



COSCO SHIPPING Holdings Co., Ltd.

2017 Q1 Results

28 April 2017



Part 1

Financial Review*

Part 2

Market & Business Review

Part 3

**Market Outlook & Development
Strategy**

* The quarterly results were in accordance with Chinese Enterprise Accounting Standards and had not been audited.



COSCO SHIPPING Holdings Co., Ltd.



Part 1

Financial Review



Highlights



Consolidated Income Statement



Consolidated Balance Sheet



Consolidated Cash Flow



Highlights – a positive start of the year

Key Financials	2017 Q1 RMB(mn)	2016 Q1 RMB(mn)	YoY
Revenue	20,101	13,569	48.15%
Net profit attributable to equity holders of the listed Company	270	-4,460	-
Net profit attributable to equity holders of the listed Company, net of non-recurring ¹ profit and loss	91	-2,144	-
Net cash flows generated from operating activities	-644	-518	-126
	2017/3/31 RMB(mn)	2016/12/31 RMB(mn)	Change
Equity attributable to the equity holders of the listed Company	18,792	18,323	2.56%
Total Asset	120,574	119,653	0.77%
Net Debt	27,435	24,788	10.68%
Net debt to total equity ratio (%)	71.2%	66.0%	+5.2PPs
	2017 Q1 RMB	2016 Q1 RMB	YoY
Weighted average return on net assets (%)	1.46	-17.14	+18.6PPs
Basic EPS	0.03	-0.44	-

1. The non-recurring profit in 1Q2017 mainly included government subsidies of RMB218 mn.



Financial Review – Consolidated Income Statement

	2017 Q1 RMB(mn)	2016 Q1 RMB(mn)	YoY
Revenues ¹	20,101	13,569	48.15%
Cost of services ²	18,556	13,760	34.85%
Gross profit/loss(-)	1,546	-192	-
Gross profit/loss(-) margin	7.69%	-1.41%	+9.1PPs
Selling expenses	13	20	-37.91%
Administration expenses	967	1,035	-6.61%
Finance costs	371	651	-42.94%
Impairment loss on assets	5	4	23.41%
Investment income	274	-2,114	-
Operating profit/loss(-)	425	-4,032	-
Add: Non-operating income ³	221	29	672.18%
Less: Non-operating expenses	8	200	-95.79%
Total profit/loss(-)	637	-4,203	-
Less: Income tax expenses	158	138	14.23%
Net profit/loss(-)	479	-4,341	-
Net profit attributable to equity holders of the listed Company	270	-4,460	-
Net profit attributable to equity holders of the listed Company, net of non-recurring profit and loss	91	-2,144	-

1. In which the revenue from container shipping and relevant businesses in 1Q2017 was RMB19.3 bn, representing an increase of RMB7.8 bn, or 68.24%, as compared to 1Q2016.

2. In which the costs of container shipping and relevant businesses in 1Q2017 were RMB18.1 bn, representing an increase of RMB6.4 bn, or 54.40%, as compared to 1Q2016.

3. The non-operating income in 1Q2017 mainly included government subsidies of RMB218 mn.



Financial Review – Consolidated Balance Sheet

	2017/3/31 <i>RMB(mn)</i>	2016/3/31 <i>RMB(mn)</i>	Change
Current assets	46,136	45,362	1.71%
Non-current assets	74,438	74,290	0.20%
Total assets	120,574	119,653	0.77%
Current liabilities	35,473	33,500	5.89%
Non-current liabilities	46,571	48,603	-4.18%
Total liabilities	82,044	82,104	-0.07%
Equity attributable to the equity holders of the Company	18,792	18,323	2.56%
Total equity	38,531	37,549	2.61%
Total borrowings	58,543	56,978	2.75%
Cash and cash equivalents	31,108	32,189	-3.36
Net debt	27,435	24,789	10.68%
Net debt to total equity ratio	71.2%	66.0%	+5.2PPs
Net current assets	10,663	11,862	-10.11%



Financial Review – Consolidated Cash Flow

	2017 Q1 <i>RMB(mn)</i>	2016 Q1 <i>RMB(mn)</i>	Change
Net cash flows generated from operating activities	-644	-518	-126
Net cash flows generated from investing activities	-1,627	9,548	-11,175
Net cash flows generated from financing activities	1,292	-7,949 ¹	9,240
Net cash inflows in the year	-979	1,082	-2,061
Net related exchange gain/loss(-)	-102	-128	26
Net increase in cash and cash equivalents	-1,081	954	-2,035
Add: Cash & cash equivalents-Beginning	32,189	33,897	-1,709
Cash & cash equivalents-Closing	-644	-518	-126

1. Mainly due to the significant financing of acquisitions of agency companies and terminal companies from China Shipping Group in 1Q2016 as well as the additional purchase of shares in COSCO SHIPPING Ports from secondary markets, which involved large payments by cash.



COSCO SHIPPING Holdings Co., Ltd.



Part 2 | Market & Business Review



Market Review



Container Shipping and Related Business

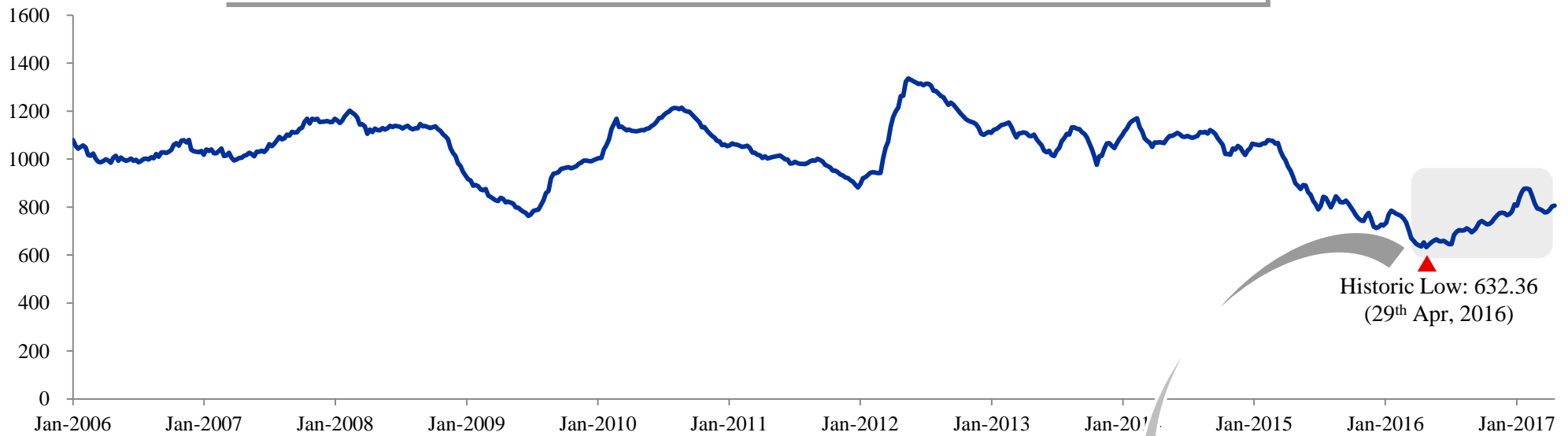


Terminal and Related Business

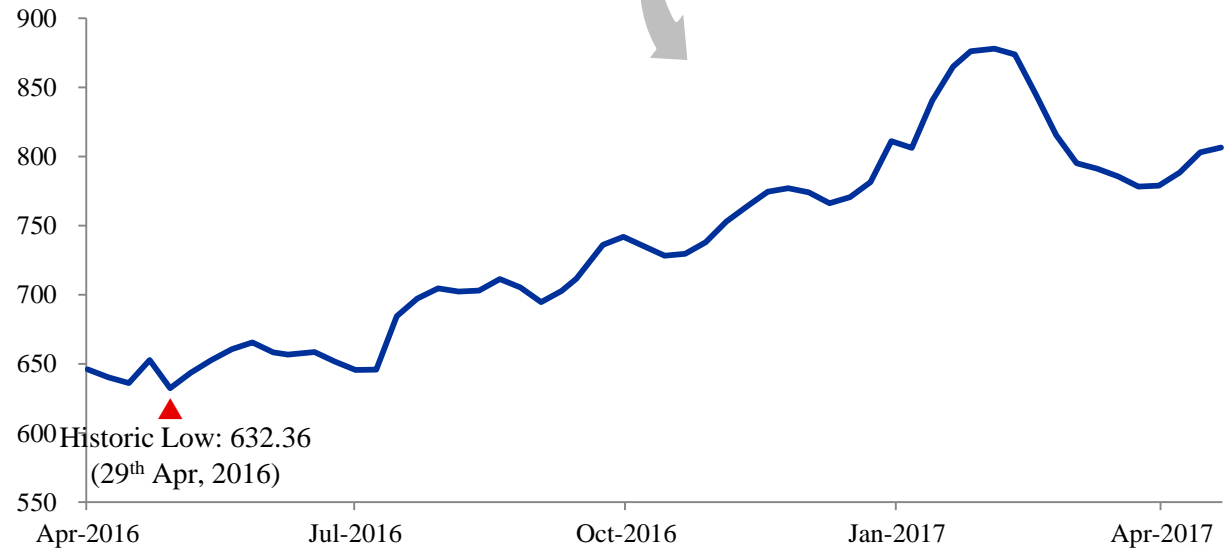


Market Review – CCFI showed the upward trend

CCFI (China Container Freight Index)



CCFI continued to show the upward trend from the historical low, although it seasonally weakened in this Feb. & Mar.

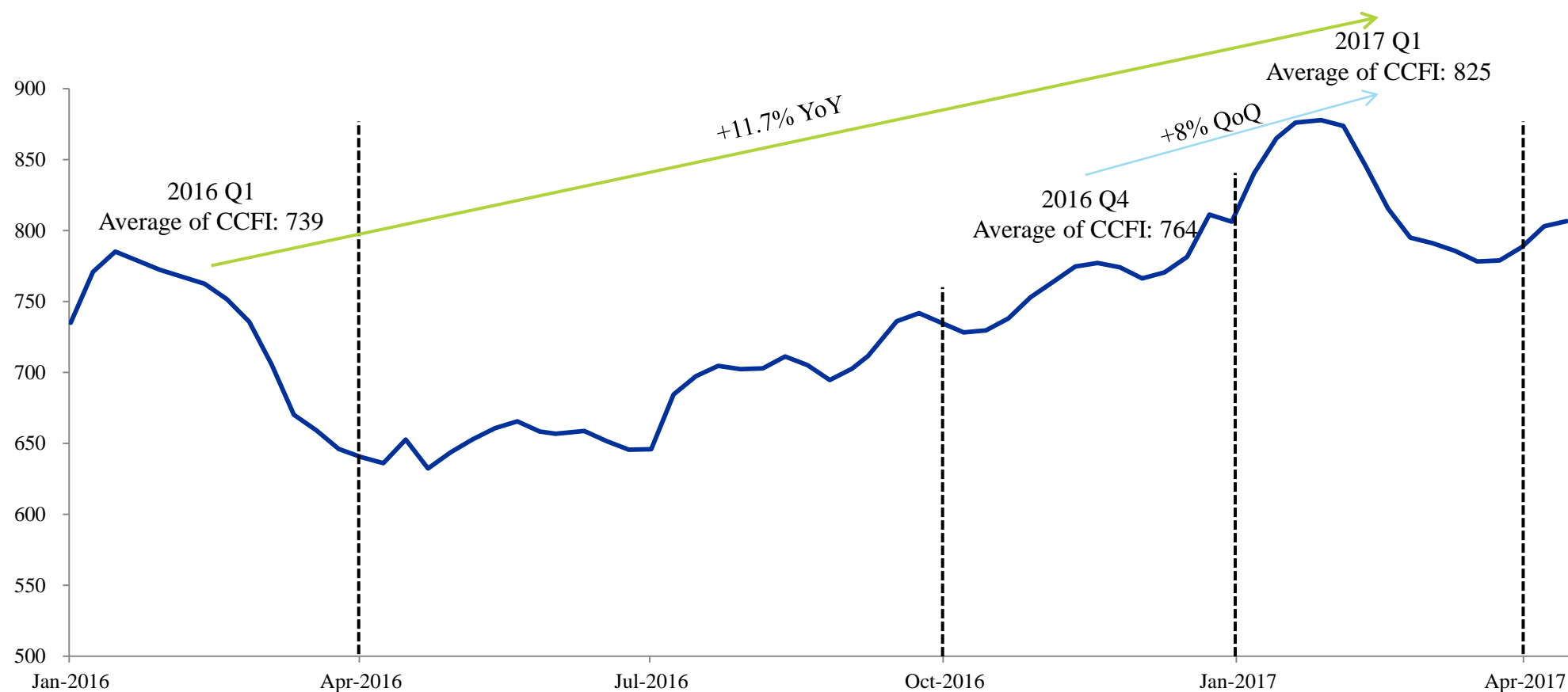


Source: Shanghai Shipping Exchange



Market Review – average of CCFI up 11.6% YoY

In 1Q2017, the average of CCFI was 825, increased by 11.7% YoY and 8% QoQ.

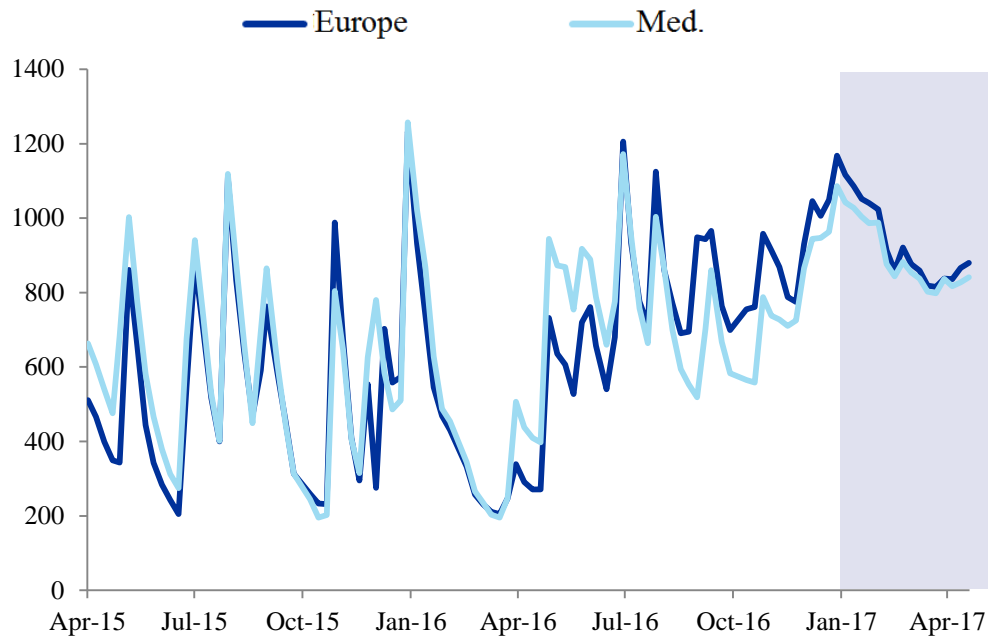


Source: Shanghai Shipping Exchange

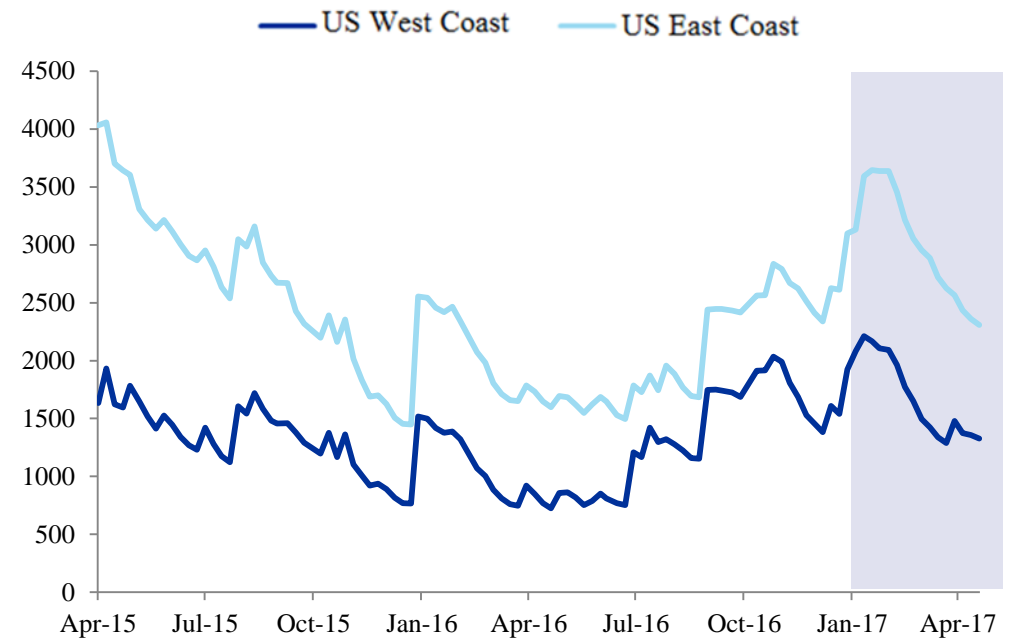


Market Review – freight rate of trunk routes

SCFI - Shanghai to Europe/Med. (USD/TEU)



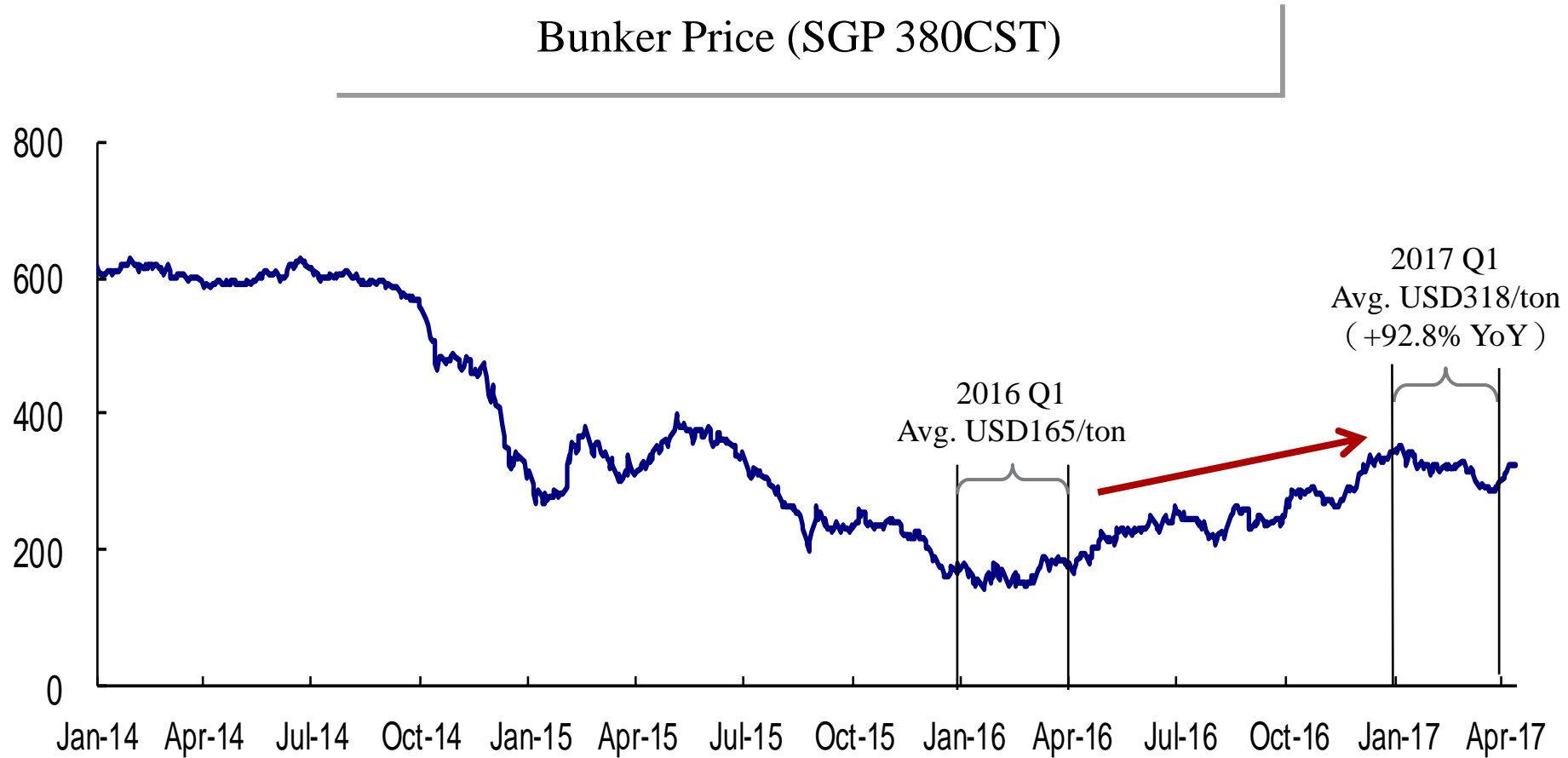
SCFI - Shanghai to USWC/USEC (USD/FEU)



Source: Shanghai Shipping Exchange



Market Review – higher bunker price





Business Review – transition to OCEAN Alliance on April 1st

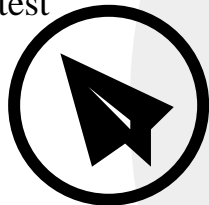
Global footprint: Ocean Alliance provides 41 services covering Trans Pacific, Europe, Middle East, Red Sea and the Transatlantic. We offer nearly 600 port pairs, more than current 543 port pairs covered by CKYE and O3 Alliance.



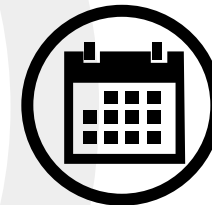
Capacity: an estimated 350 vessels, 3.5 million TEU capacity with the average size of 10,051 TEU, pouring new momentum into global trade.



Swift delivery: The shortest delivery time from Shanghai respectively to Djibouti(19Ds) , Dubai(17Ds), Abu Dhabi(20Ds), and Dammam(21Ds).



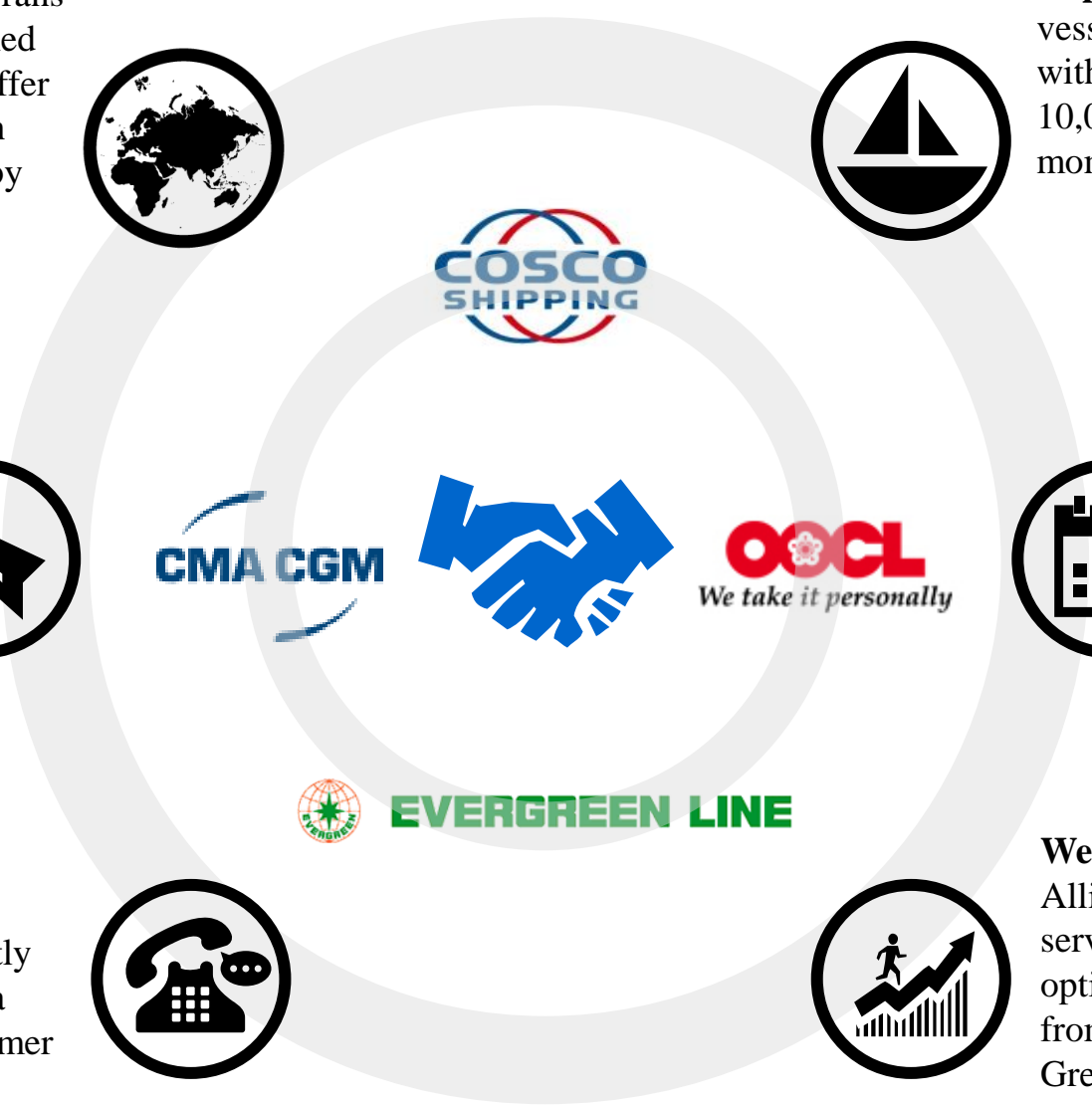
Reliable cooperation: On April 1, 2017, the first 5-years-phase of the cooperation was triggered. If parties agree, the agreement will continue for another five years. Now routes adjustments have been orderly and steadily pushing forward according to the released schedule.



Customers First, always: Jointly set up a Call Center, providing a rapid response catering to customer demand.






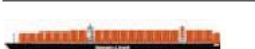


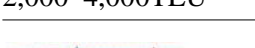
We Deliver Value: OCEAN Alliance offers unmatched valuable services with more convenient options such as NEW direct services from FE and SE.Asia to Piraeus in Greece to provide customers with more efficient, lower-cost and more diversified experiences.





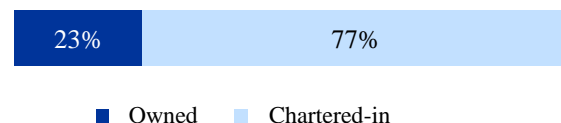
Business Review – optimized fleet structure

Fleet capacity¹ as at 31st Mar 2017 reached 327 vessels /1,699,586 TEUs, representing a 3.1% growth as compared with the beginning of this year, with average fleet age of 9.4 years.

		COSCO SHIPPING Lines operating		Combined	CSH ordered	CSD ordered	Combined order book
		owned	chartered-in				
	Capacity (TEU)	-	94,910	94,910	209,000	126,000	335,000
Above 15,000TEU	Vessels	-	5	5	11	6	17
	Capacity (TEU)	187,416	331,600	519,016	72,500	108,000	180,500
10,000–15,000TEU	Vessels	16	26	42	5	8	13
	Capacity (TEU)	18,184	340,143	358,327	27,276	-	27,276
8,000–10,000TEU	Vessels	2	38	40	3	-	3
	Capacity (TEU)	-	12,464	12,464	-	-	-
6,000–8,000TEU	Vessels	-	2	2	-	-	-
	Capacity (TEU)	173,384	364,163	537,547	-	-	-
4,000–6,000TEU	Vessels	37	77	114	-	-	-
	Capacity (TEU)	-	56,029	56,029	-	-	-
2,000–4,000TEU	Vessels	-	22	22	-	-	-
	Capacity (TEU)	14,240	107,053	121,293	-	-	-
Below 2,000TEU	Vessels	10	92	102	-	-	-
Total	Capacity (TEU)	393,224	1,306,362	1,699,586	308,776	234,000	542,776
	Vessels	65	262	327	19	14	33

1. Chartered-out capacity (3 vessel/ 8,770 TEUs) not included.

Ships owned and chartered ratio(by TEU)



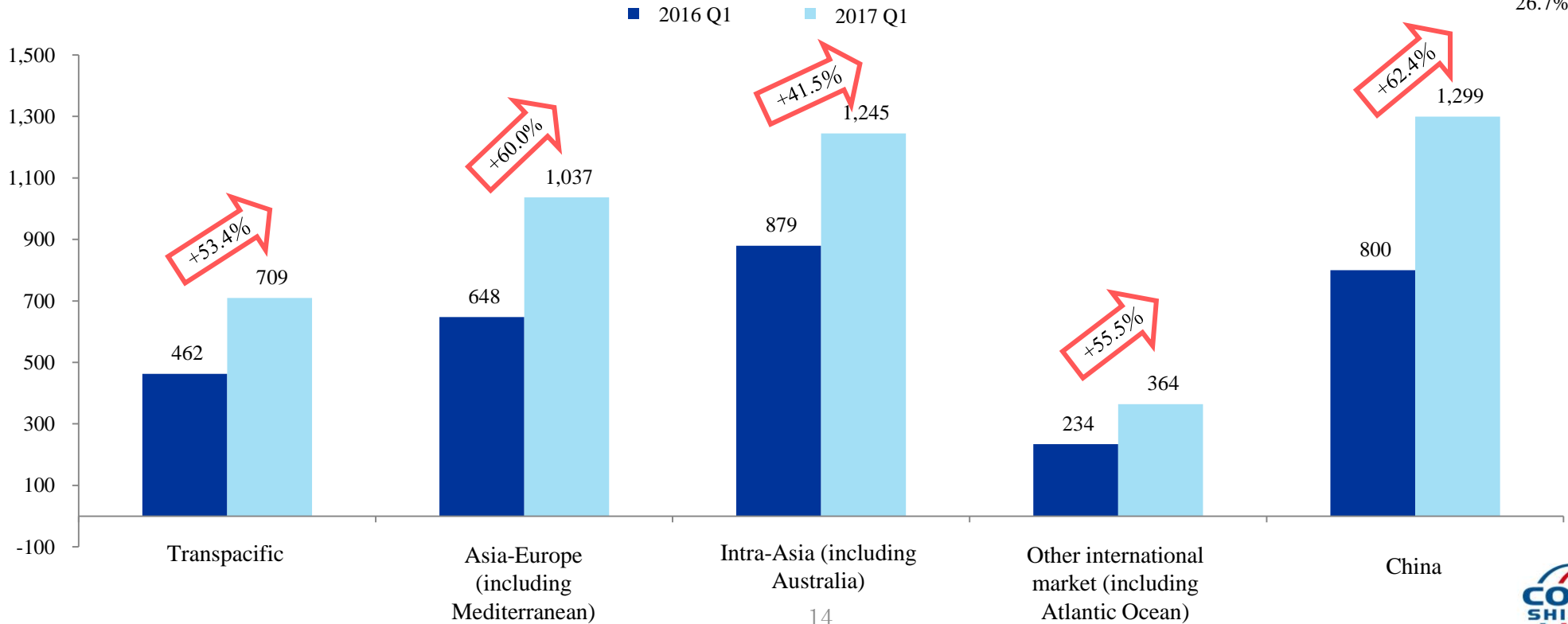
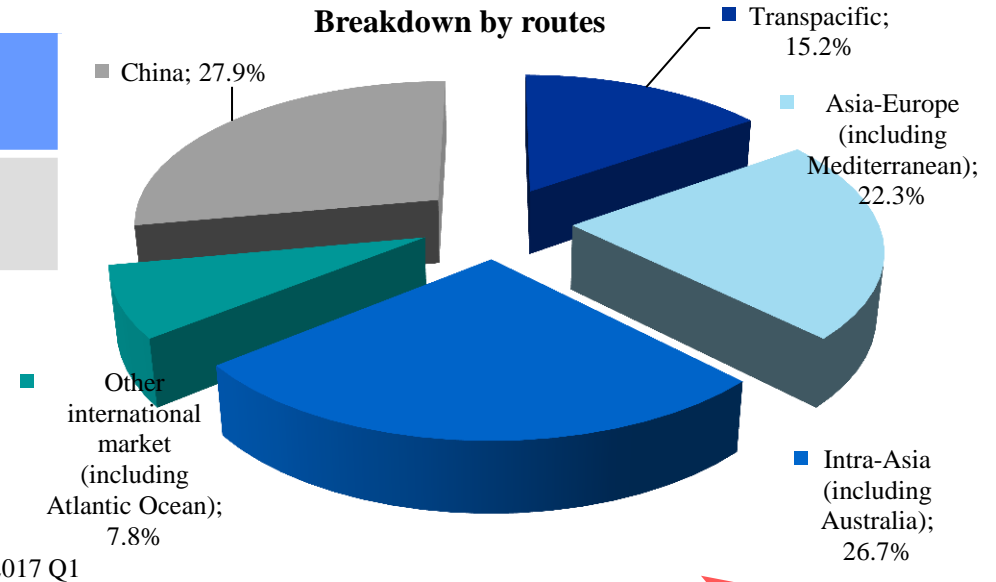
Owned capacity change in 2017 Q1

	No. of Vessels	TEUs
Scrapped	0	0
Deliveries	1	9,092



Container Shipping Review – Cargo volume

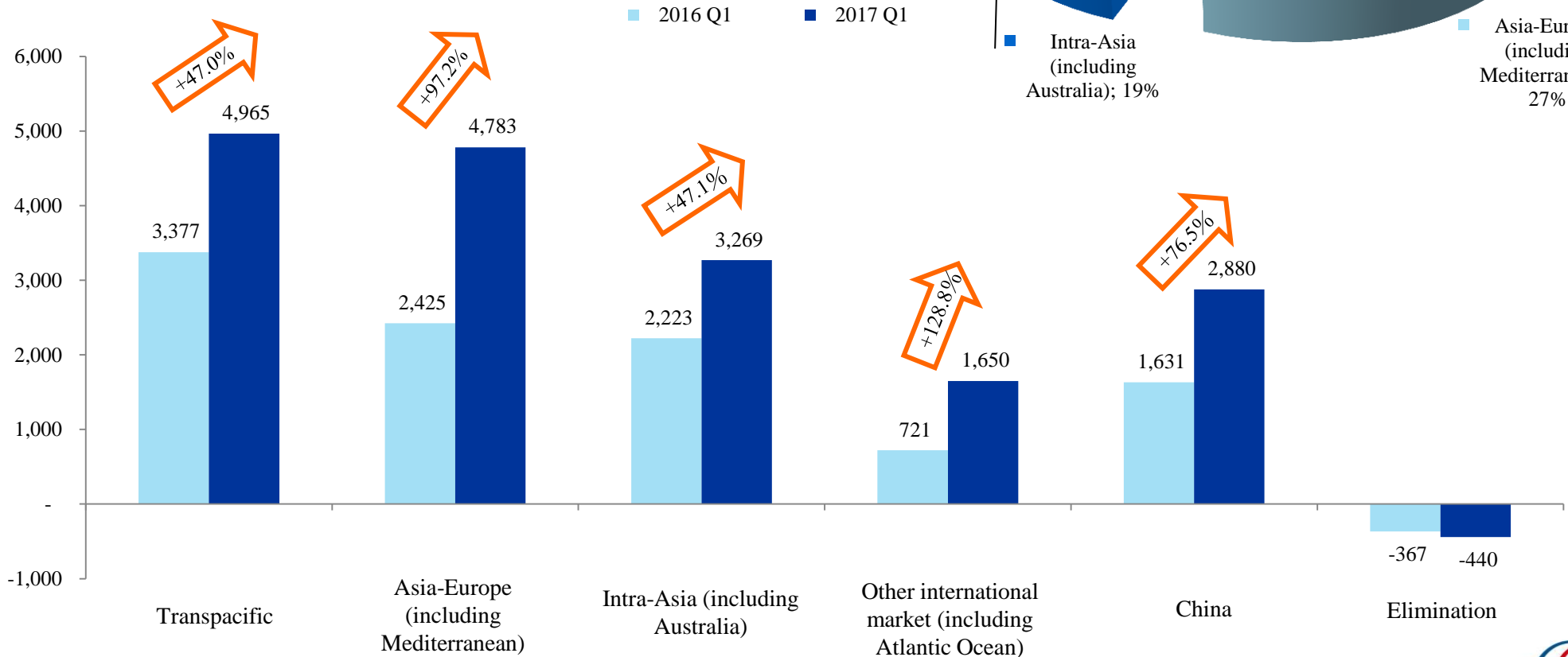
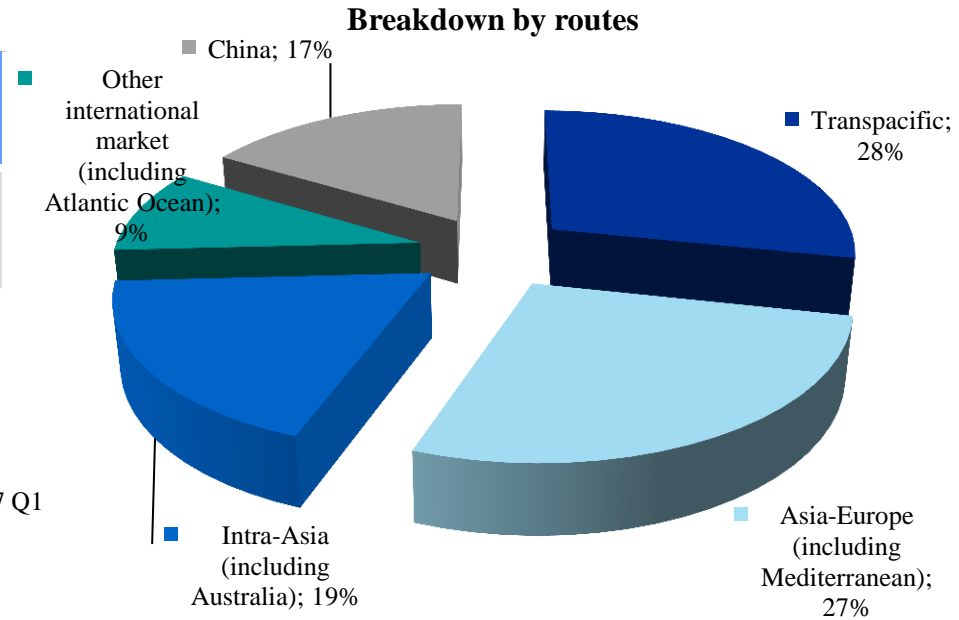
('000 TEU)	2017 Q1	2016 Q1	YoY
Cargo Volume	4,655	3,024	+53.9%





Container Shipping Review – Routes revenue

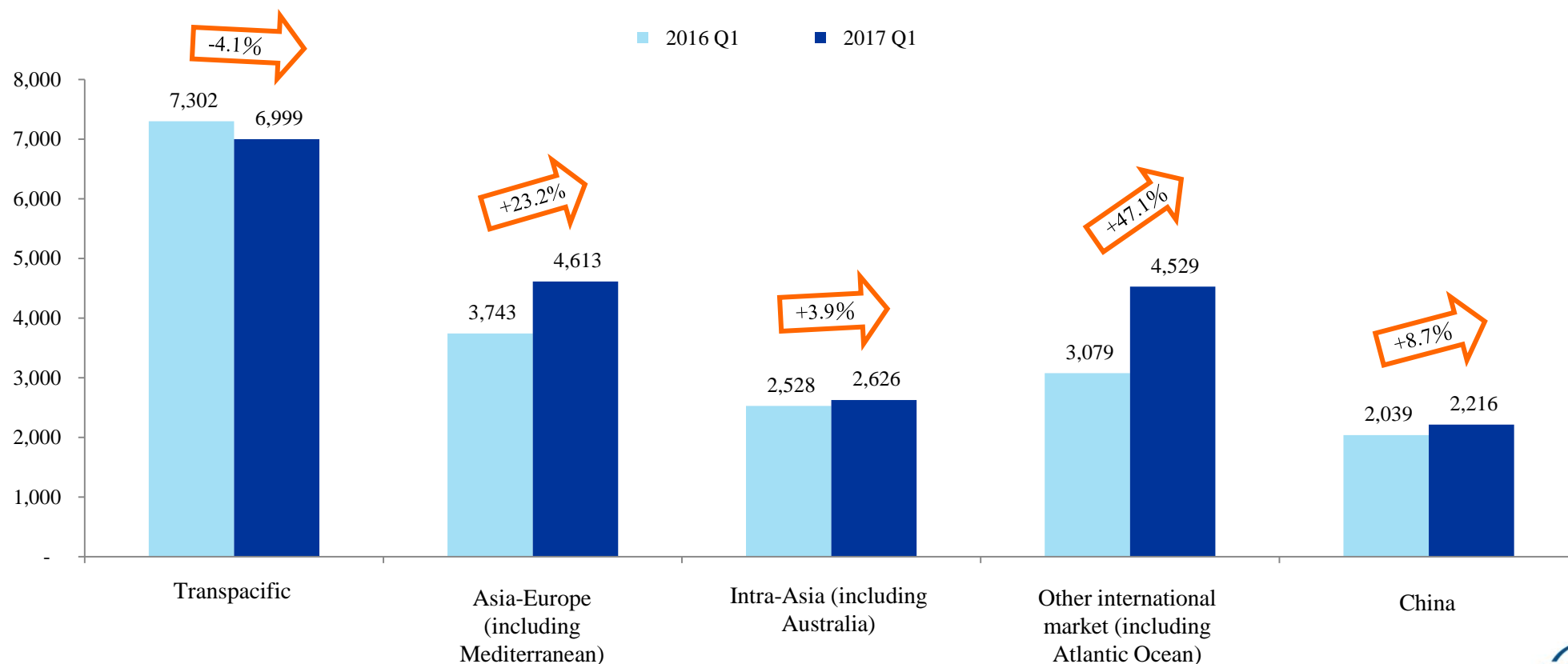
RMB(million)	2017 Q1	2016 Q1	YoY
Revenue from shipping routes	17,107	10,010	+70.9%





Container Shipping Review – Unit income

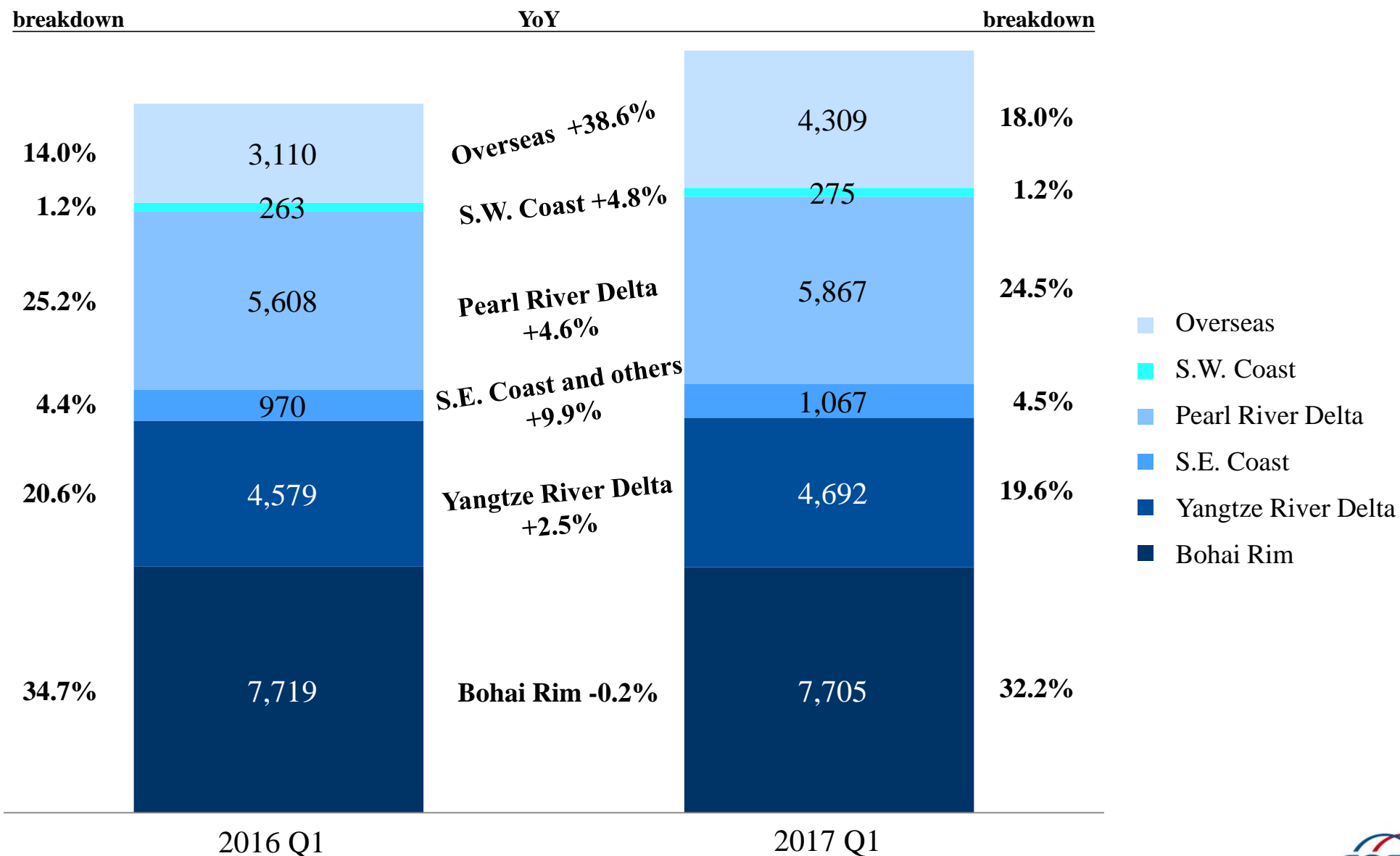
	2017 Q1	2016 Q1	YoY
Unit Income of international routes (RMB per TEU)	4,371	3,932	+11.2%
Unit Income of domestic routes (RMB per TEU)	2,216	2,039	+8.7%





Terminal Operating Review – Total throughput

Total throughput in 2017 Q1: 23.91 million TEUs, +7.5% YoY





COSCO SHIPPING Holdings Co., Ltd.



Part 3

Market Outlook & Development Strategy

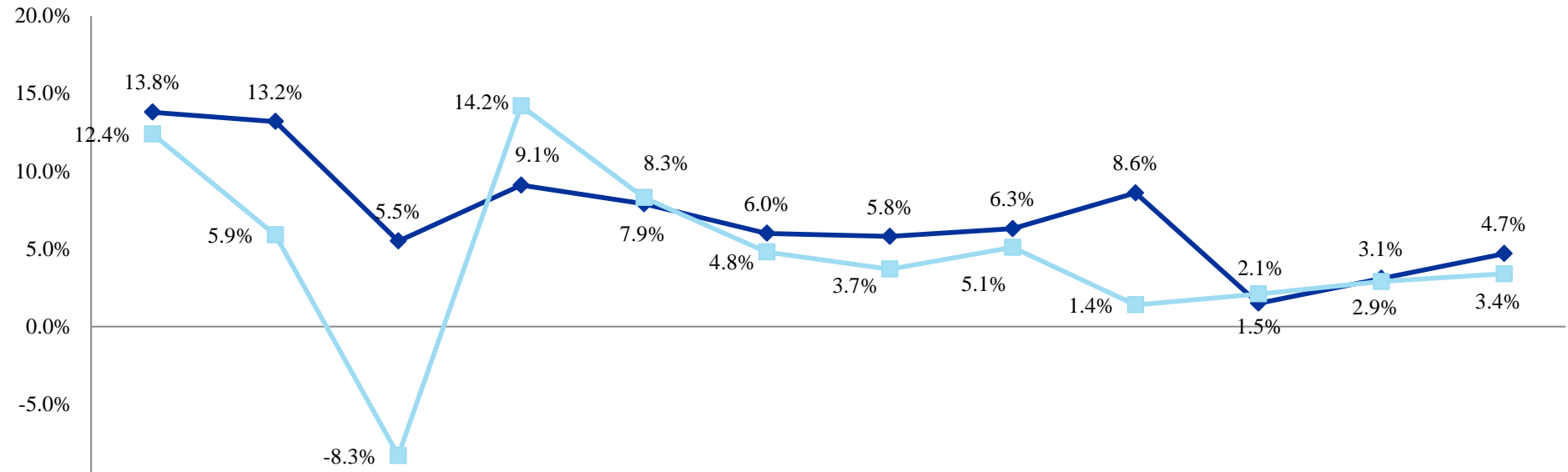
Market Outlook

Container Shipping Development Strategy

Terminal Development Strategy



Supply and Demand

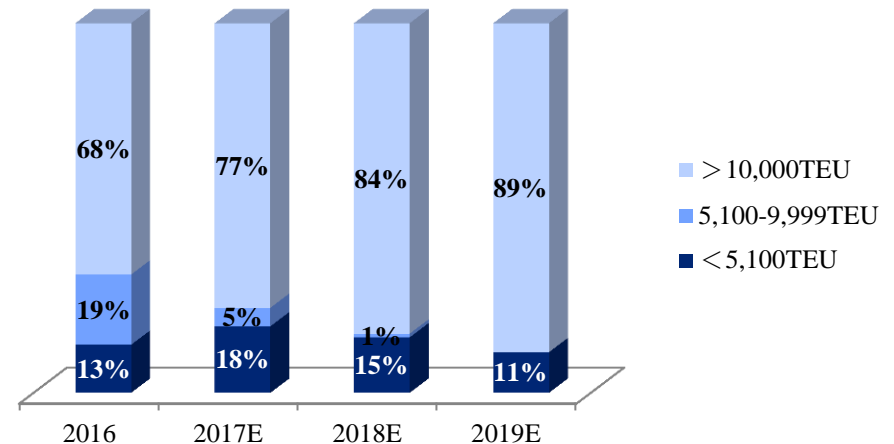


◆ Capacity growth(%)	13.8%	13.2%	5.5%	9.1%	7.9%	6.0%	5.8%	6.3%	8.6%	1.5%	3.1%	4.7%
■ Throughput growth(%)	12.4%	5.9%	-8.3%	14.2%	8.3%	4.8%	3.7%	5.1%	1.4%	2.1%	2.9%	3.4%

2016-19 Fleet Projections ('000 TEU)

	2016	2017E	2018E	2019E
Newbuild deliveries	935	1,320	1,487	412
Scrapping	665	700	500	250
Capacity at year-end	20,273	20,896	21,883	22,046
Annual growth rate	1.5%	3.1%	4.7%	0.7%

Source: Alphaliner, April 2017





Container Shipping Development Strategy – Four core strategies

Focusing on the implementation of four core strategies to enhance the international competitiveness and improve operating performance.

1 Globalization Optimize the shipping routes and network allocation, to implement the globalization strategy

- To establish a globalized network layout and an alliance operation system that adapt with the shipping capacity so as to achieve the OCEAN Alliance’s service advantages in east-west trunk routes and provide new momentum for global trading.
- To capture strategy opportunities, such as the “One Belt One Road” and “Yangtze River Economic Belt” to improve performance in emerging market and third-country routes.

2 Customer-oriented Enhance service capabilities and improve customer experience

- To insist on being customer-centric, demand-oriented, reliant on global resources in providing customers with customized services in order to meet their diversified demands
- To strengthen the construction of marketing team, improve customer experience.

3 Low Cost Accelerate to realize synergies

- To strengthen cost control and explore in depth the potential synergy of the optimization of shipping route network layout, container management, and supplier procurement.

4 One-stop transportation capability Further improve the capability to provide one-stop solutions to customers

- To strengthen the capabilities in one-stop transportation solutions and the seamless articulation with highways and railways so as to further enrich and improve the service model and provide customers with more choices and convenience
- To create more intermodal transportation products, strengthen the status of Piraeus as hub port.



Terminal Development Strategy – Three new strategies

Focusing on three new strategies to unleash unique advantages

1

Globalization

- Actively seeking terminal assets on a global basis that offer good intrinsic value and long-term returns, so as to develop a comprehensive, well-balanced global terminals network
- We prioritize control, the capability of generating higher shareholder returns, as well as the value brought to our terminal network at large
- Target locations: Europe, Central and Southern America, SE Asia, Africa
- The pace of our globalization has accelerated since 2016

2

Synergies

- Fully exploiting the dominance arising from COSCO SHIPPING Lines and seizing significant market share within the OCEAN Alliance
- Volume commitment from COSCO SHIPPING Lines and the OCEAN Alliance
- Enhanced bargaining power in bidding for terminal projects

3

Control

- Increase the proportion of terminals with controlling stakes
- Carry out equity investments in port companies strategically
- Adopt a standardized management and information system for all terminals with controlling stakes



COSCO SHIPPING Holdings Co., Ltd.



Thanks !



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