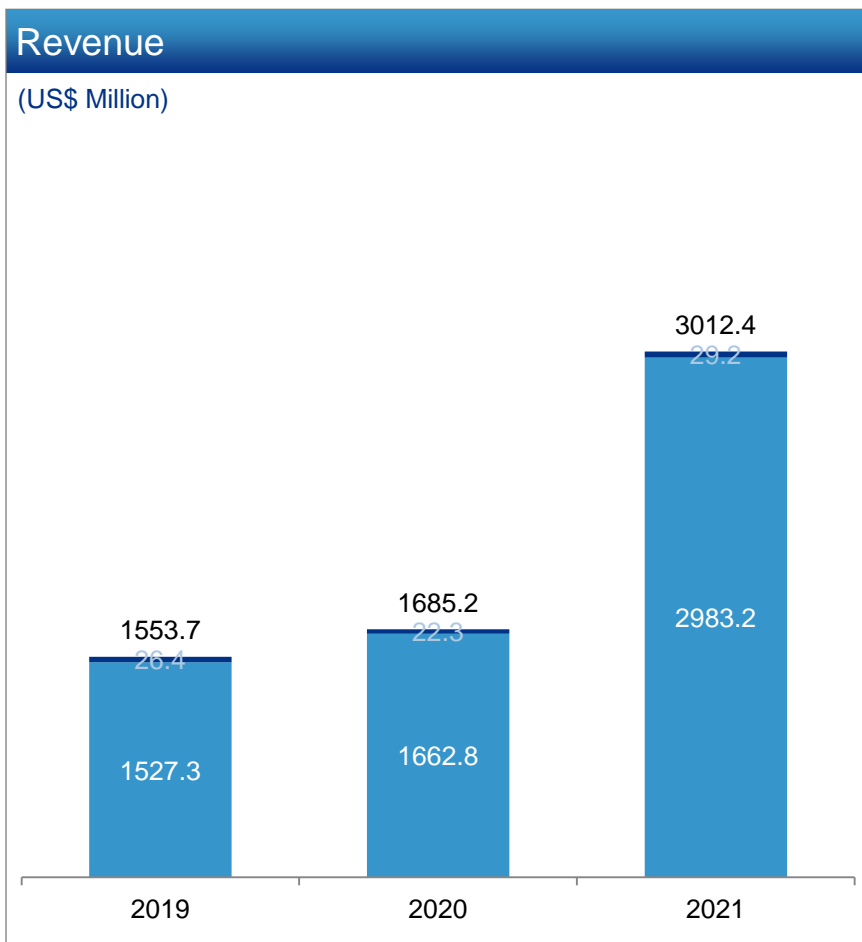
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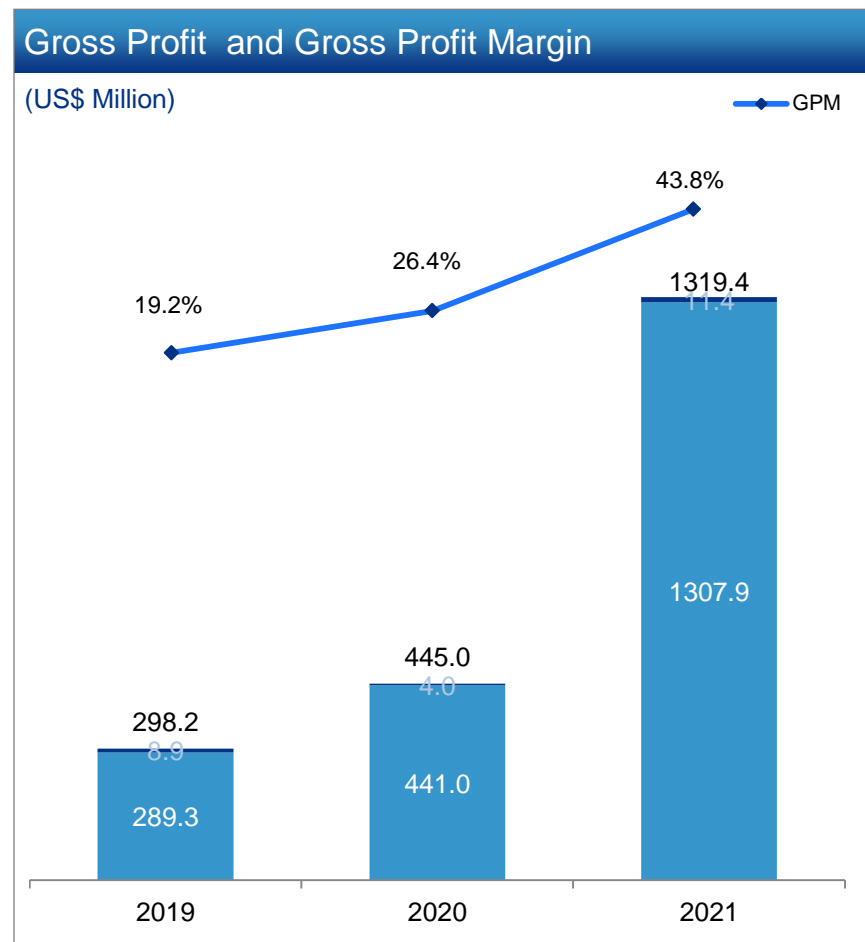
# Segment Review



Our revenue increased by 78.8% in 2021 compared to 2020, and gross profit margin increased from 26.4% in 2020 to 43.8% in 2021.



■ Container shipping and logistics ■ Dry bulk and others





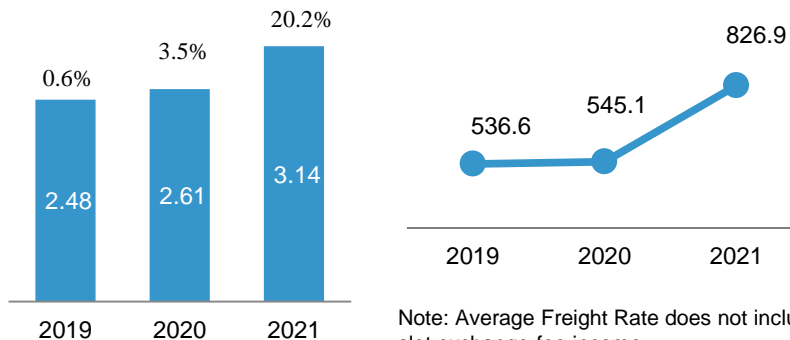
# Container Shipping and Logistics: Overview



## Container Shipping Volume and Avg. Freight Rate

Container Shipping Vol.  
(TEU Million)

Average Freight Rate  
(US\$/TEU)

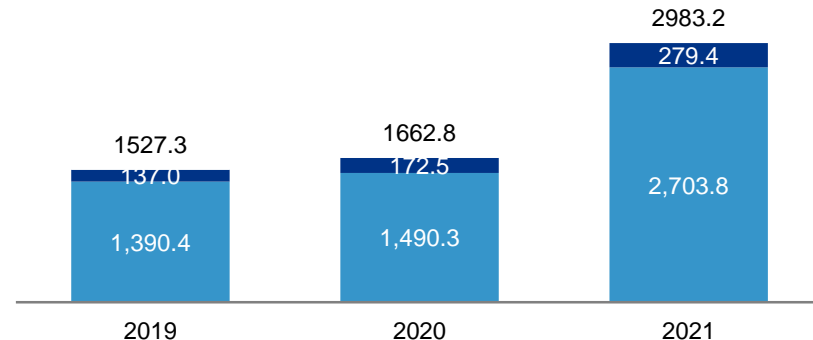


Note: Average Freight Rate does not include slot exchange fee income

## Revenue

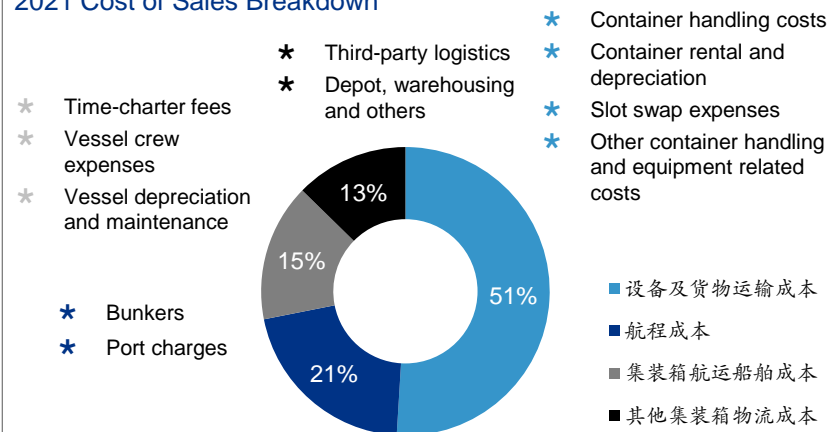
(US\$ Million)

- Other container shipping logistics
- Container shipping and supporting logistics



## Cost of Sales Breakdown

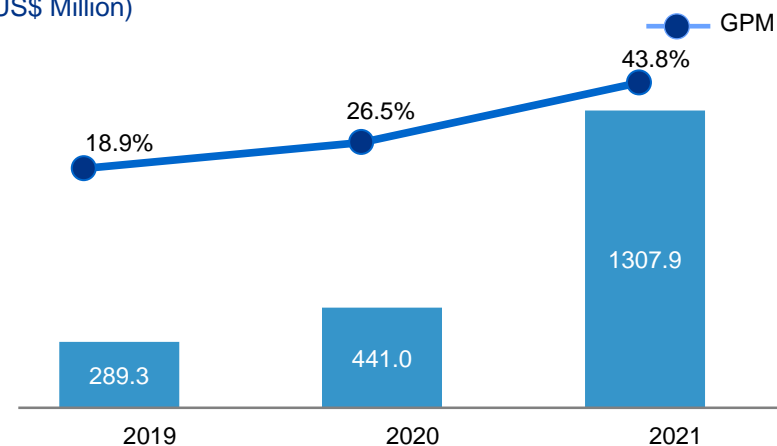
2021 Cost of Sales Breakdown



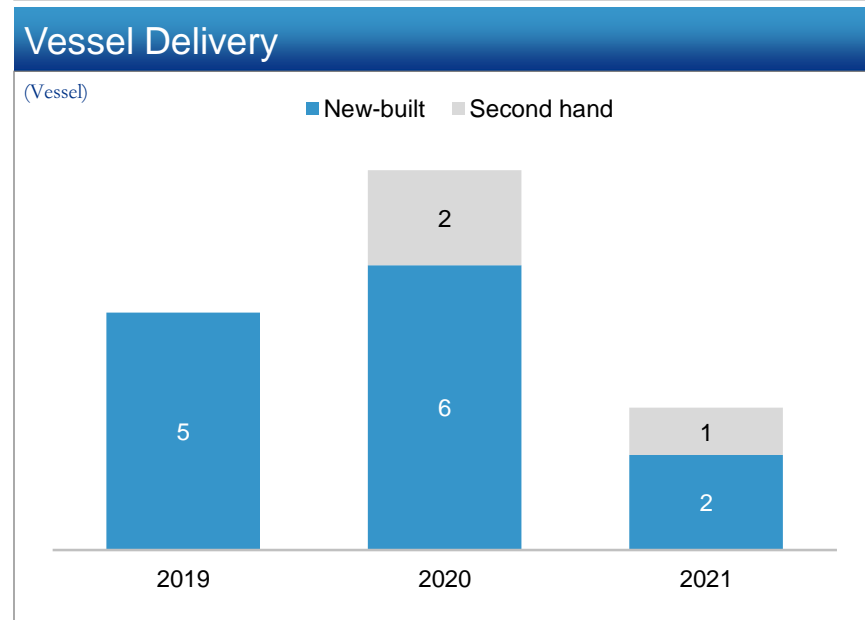
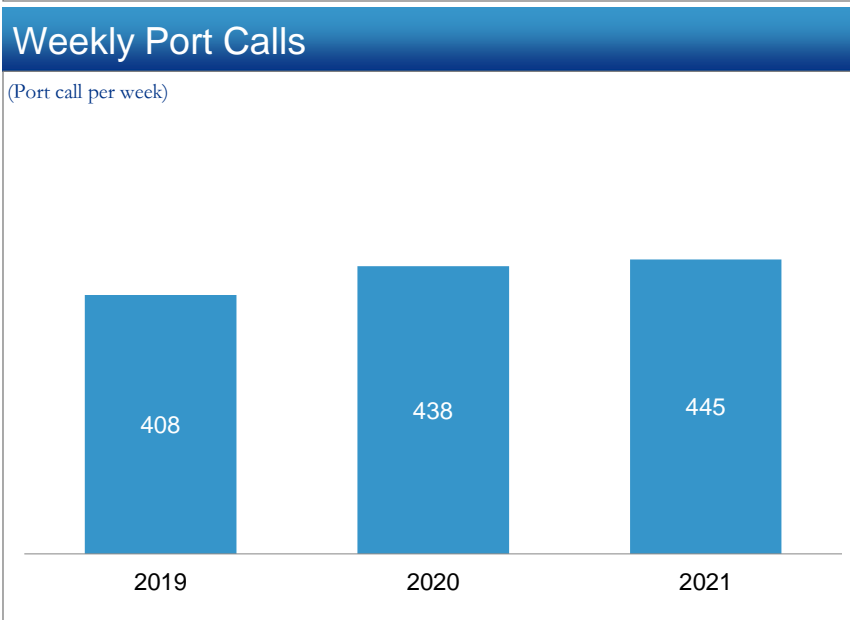
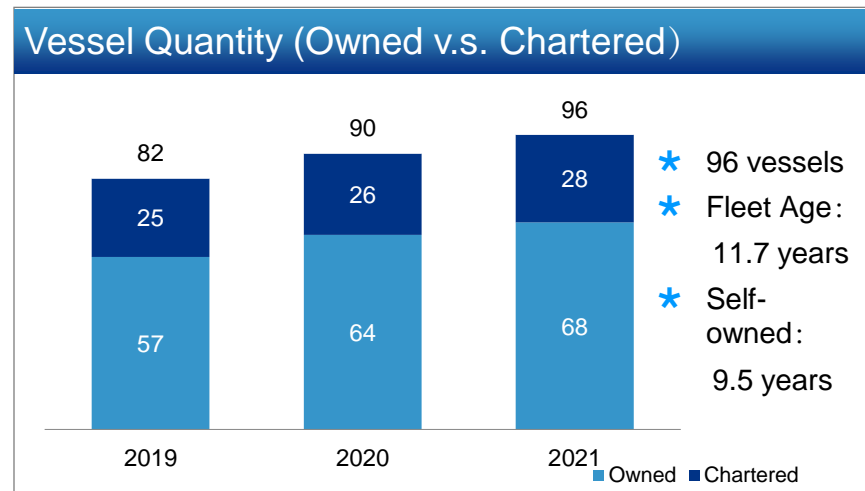
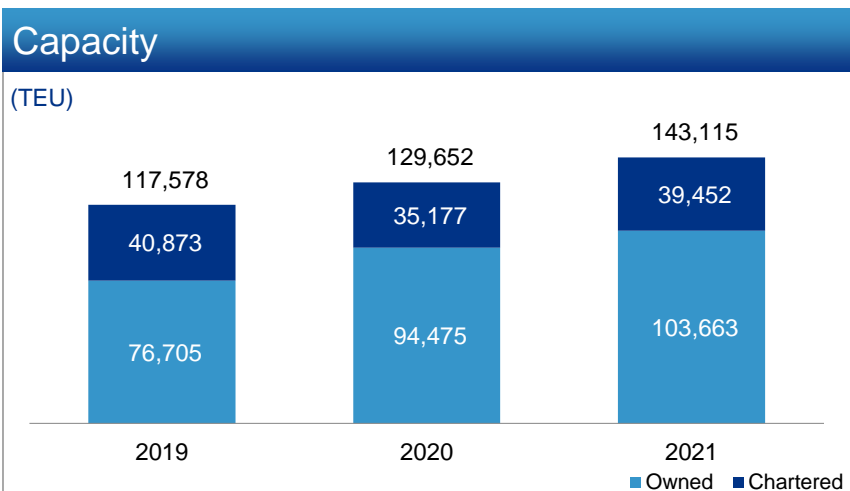
Note: (1) Excluded slot exchange fee income. The freight income tax has been adjusted.

## Gross Profit and Gross Profit Margin

(US\$ Million)



# Container Shipping and Logistics: Fleet

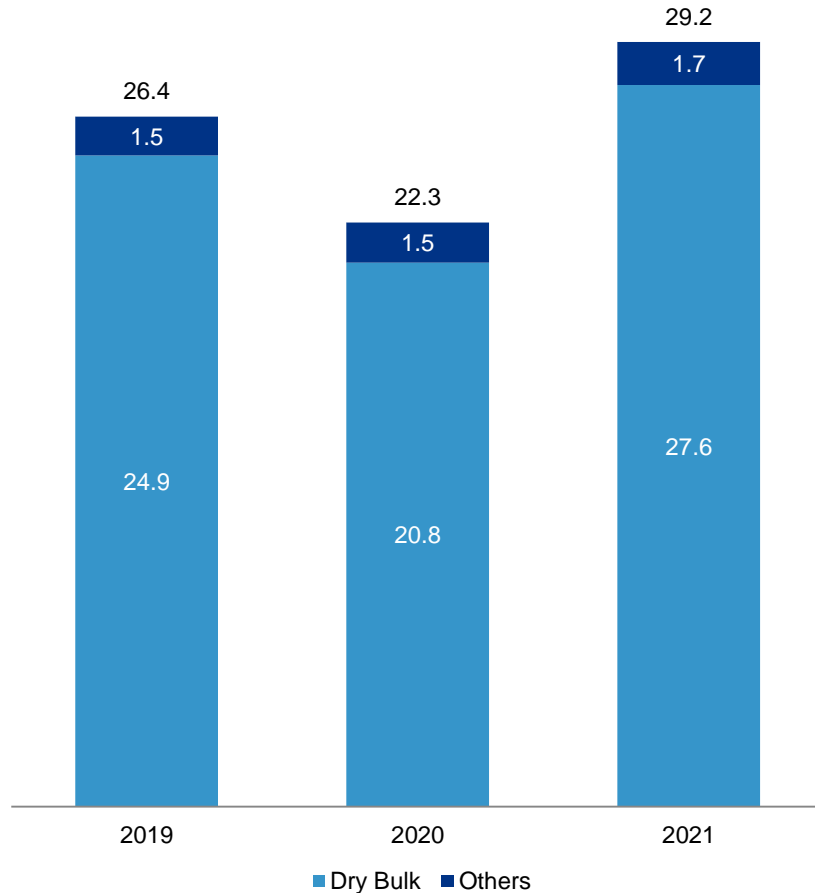


# Dry Bulk and Others: Overview



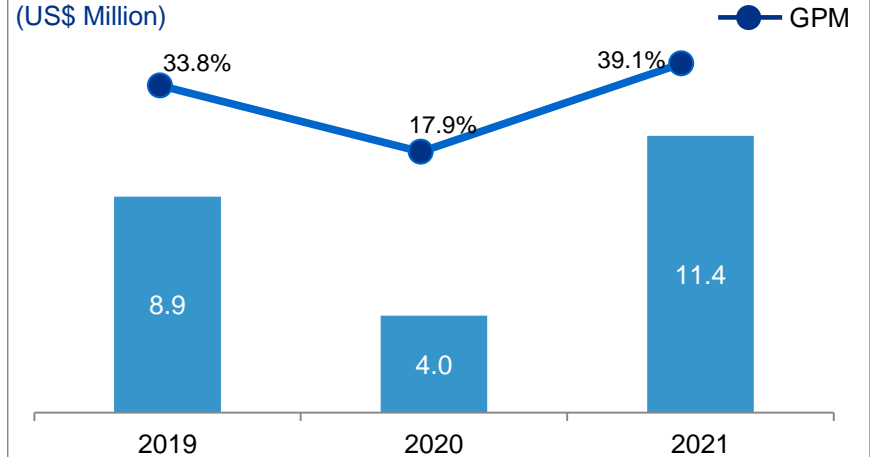
## Revenue

(US\$ Million)

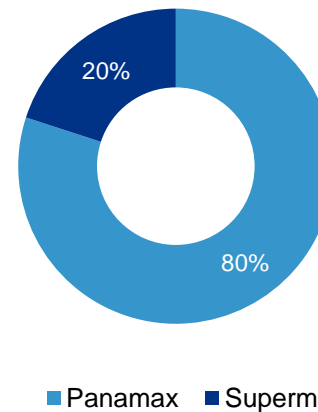


## Gross Profit and Gross Profit Margin

(US\$ Million)



## Dry Bulk Vessels



- \* 5 dry bulk vessels with 362,497 Dwt
- \* Average Age: 9 years
- \* Supermax: 1 vessel with 58,107 Dwt
- \* Panamax: 4 vessels with 304,390Dwt in total

Note: 1 bulk carrier of 76,098Dwt sold in 2021.



### 3. Financial Overview

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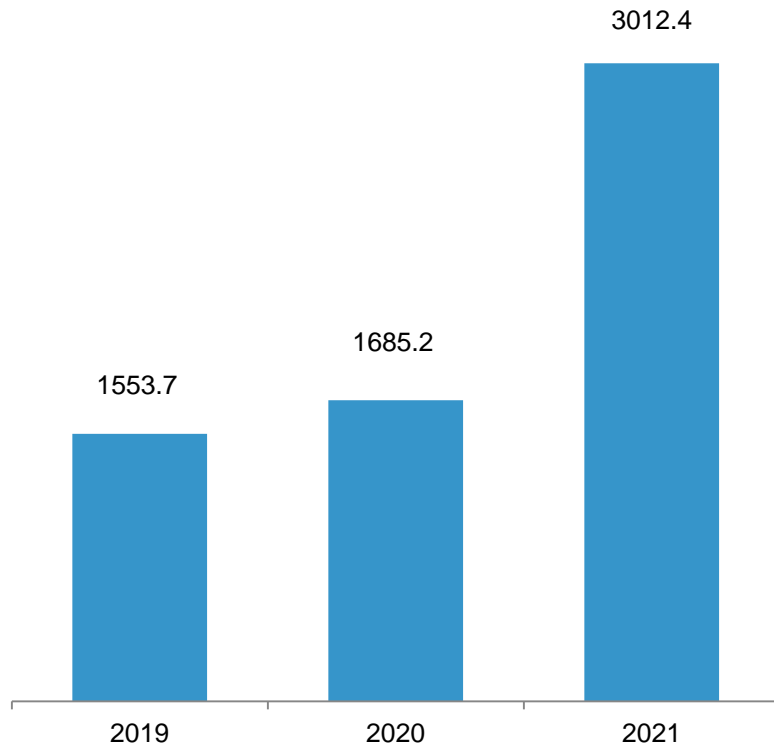


# Profitability Analysis



## Revenue

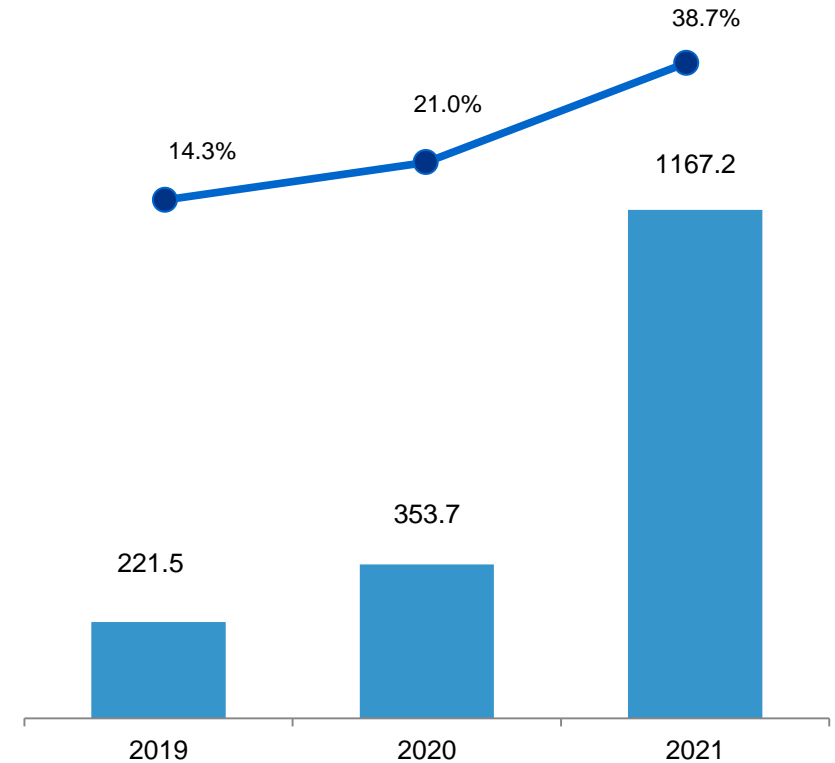
(US\$ million)



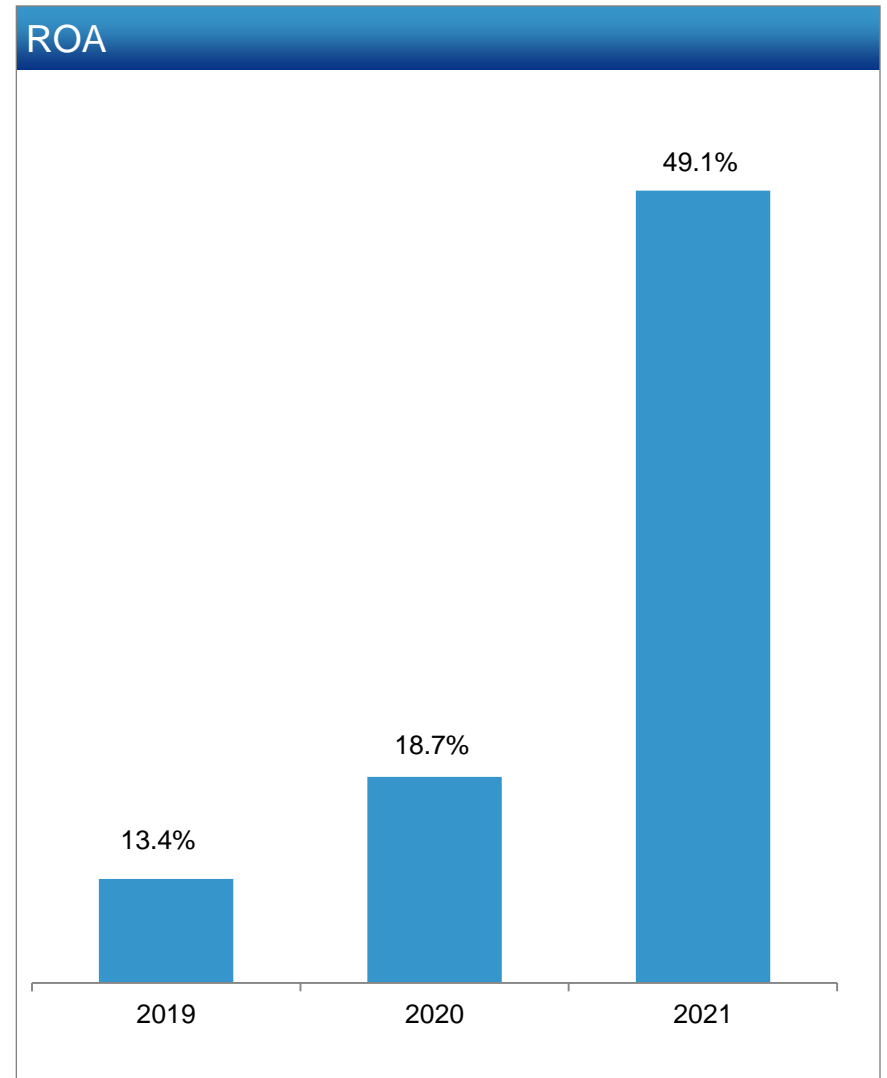
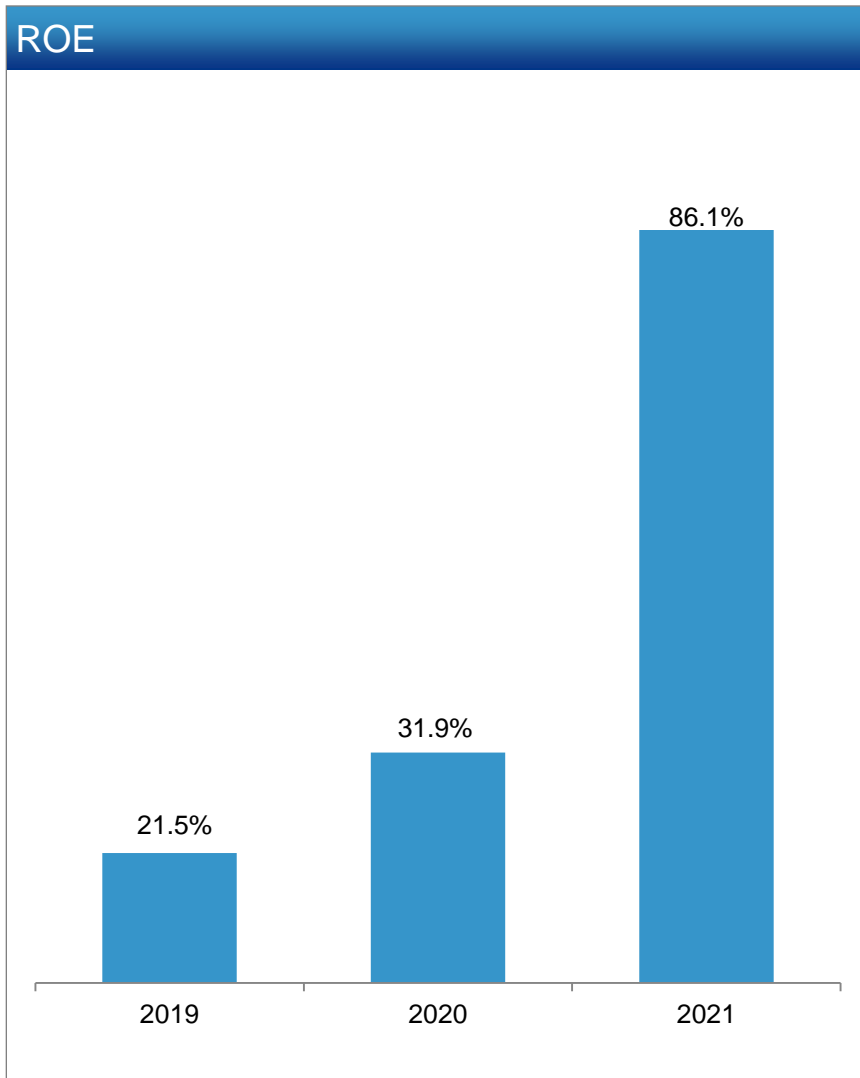
## Net Profit and Net Profit Margin

(US\$ million)

● NPM



# Return Analysis

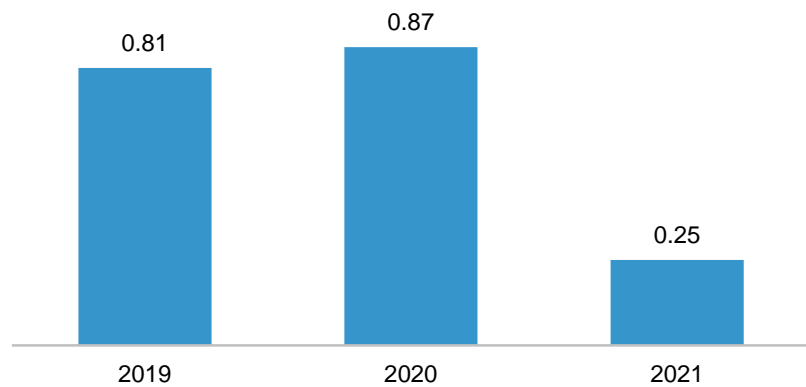


# Credit Overview



## Interest-Bearing Bank Borrowings<sup>(1)</sup> / EBITDA<sup>(1)</sup>

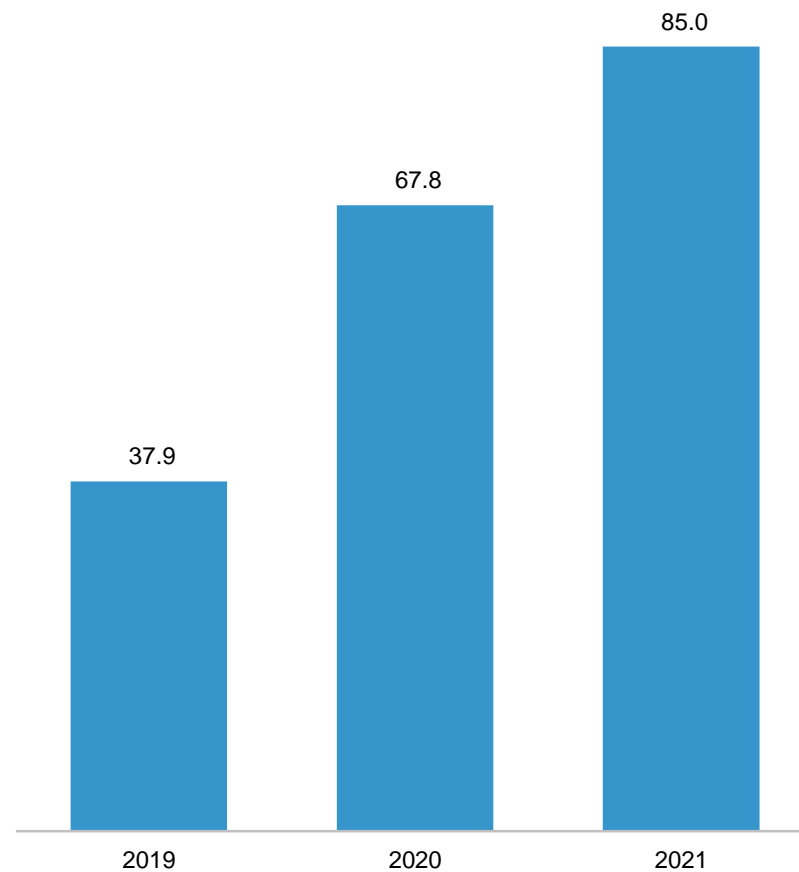
(x)



## Interest Coverage<sup>(1)</sup>

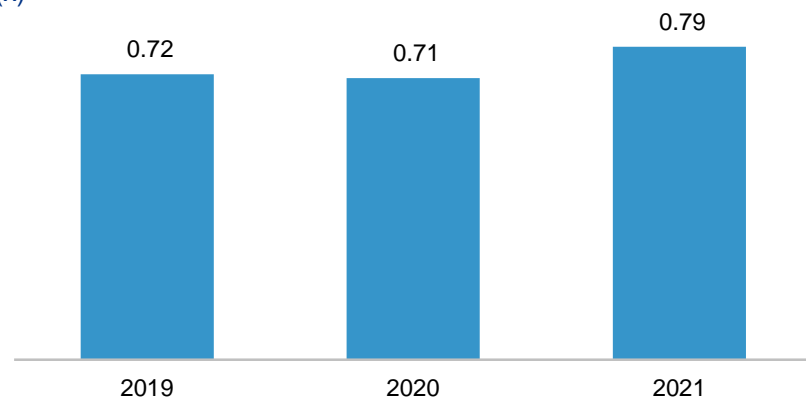
EBITDA / Interest Expense

(x)



## Total Liabilities / Shareholders' Equity<sup>(1)</sup>

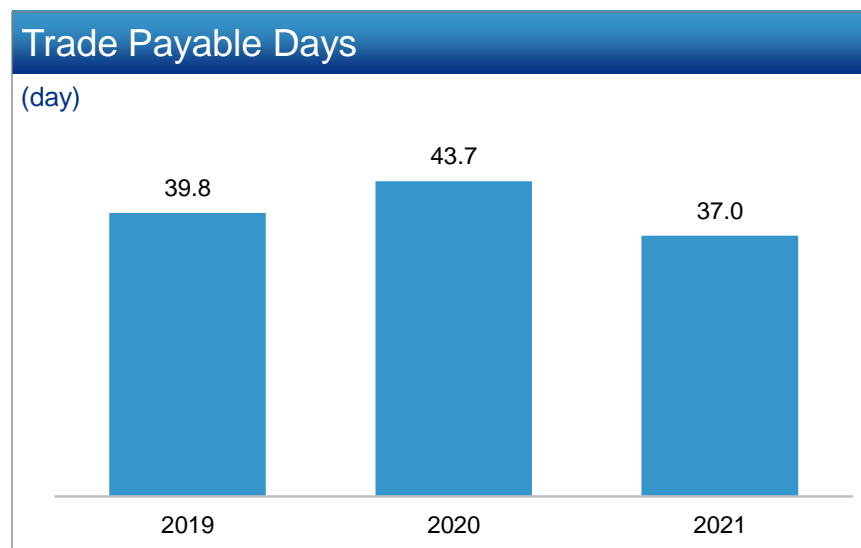
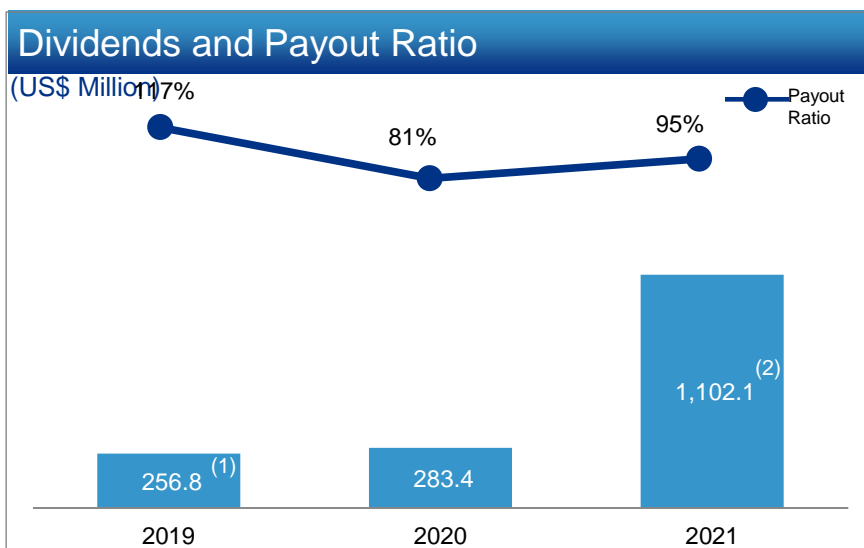
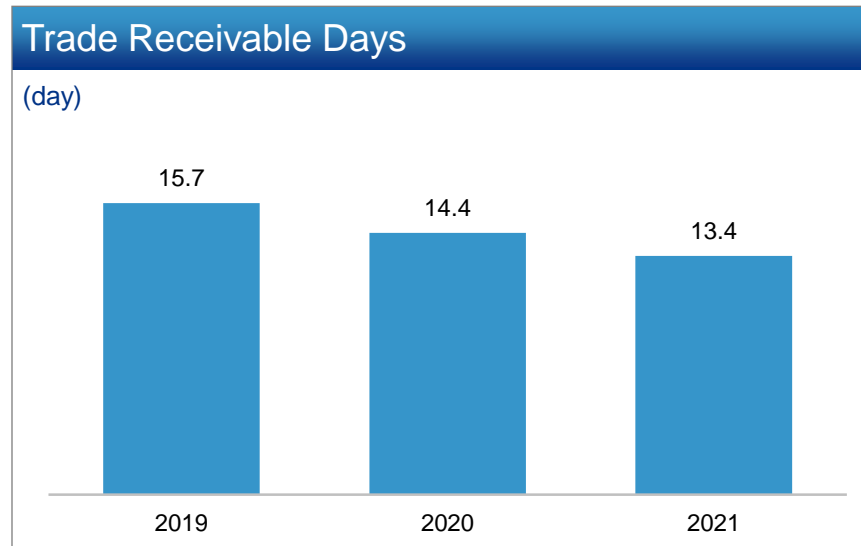
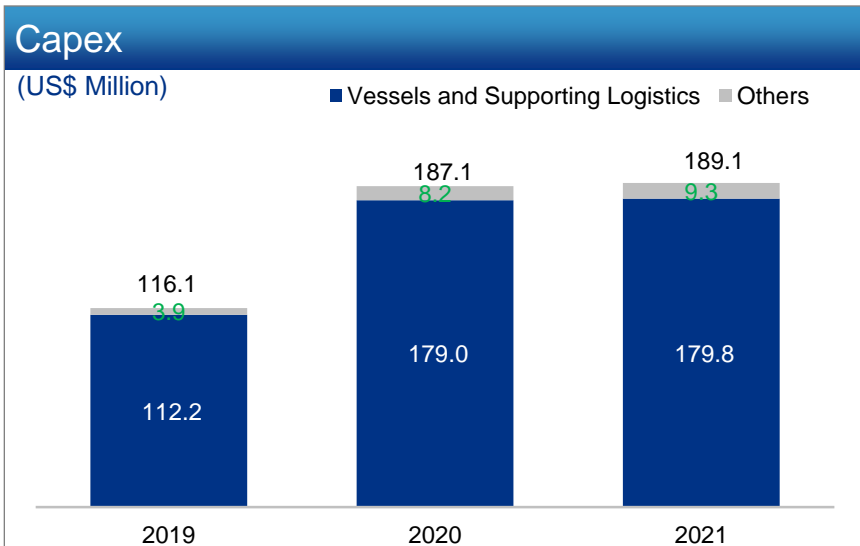
(x)



Note:

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

# Cash Flow Overview



Note: (1) including special dividend of US \$102.6 million, accounting for 40% of the total . The payout ratio excluding special dividends is 70%

(2) 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	2021	2020	Variance
Revenue	3,012,447	1,685,167	78.8%
Cost of Sales	(1,693,074)	(1,240,136)	36.5%
<b>Gross Profit</b>	<b>1,319,373</b>	<b>445,031</b>	196.5%
Other Income and Gains,net	24,267	22,911	5.9%
Administrative Expenses	(154,764)	(96,970)	59.6%
Other Expenses,net	(4,493)	(2,452)	83.2%
Finance Costs	(15,663)	(13,531)	15.8%
Share of Profits and Losses of Associates and Joint Ventures	15,946	10,008	59.3%
<b>Profit Before Tax</b>	<b>1,184,666</b>	<b>364,997</b>	224.6%
Income Tax	(17,487)	(11,309)	54.6%
<b>Profit For The Year</b>	<b>1,167,179</b>	<b>353,688</b>	230.0%

# Balance Sheet Summary



US\$'000	Dec 31, 2021	Jan 1, 2021	Variance
Cash and cash equivalents	951,586	535,558	77.7%
Trade receivables	157,038	103,922	51.1%
Property, plant, equipment & their prepayments	1,232,856	1,139,510	8.2%
Right of use asset	233,189	169,557	37.5%
Investment in JV and Associates	60,423	46,409	30.2%
Other assets	81,331	45,883	77.3%
<b>Total assets</b>	<b>2,716,423</b>	<b>2,040,839</b>	<b>33.1%</b>
Trade payables	201,857	173,039	16.7%
Interest-bearing bank borrowings	327,271	428,893	(23.7%)
Lease liability	219,396	152,619	43.8%
Other liabilities	452,215	90,900	397.5%
Equity attributable to owners of the parents	1,501,687	1,184,487	26.8%
Non-controlling interests	13,997	10,901	28.4%
<b>Total liabilities and equity</b>	<b>2,716,423</b>	<b>2,040,839</b>	<b>33.1%</b>



## 4. Company Overview

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# Our Corporate Milestones



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



- 2021** \* Opened new routes to West Malaysia and Myanmar
- 2020** \* Marched in Bangladesh Market
- 2018** \* Rated A by MSCI-ESG
- 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 2021, Alphaliner

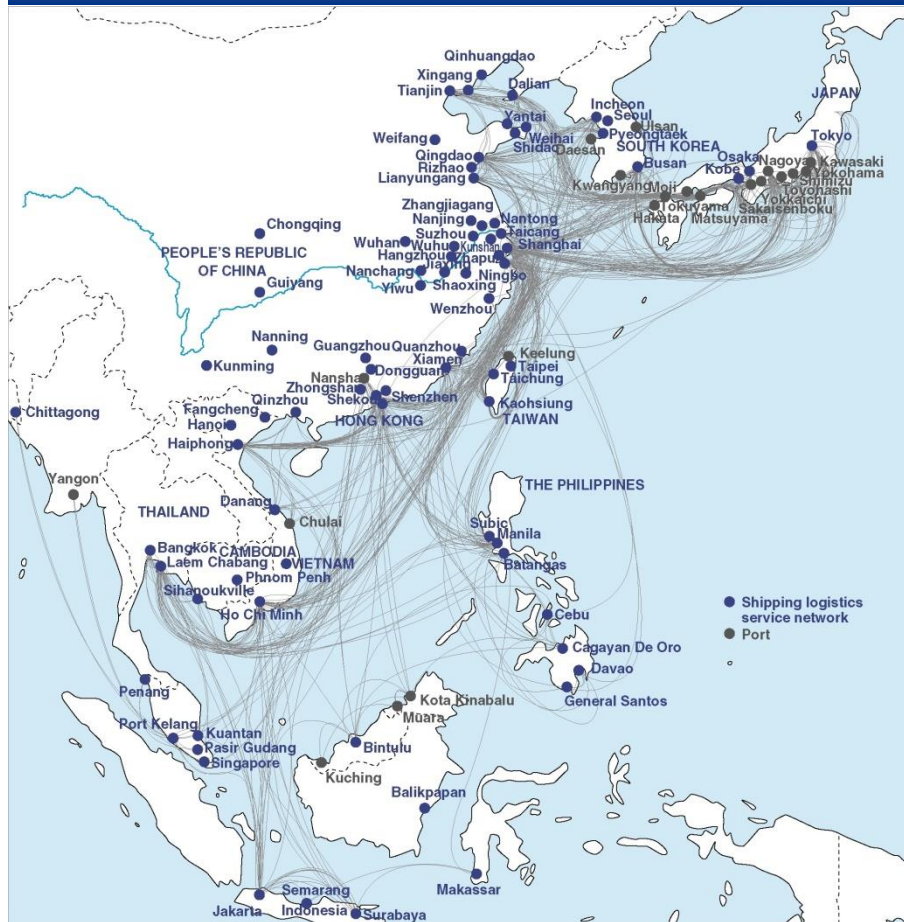


# Container Shipping and Logistics: Network



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 16 countries and regions, 74 major ports and 74 trade routes
- Operate, including joint ventures, approximately 1,308,000 m<sup>2</sup> of depot and 133,000 m<sup>2</sup> of warehousing space
- Wide range of scheduling options for customers

### \* High Frequency

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

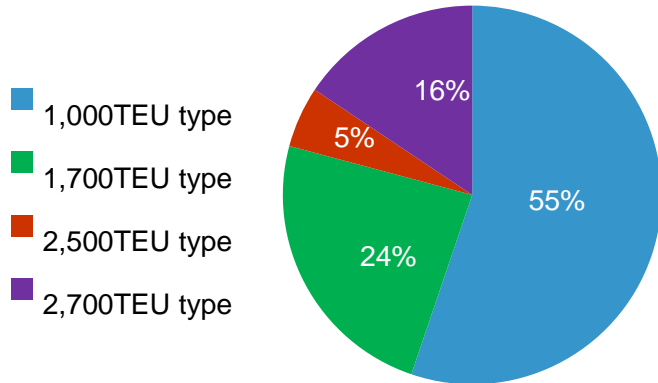
Note: As of 31 Dec 2021

# Single-Typed, Flexible Fleet Drives Our Network Driven Model

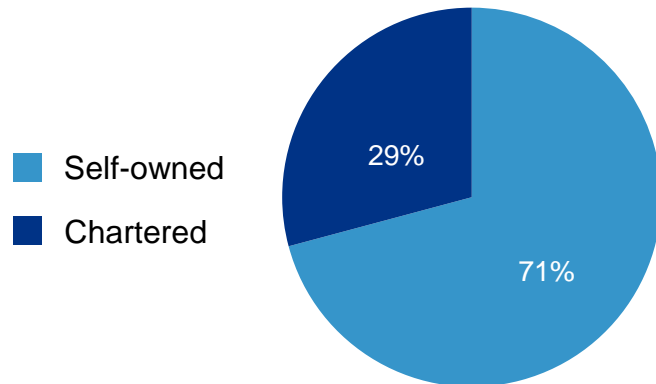


Focusing on small vessels improves our flexibility and lowers the vessel costs, which is fundamental to our network driven model.

55% of 96 Vessels are 1,000 TEU Type



68 of 96 Vessels are self-owned



- \* 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
- \* Young fleet with average age of 1.7 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 tailor-made logistic service to clients

## 3 Diversified Competition

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

## 4 Focuses on the Solutions

- \* Mobile Internet, digital and artificial intelligence applications, and the corresponding organizational changes