



SITC International Holdings Company Limited

(Stock Code: HK1308)

August 2023



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Company Overview



1. 1H2023 Highlights



1H2023 Highlights



We continued to perform well in 1H2023 and recorded a net profit of US\$ 312.7 million, which represented a YoY decrease of 73.4%.

	1H2023	1H2022	Variance
Container shipping volume (TEU)	1,550,075	1,611,495	-3.8%
Revenue (US\$ m)	1,253.4	2,257.7	-44.5%
Gross profit (US\$ m)	332.2	1,204.4	-72.4%
Net profit (US\$ m)	312.7	1,170.3	-73.3%
Earnings per share – basic (US cents per share)	11.70	43.95	-73.4%

Development of the Company in 1H2023



* Business development :

- The self-owned container fleet added 10 new vessels, sold and delivered 4 old vessels
- SITC Southeast Asian route (CMM Service) successfully set off at Kuching
- "One-Order" Sea-Rail Intermodal Transport Train Started by SITC
- The project of Qingdao Intelligent Automation Logistics Base has been successfully advanced, and the construction project planning permit has been obtained in the first half of the year, and construction is about to begin
- SITC Logistics Co.,Ltd. won the Hisense Group 2022 "Strategic Partner" award
- The strategic agreement is signed by SITC, Hisense and Qingdao Port

* IT:

- SITC hired third -party institutions for network vulnerability scanning and safety penetration tests
- SITC develops ship software for marine affairs, maintenance, crew, etc., and promotes process informatization and Paperless office

* Community and Employee Responsibility:

- 2023 "SITC" Cup College Student Career Planning Competition Successfully Held in ShanDong JiaoTong University
- 2023 "SITC International" Cup Navigation Skills Competition was Successfully Held in Shanghai Maritime University
- The unveiling ceremony of SITC International Experimental Building of Shandong Jiaotong University was successfully held

* Accolades:

- SITC receives multiple rankings in “ Asia (ex-Japan) Executive Team” by Institutional Investor for three consecutive years, and garners top rankings in Mainland China and Overall (Small & Midcap) categories in 2023



2. Operational Review



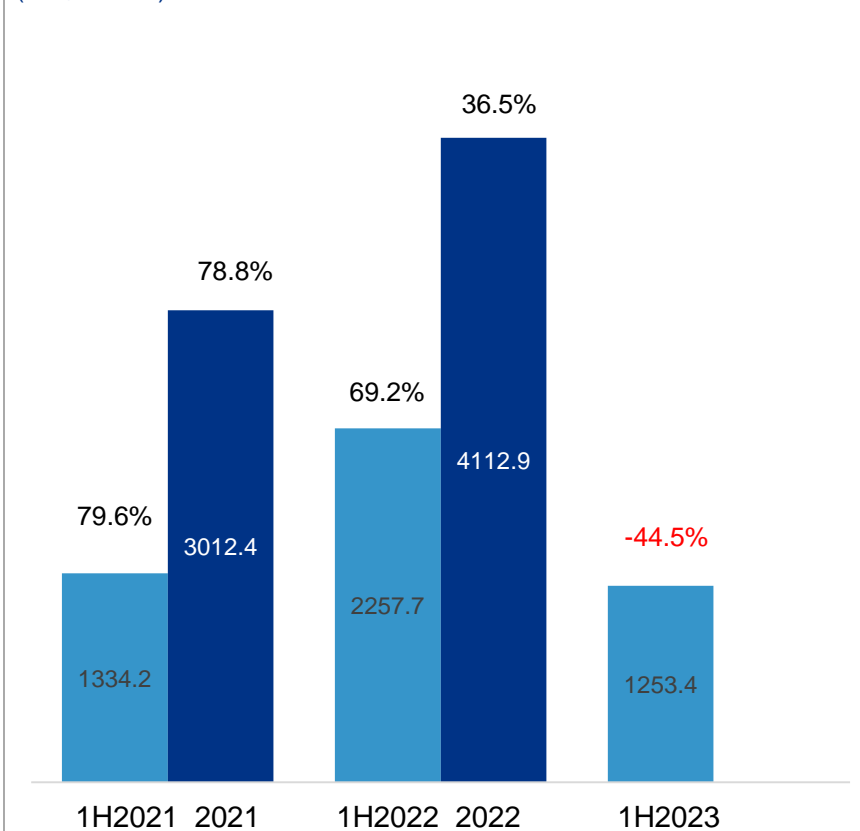
Segment Review



Our revenue decreased by 44.5% in 1H2023 compared to 1H2022, gross profit margin decreased from 53.3% in 1H2022 to 26.5% in 1H2023.

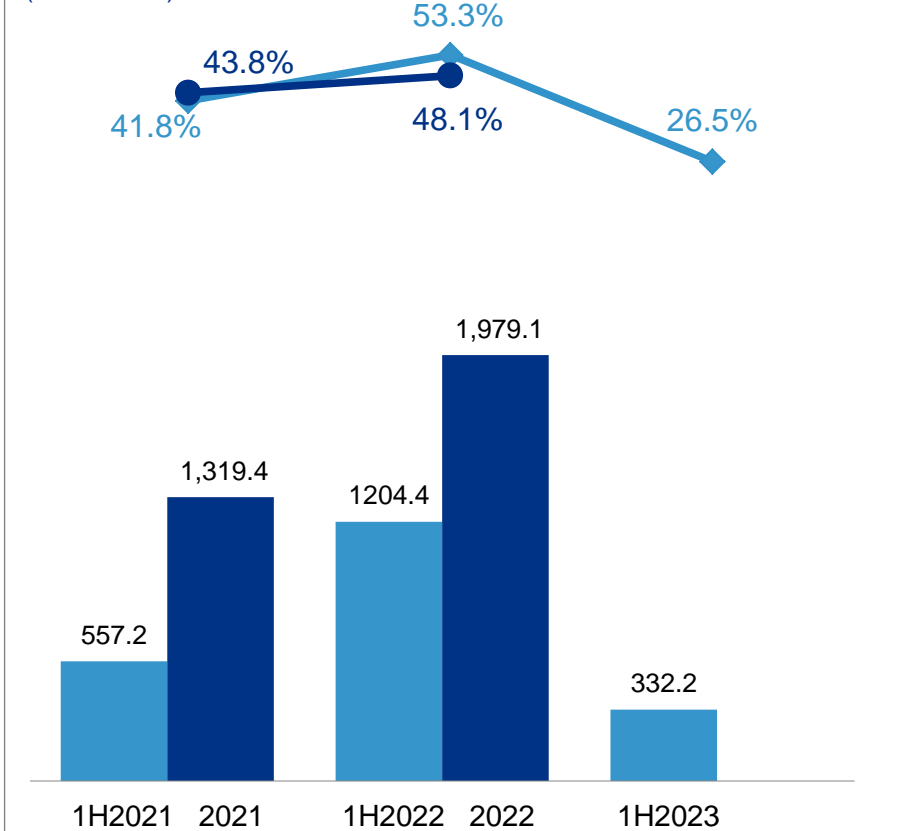
Revenue and Year-on-year growth rate

(US\$ Million)



Gross Profit and Gross Profit Margin

(US\$ Million)



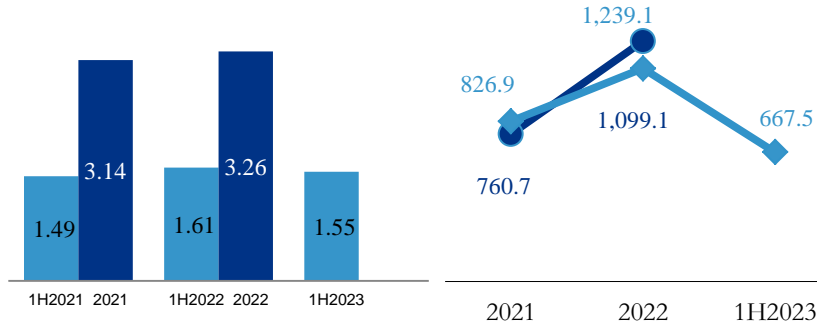
Container Shipping and Logistics: Overview



Container Shipping Volume and Avg. Freight Rate

Container Shipping Vol.
(TEU million)

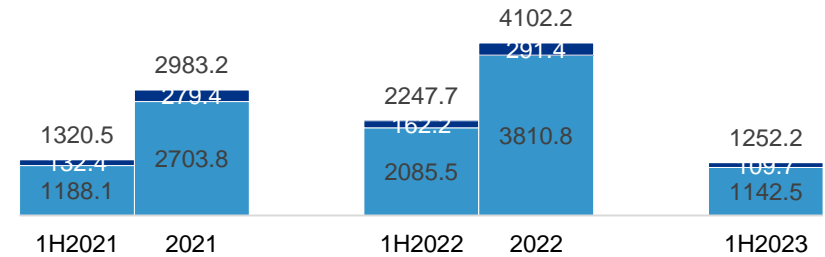
Average Freight Rate
(US\$/TEU)



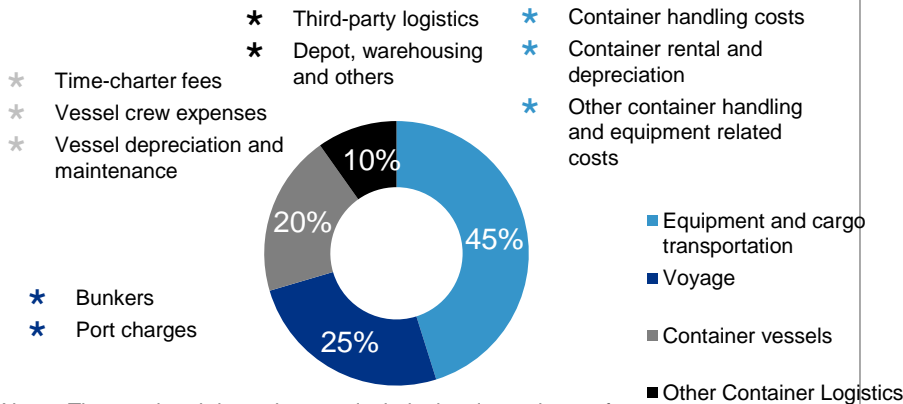
Revenue

(US\$ million)

■ Other container shipping logistics

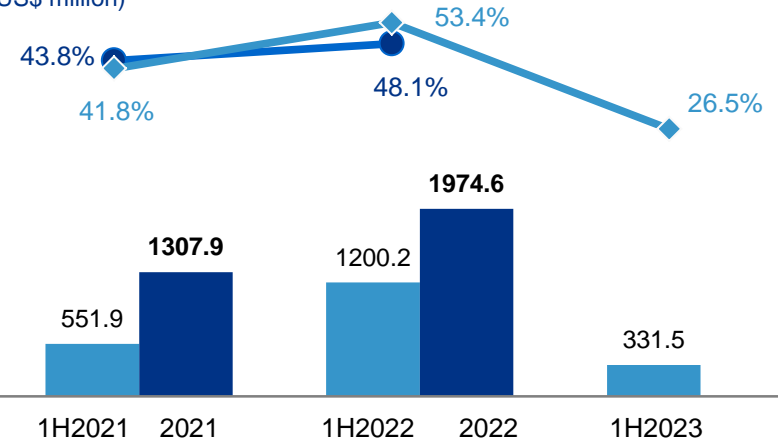


Cost of Sales Breakdown

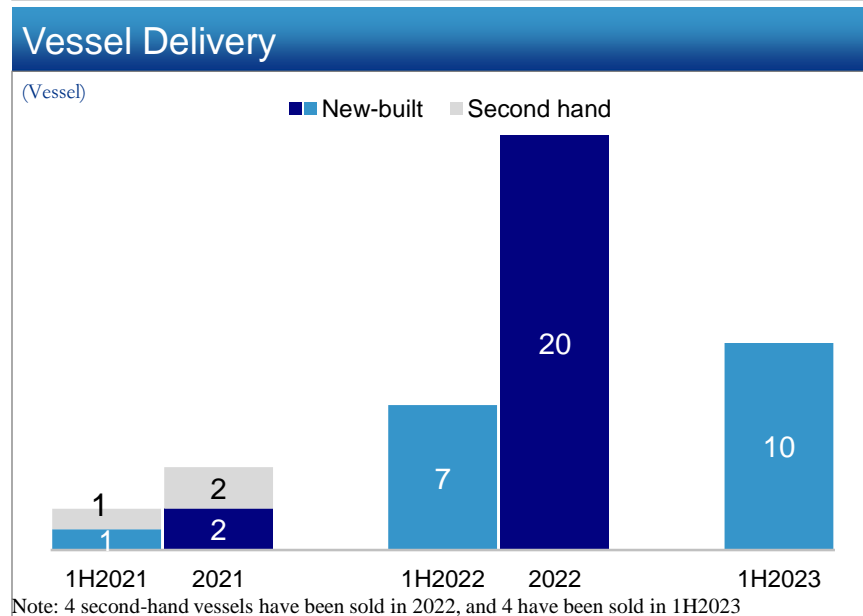
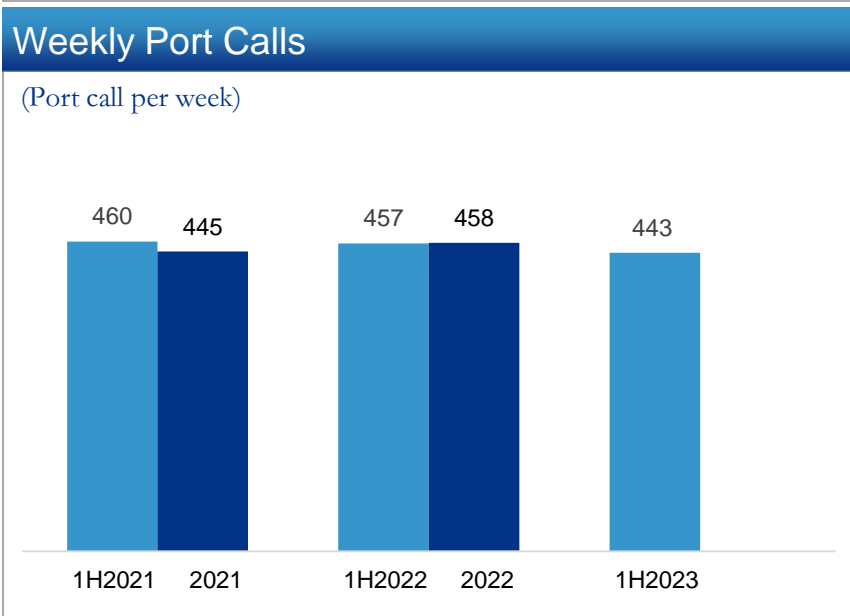
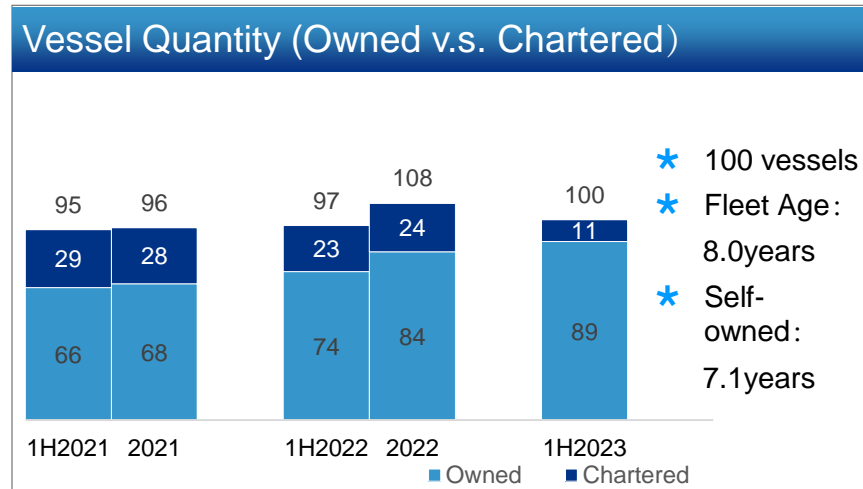
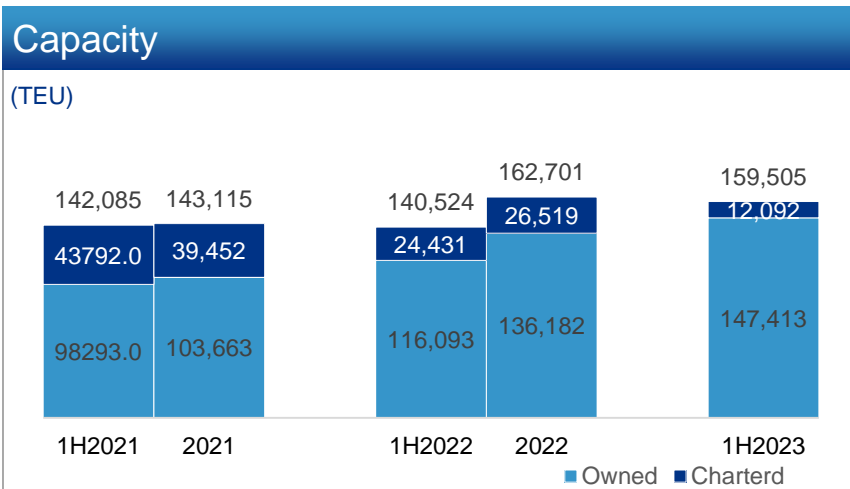


Gross Profit and Gross Profit Margin

(US\$ million)



Container Shipping and Logistics: Fleet

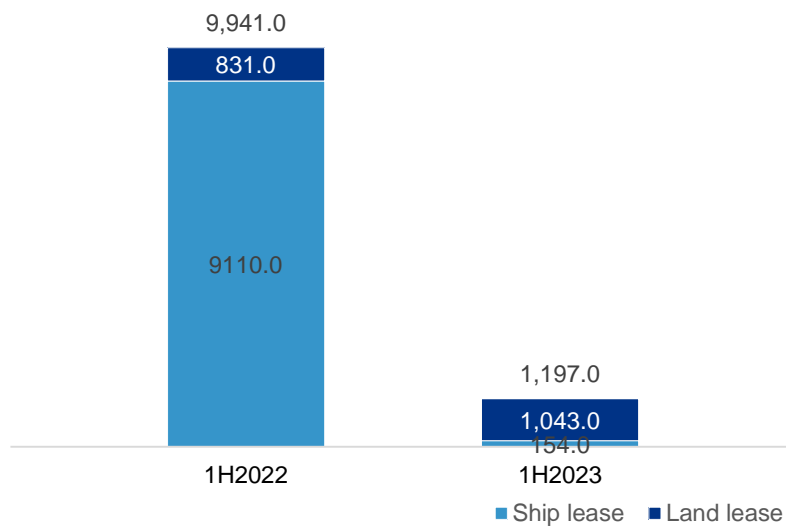


Leasing and Others: Overview



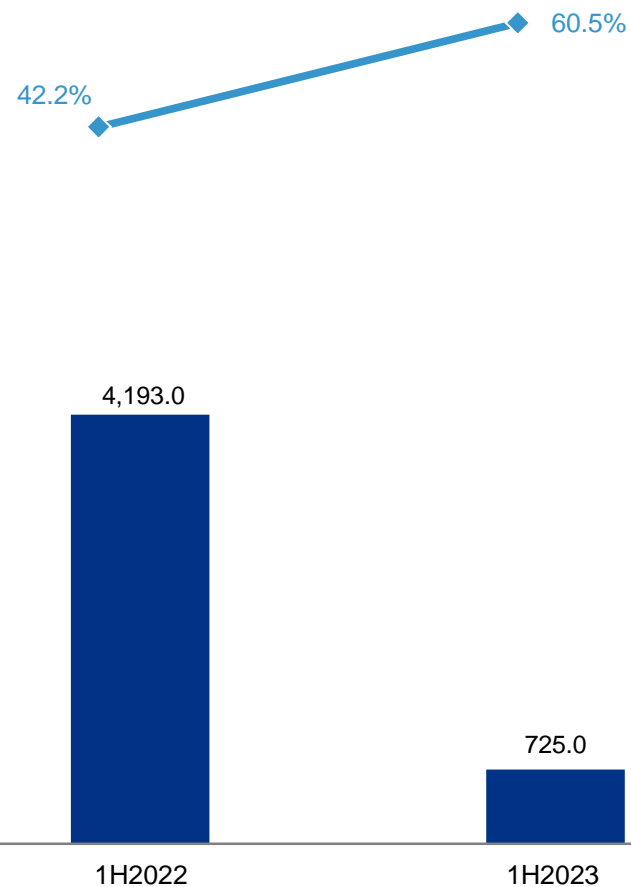
Revenue

(US\$ Thousand)



Gross Profit and Gross Profit Margin

(US\$ Thousand)





3. Financial Overview

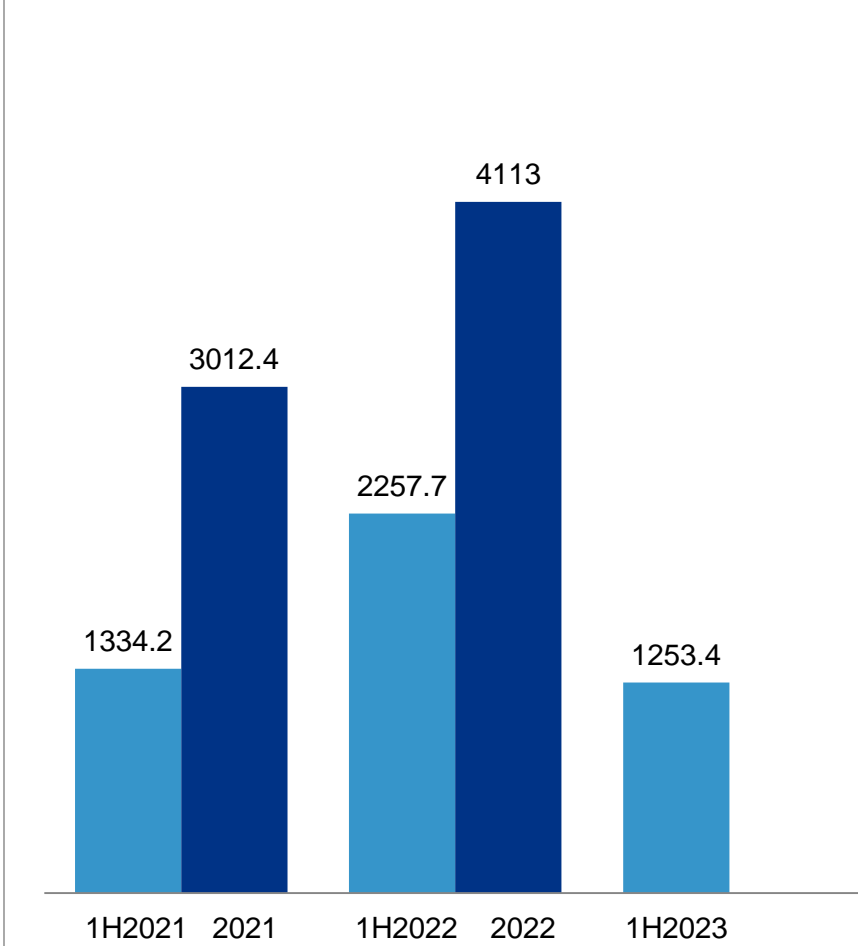


Financial Overview



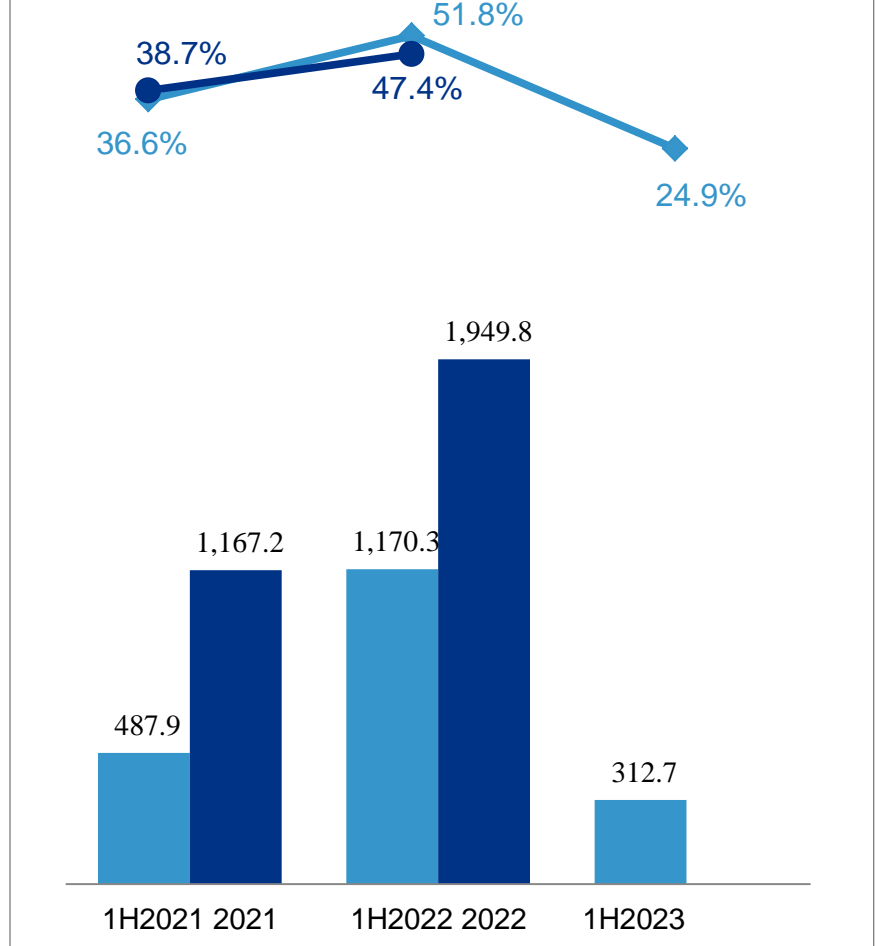
Revenue

(US\$ million)

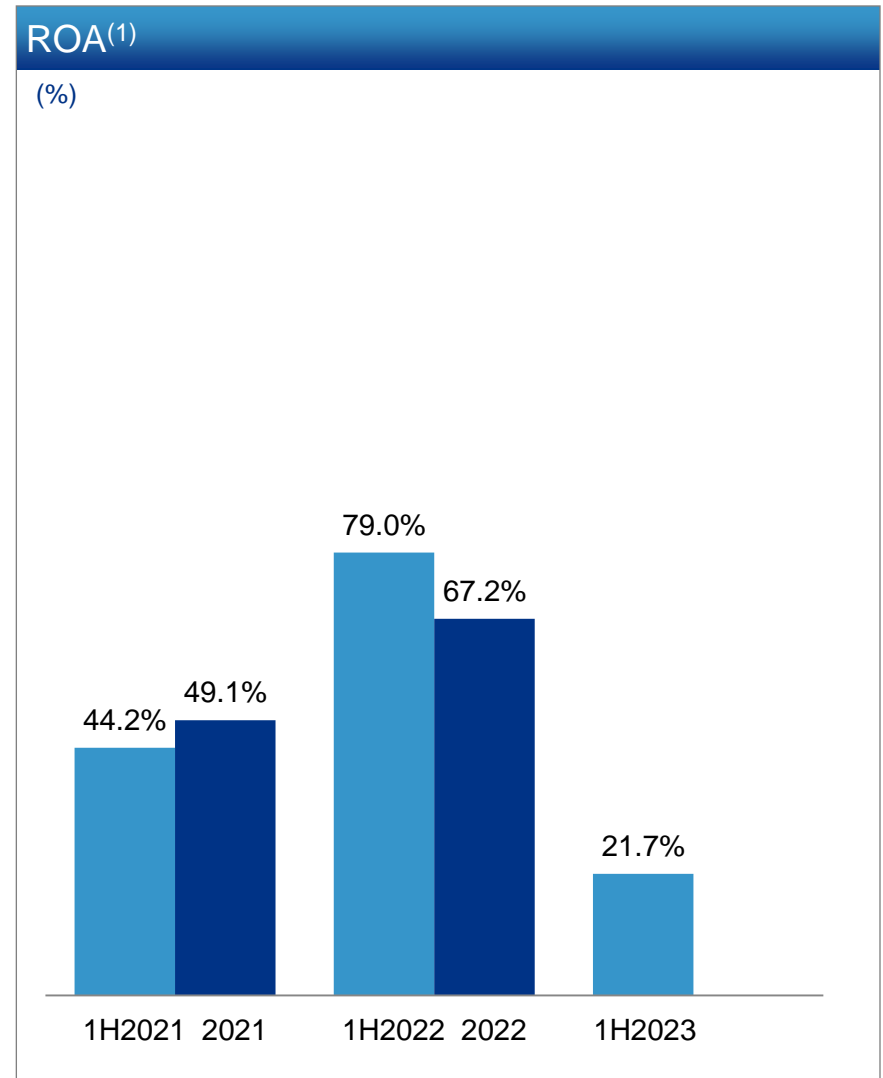
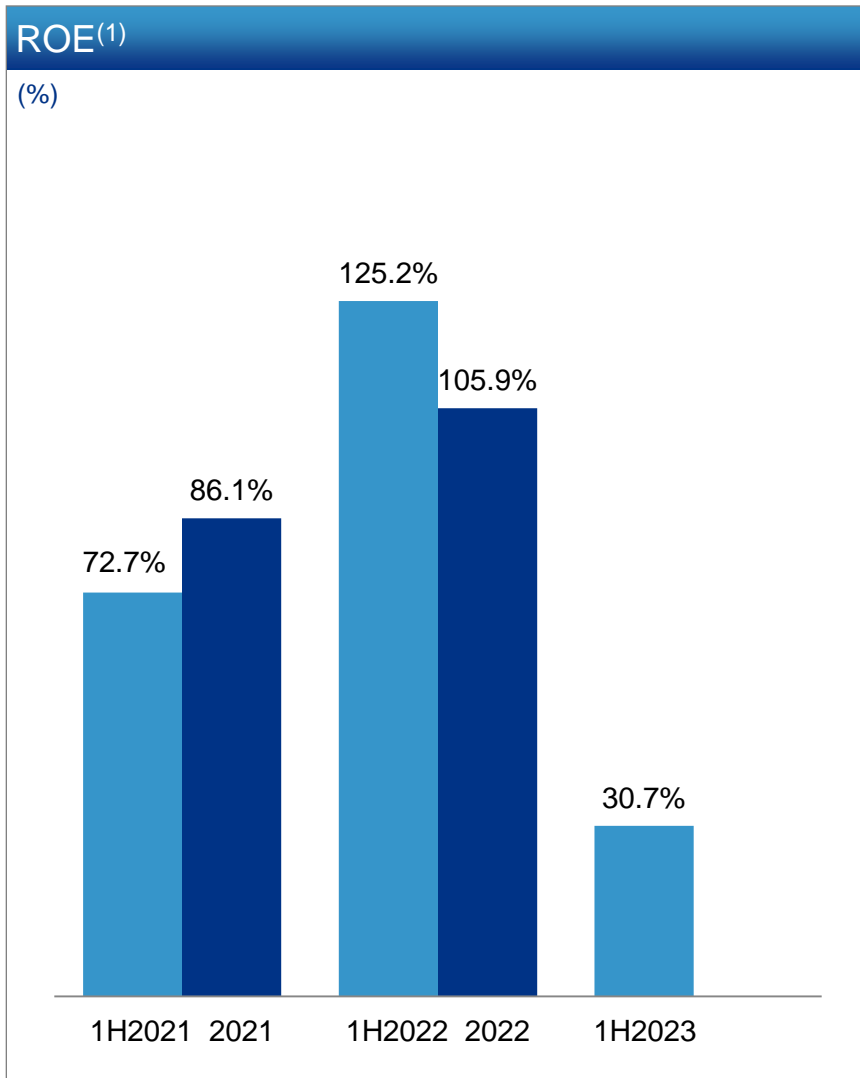


Net Profit and Net Profit Margin

(US\$ million)



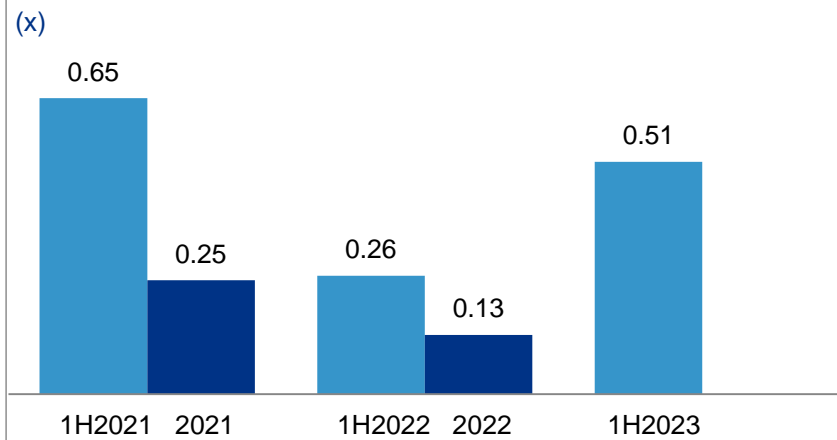
Return Analysis



(1) These ratios are annualized

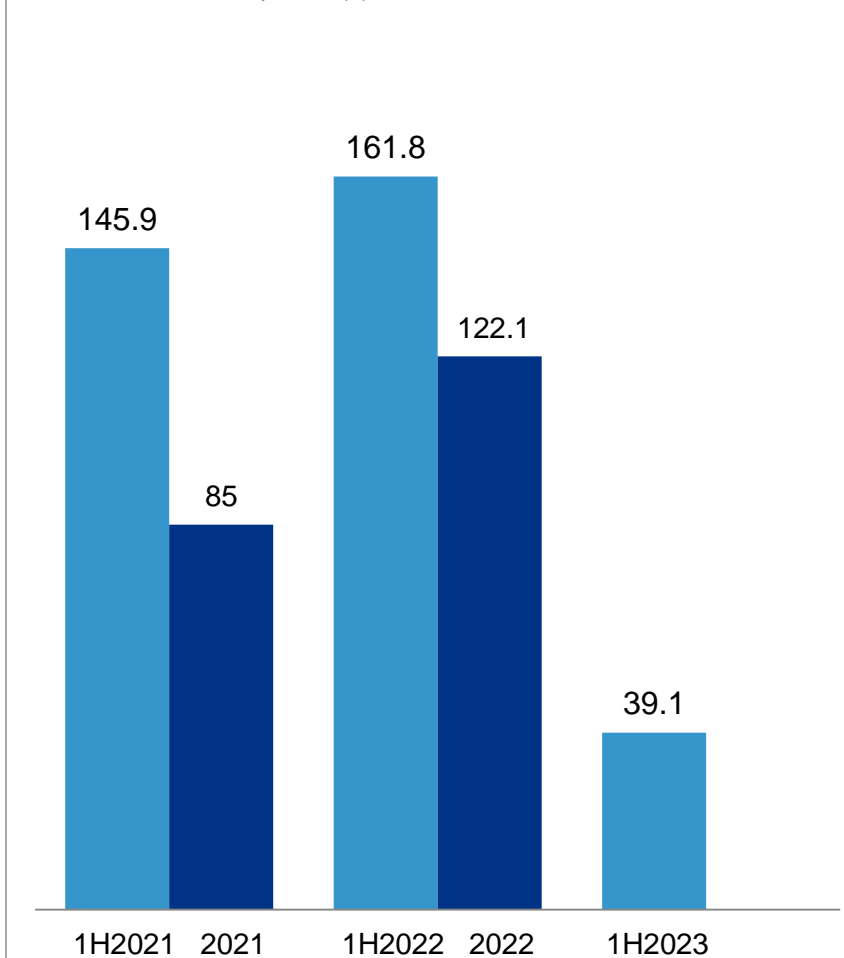


Interest-Bearing Bank Borrowings⁽¹⁾ / EBITDA⁽¹⁾

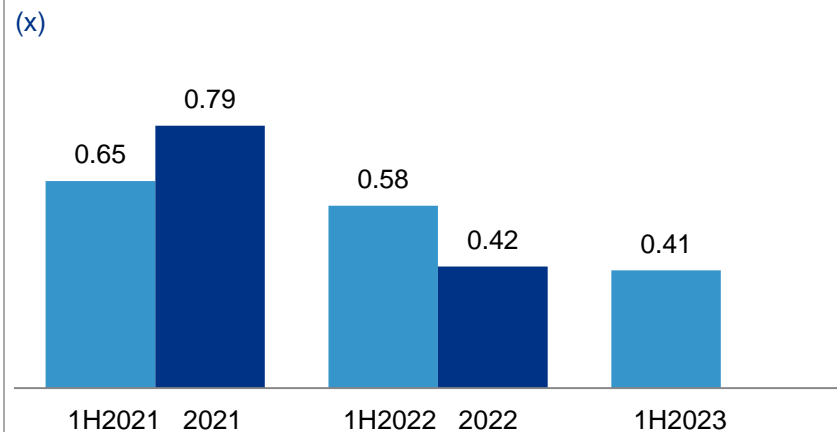


Interest Coverage⁽¹⁾

EBITDA / Interest Expense (x)



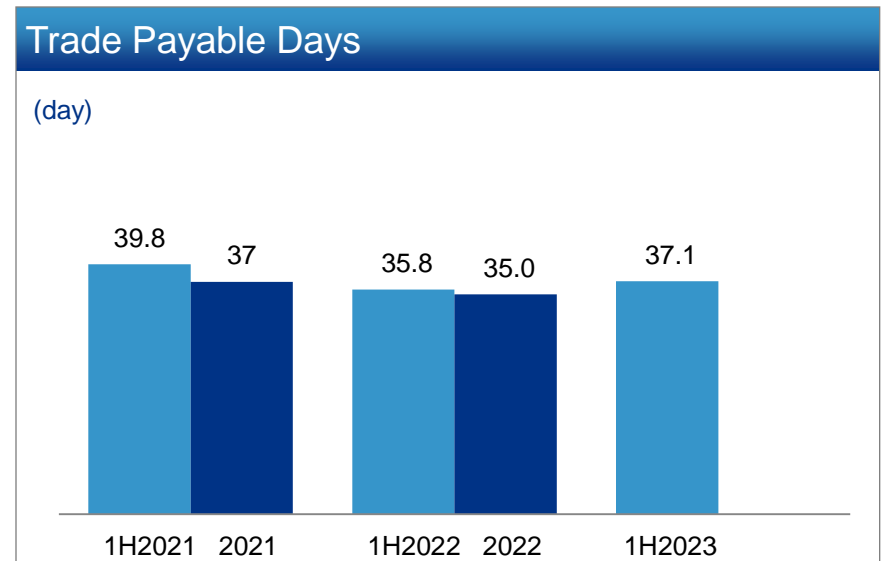
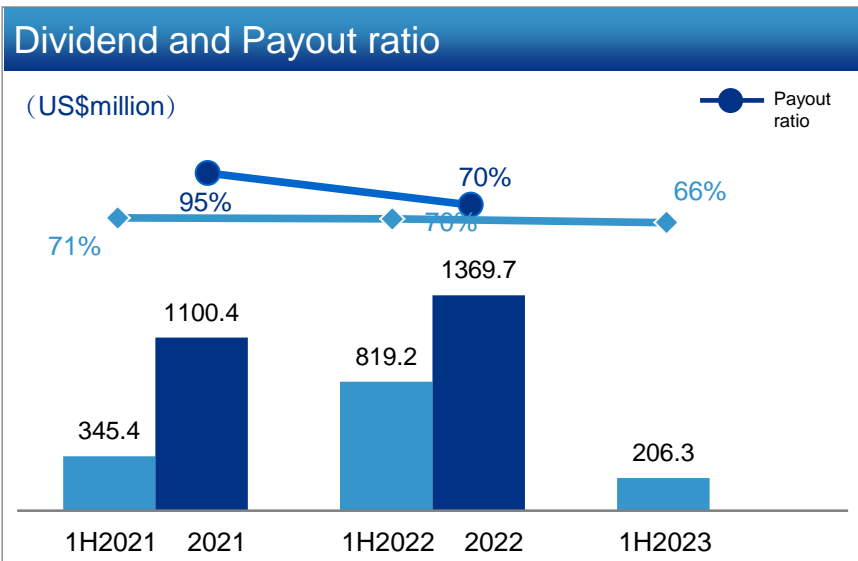
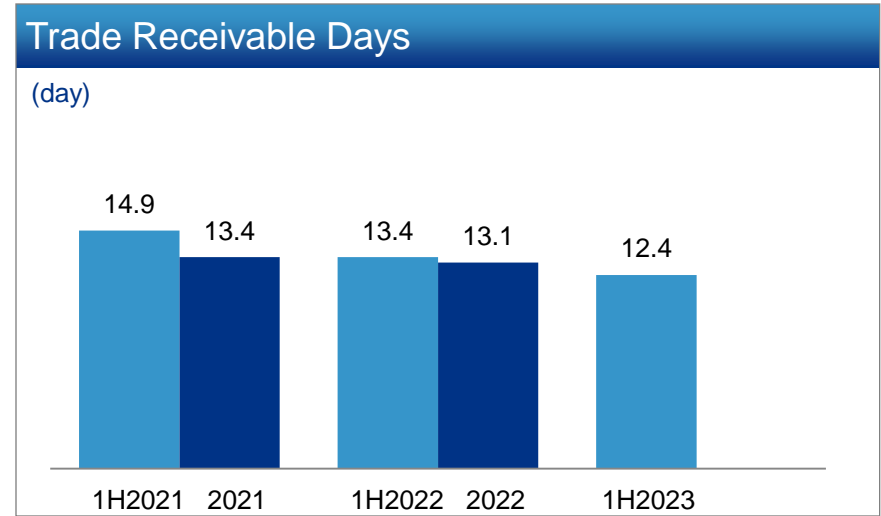
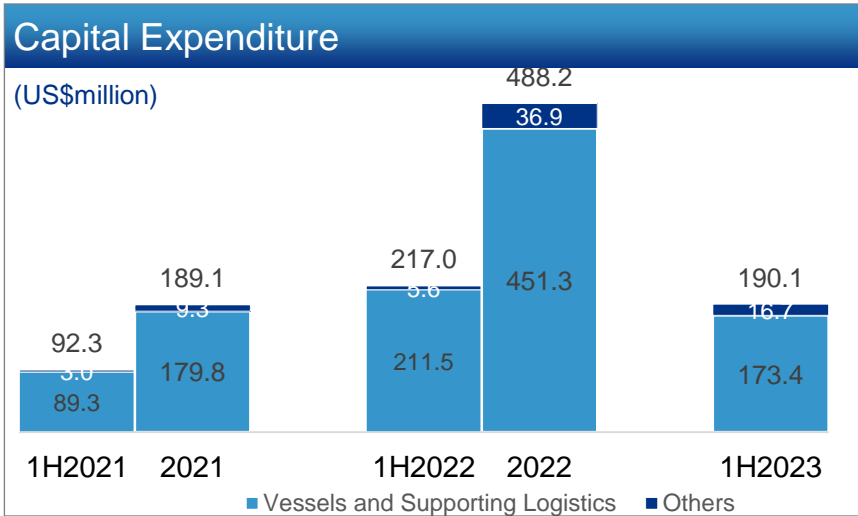
Total Liabilities / Shareholders' Equity⁽¹⁾



Note:

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

Cash Flow Overview



Income Statement Summary



US\$'000	1H2023	1H2022	Variance
Revenue	1,253,379	2,257,663	-44.5%
Cost of Sales	(921,201)	(1,053,244)	-12.5%
Gross Profit	332,178	1,204,419	-72.4%
Other Income and Gains, net	58,777	53,284	10.3%
Administrative Expenses	(63,981)	(79,214)	-19.2%
Other Expenses, net	(4,402)	(1,183)	272.1%
Finance Costs	(10,511)	(7,780)	35.1%
Share of Profits and Losses of Associates and Joint Ventures	10,180	11,759	-13.4%
Profit Before Tax	322,241	1,181,285	-72.7%
Income Tax	(9,561)	(11,003)	-13.1%
Profit For The Year	312,680	1,170,282	-73.3%

Balance Sheet Summary



US\$'000	30 Jun 2023	31 Dec 2022	Variance
Cash and cash equivalents	529,993	981,531	-46.0%
Trade receivables	99,849	139,051	-28.2%
Property, plant, equipment & their prepayments	1,623,792	1,508,369	7.7%
Right of use asset	236,003	262,923	-10.2%
Investment in JV and Associates	71,635	67,407	6.3%
Other assets	131,709	123,575	6.6%
Total assets	2,692,981	3,082,856	-12.6%
Trade payables	210,248	209,102	0.5%
Interest-bearing bank borrowings	208,470	271,438	-23.2%
Lease liability	223,502	247,713	-9.8%
Other liabilities	144,018	189,592	-24.0%
Equity attributable to owners of the parents	1,892,769	2,150,540	-12.0%
Non-controlling interests	13,974	14,471	-3.4%
Total liabilities and equity	2,692,981	3,082,856	-12.6%



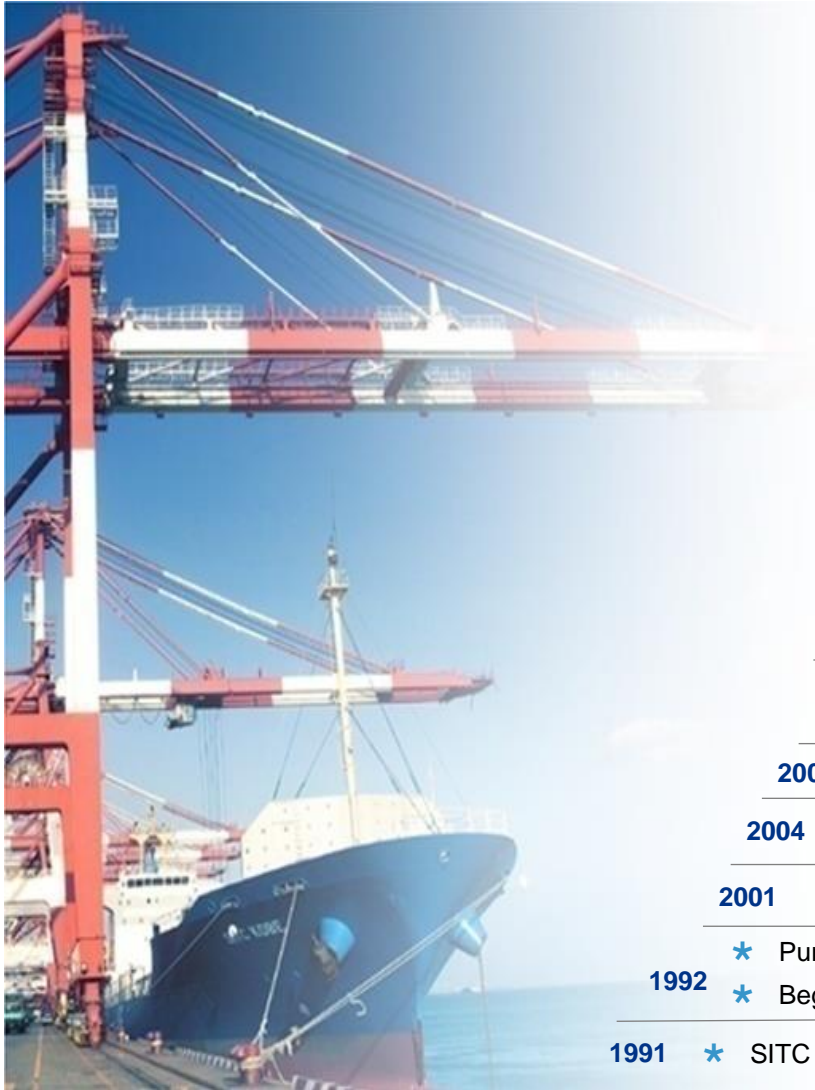
4. Company Overview



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
- 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



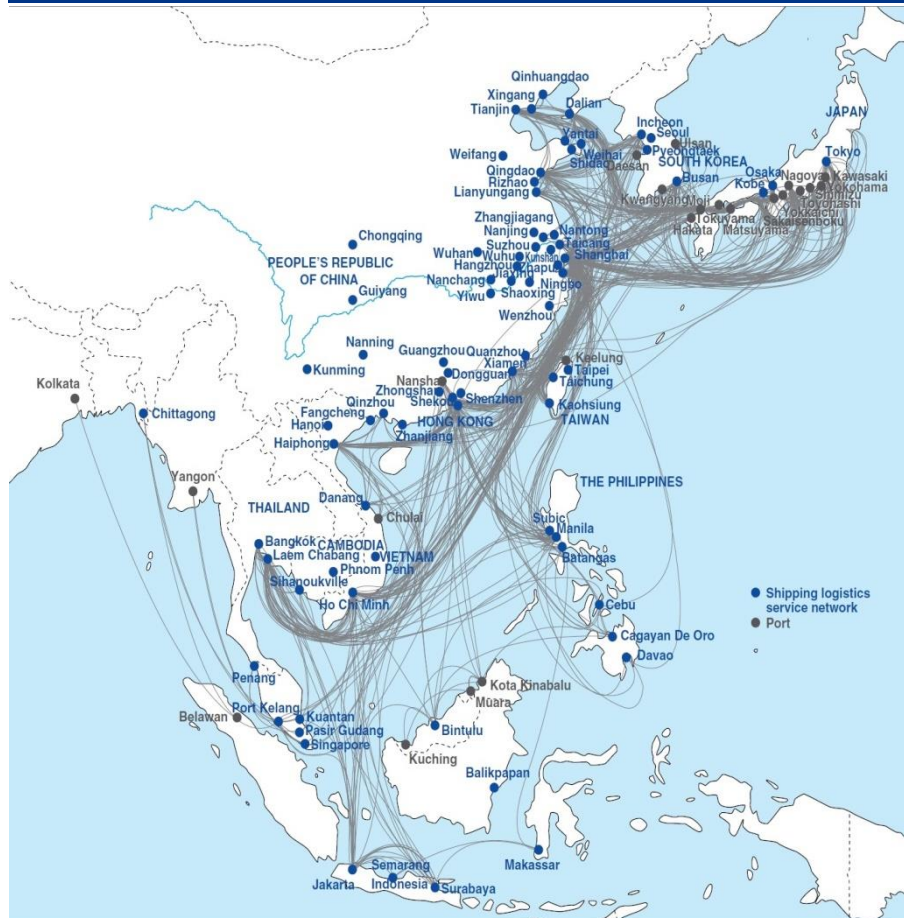
Source: (1) Drewry
(2) As of July 2023, Alphaliner

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, 84 major ports and 77 trade routes
- Operate, including joint ventures, approximately 1,666,158 m² of depot and 128,322 m² of warehousing space
- Wide range of scheduling options for customers

* High Frequency

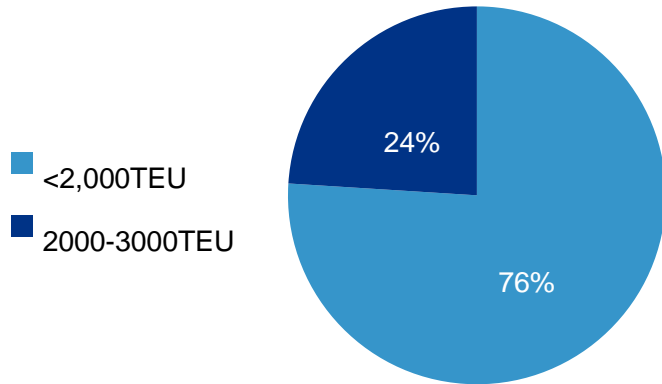
- Own one of the highest service frequencies in Asia
- 443 port calls per week
- Higher flexibility in scheduling for customers

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.

76 of 100 Vessels are smaller than 2,000 TEU

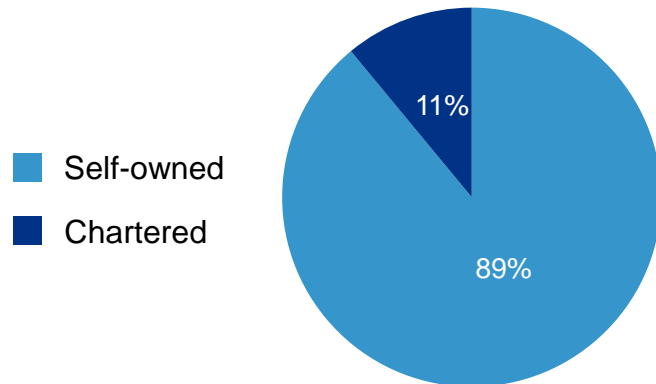


- * Small vessel best suits our business model in terms of space utilization, operating efficiency and speed

- * 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

89 of 100 Vessels are self-owned



- * Young fleet with average age of 7.1 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