

IR Presentation

Q3 2019



12th November 2019
Pan Ocean

This Presentation may contain certain forward-looking statements. Such forward-looking statements are affected by known and unknown risks, uncertainties and other factors, which may cause material differences in the actual results or performance of Pan Ocean from any future result or performance expressed or implied in this release.

Such forward-looking statements are based upon numerous assumptions regarding Pan Ocean's business strategies and the political and economic environment, which may be varied with the fluctuation of market environment and the modification of business strategies of Pan Ocean.

I. IR Focus

- Q3 Highlight
- Long-term Cargo Contracts
- Vessels under Construction

II. Business Overview

- Shareholders
- Business segment
- Cargo
- Fleet

III. Market Overview

- Dry Bulk Market
- Dry Bulk Carrier
- Dry Bulk Orderbook & Demolition
- Dry Bulk Trading Volume

Appendix.

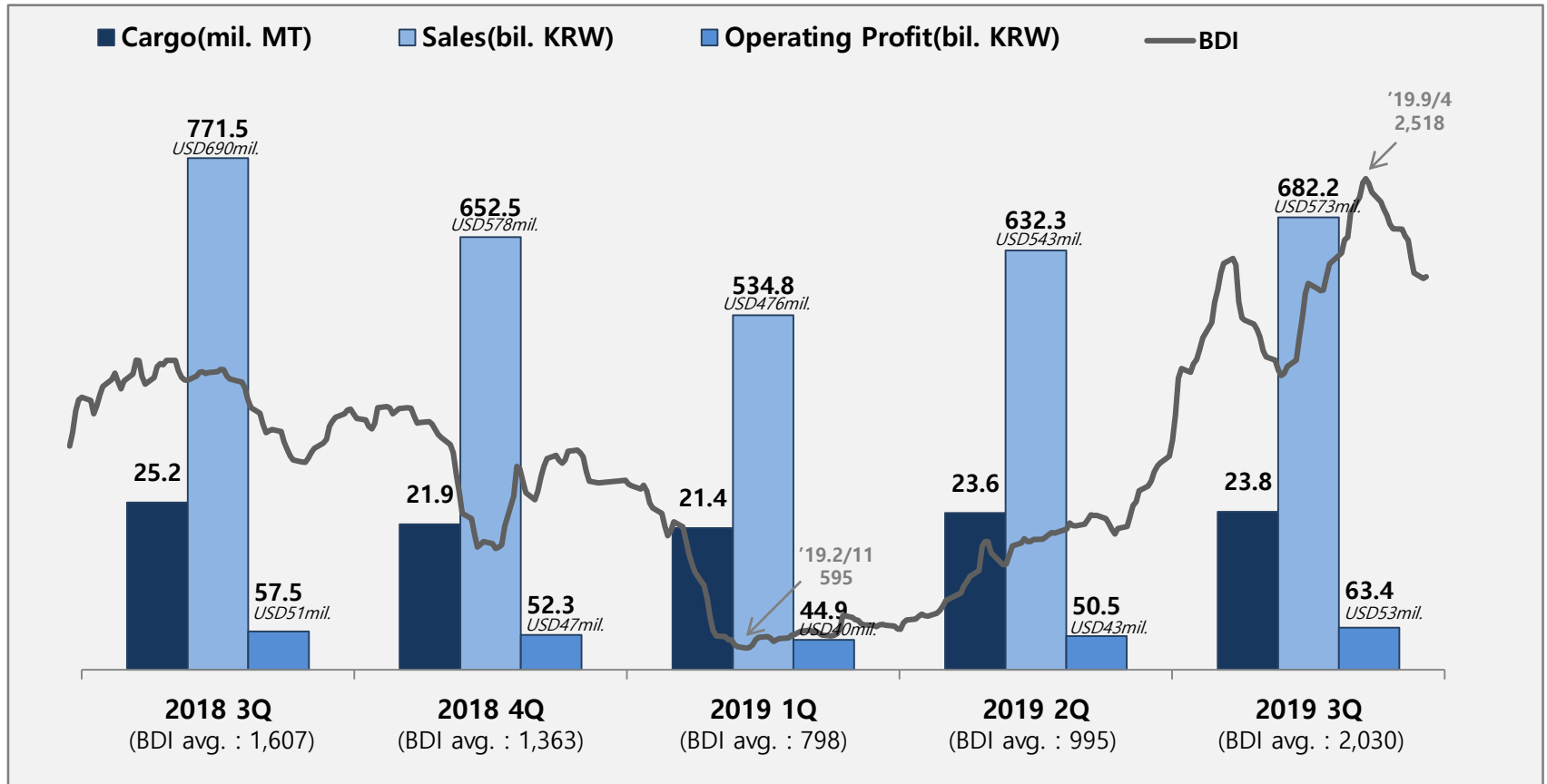
- Financial Result
- Chinese Major Dry Bulk Import
- Annual Result by Segment
- Grain Trading Business
- Tanker Market Index



I . IR Focus

- Q3 Highlight
- Long-term cargo contracts
- Vessels under construction

- Q3 Highlight (consolidated financial figures)



- Sales decreased by 12% compared with the 3Q18 due to a decrease of nearly 5.5% in the volume of shipments and a decrease of sales of grain business
- However, operating profit increased by nearly 10% because of an unexpected surge in BDI

● Long-term Cargo Contracts (CVC)

(as of the end of 3Q, 2019)

Customer	No. of vessel	Remaining (year)	IMO SOx Regulation	Remark
Vale	8	17.3	Scrubber	
Subsidiary of KEPCO	7	9.0	Scrubber for 2, LSFO for 5	KOSPO 3, KOEN 2, KOMIPO 1, EWP 1
Suzano (ex. Fibria)	8	17.1	LSFO	
POSCO	4	9.4	Scrubber for 2, LSFO for 2	
Hyundai Steel	3	10.7	LSFO	
Total	30	13.6		

● Vessels under construction

(as of the end of 3Q, 2019)

Type	Size	No. of vessel	Delivery	Remark
	62K Open Hatch Type	2	Oct 2019 & Feb 2020	CVC with Suzano (15 years + option 10 years)
	325K VLOC	6	Nov 2019 ~ Mar 2021	CVC with Vale (27 years)
Bulkier	37.5K Logger	2	Jun & Dec 2020	
	63.5K Ultramax	3	Sep & Oct & Dec 2020	
	208K Newcastlemax	2	Sep & Oct 2020	Vale COA (5 years)
Container	1800TEU	2	Nov 2019 & Jan 2020	Replacement of chartered vessel
Total		17		

※ 3 vessels(62K Open Hatch Type, 325K VLOC and 1800TEU) was already delivered. 14 vessels are under construction as of 12th Nov., 2019.

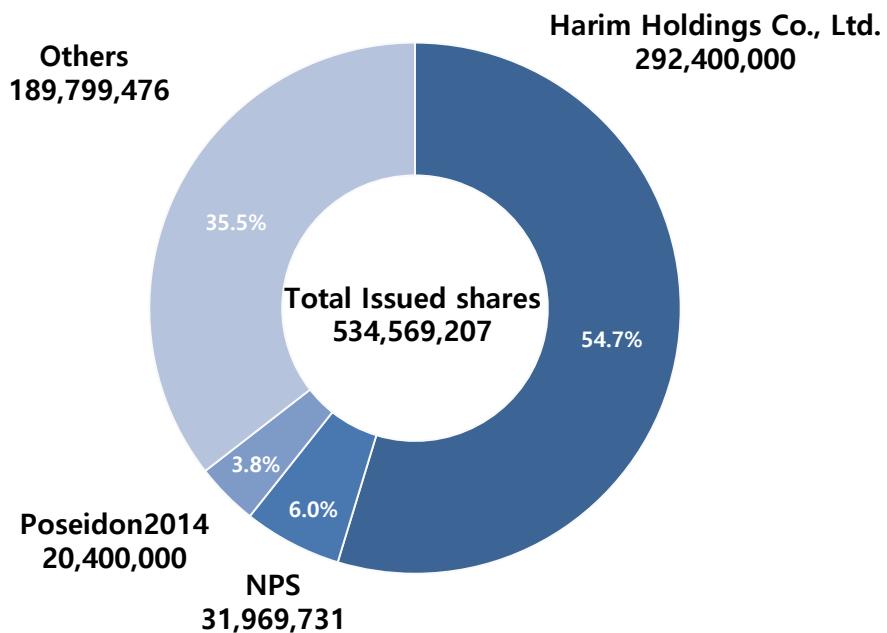
II. Business Overview

- Shareholders
- Business segment
- Cargo
- Fleet



Main Shareholders

(as of the end of 2018)



Harim Group

Name	Harim
Group CEO	Kim Hong Kuk
Foundation	7 th Dec. 2001
Share Capital	KRW 9.4 bil. (FY2018)
No. of employee	Approximately 11,000
Main Business	Poultry, Pig raising, Feed, Distribution
Main Company	Harim, Sunjin, Farmsco, NS Shopping
Homepage	www.harimholdings.com

SHIPPING

Dry Bulk



Steel / Forestry



Grain / Fertilizer / Wood Pulp



Iron Ore / Coal / Grain

Non Dry Bulk



Tanker



Container



LNG Carrier



Heavylift

NON SHIPPING

Grain Trading



Corn / Soybean

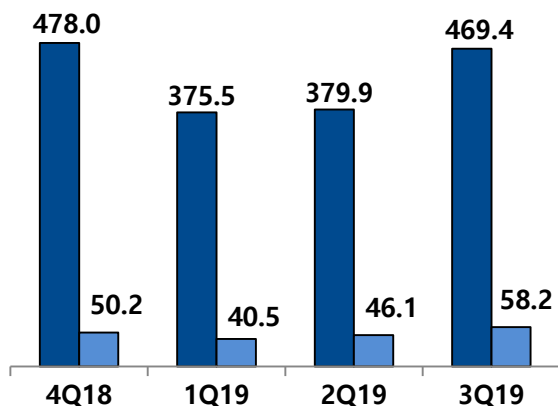
Ship Management



Ship Maintenance / Crew

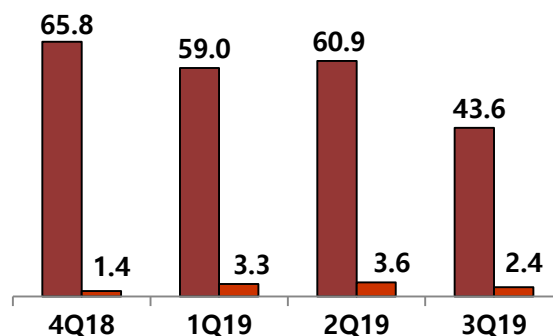
Dry Bulk

■ Sales ■ Operating Profit (Unit : bil. KRW)



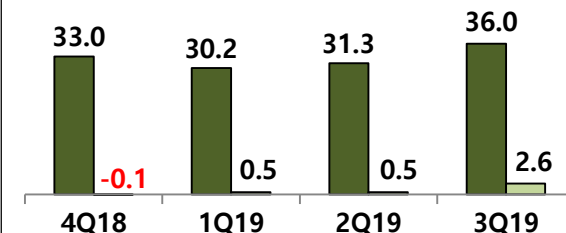
Container

■ Sales ■ Operating Profit (Unit : bil. KRW)



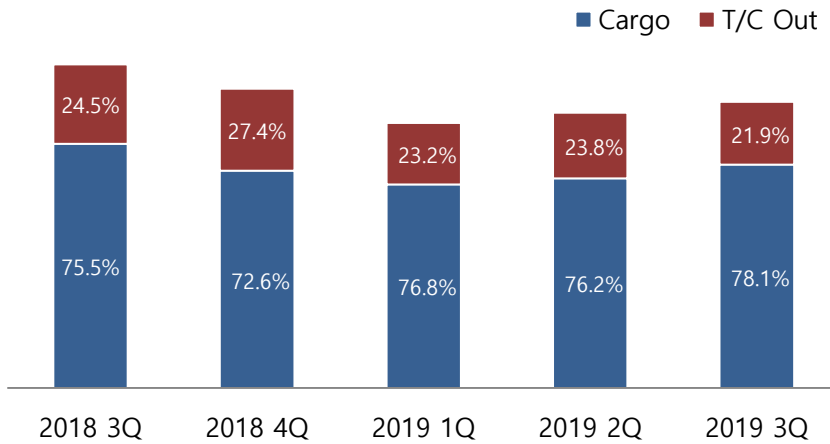
Tanker

■ Sales ■ Operating Profit (Unit : bil. KRW)

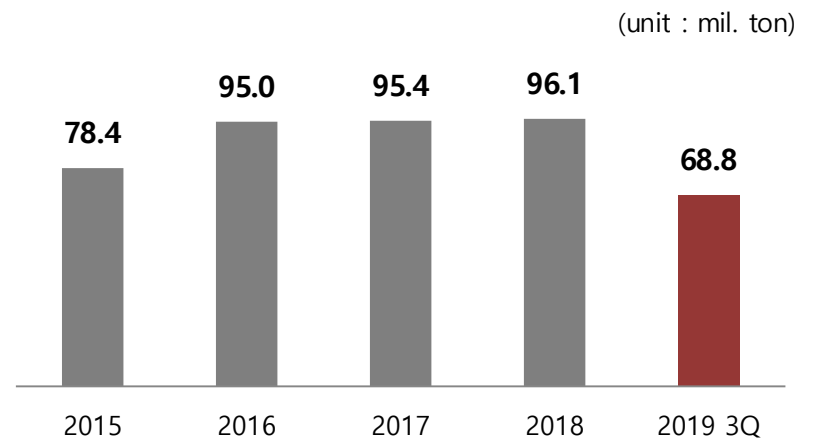


* This figure was based on consolidated financial statement and all amount of elimination of inter-segment was included to dry bulk segment.

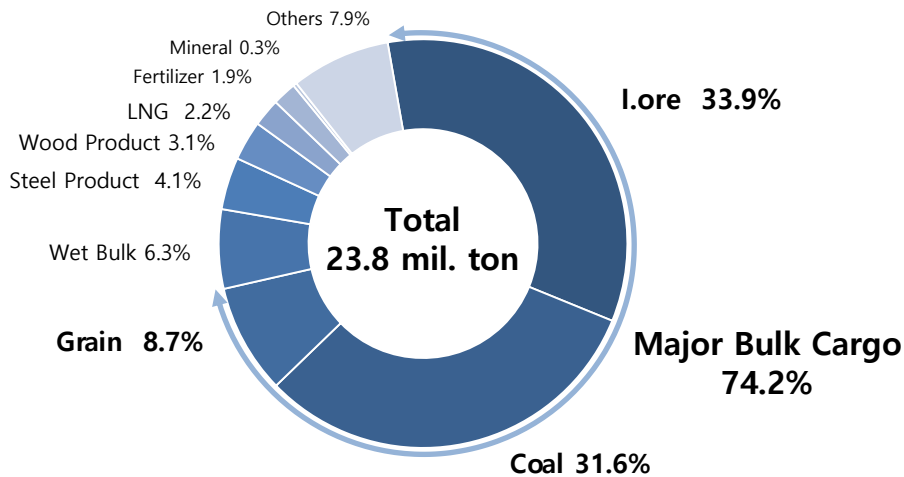
Cargo vs T/C Out (Duration)



Annual Volume



Dry Bulk Cargo Trades (2019 3Q)



Loading & Discharging Areas

	2019 3Q		2019 2Q	
	Loading	Discharging	Loading	Discharging
Oceania	34.3%	1.6%	43.4%	0.5%
Asia	32.5%	92.5%	26.9%	96.2%
Pacific	66.7%	94.1%	70.3%	96.7%
S. America	22.8%	0.2%	16.7%	1.2%
N. America	8.9%	3.6%	11.1%	2.6%
Africa	1.3%	0.5%	1.9%	0.5%
Europe	0.3%	1.6%	0.0%	0.3%
Atlantic	33.3%	5.9%	29.7%	3.3%

Fleet (no. of vessel)

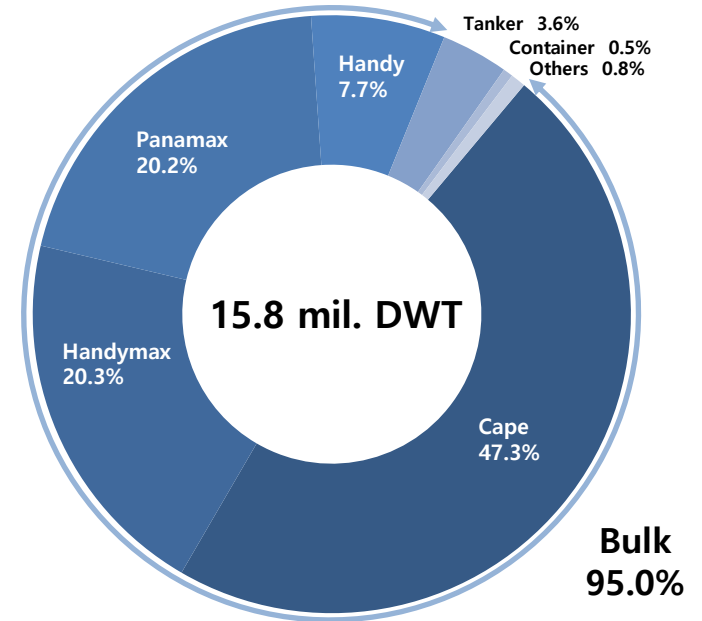
(as of the end of 3Q, 2019)

	Owned (CVC)	Chartered-in (over 1year*)	Total
Handy (10~40K)	9	24 (1)	33
Handymax (40~65K)	14 (8)	41 (3)	55
Panamax (65~100K)	12 (3)	28	40
Cape (100K~)	27 (19)	5	32
Dry Bulk	62 (30)	98 (4)	160
MR Tanker	10	-	10
Chemical Tanker	6	1	7
Container	2	5 (1)	7
Heavy Lift	2	-	2
LNG	-	1 (1)	1
Non-Dry Bulk	20	7 (2)	27
Total	82 (30)	105 (6)	187

※ No. of owned vessels are 85 as of 12, Nov. 2019 * Based on total contract period

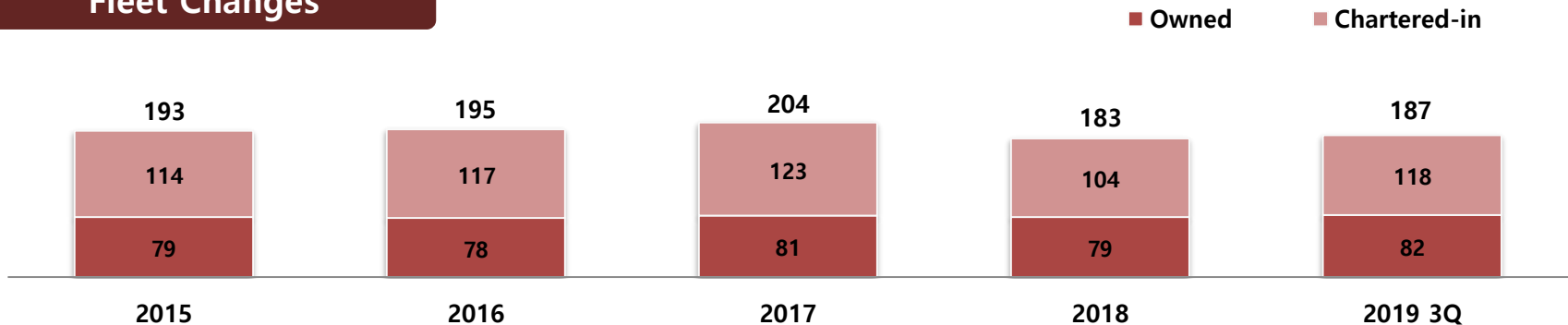
Fleet (DWT)

(as of the end of 3Q, 2019)



Average age for owned vessel : 8.7years
(7.4years for only Bulkers)

Fleet Changes

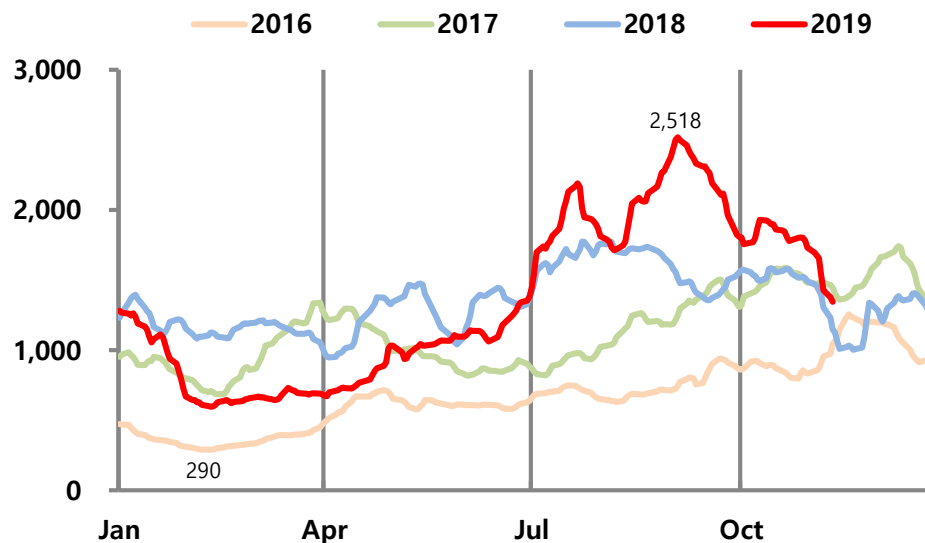




III. Market Overview

- Dry Bulk Market
- Dry Bulk Carrier
- Dry Bulk Orderbook & Demolition
- Dry Bulk Trading Volume

BDI Trend (2016~2019)



Annual Average of BDI

	2016	2017	2018	2019 (1/1~11/11)
BDI	673	1,145	1,353	1,350
*Cape T/C Avg.	7,388	15,128	16,529	17,727
P'max T/C Avg.	5,562	9,766	11,654	11,269
S'max T/C Avg.	6,236	9,775	11,487	10,093
Handy T/C Avg.	5,214	7,636	8,700	7,169

(Cape : 5 T/C, S'max : 10 T/C average)

Forecast for 2020

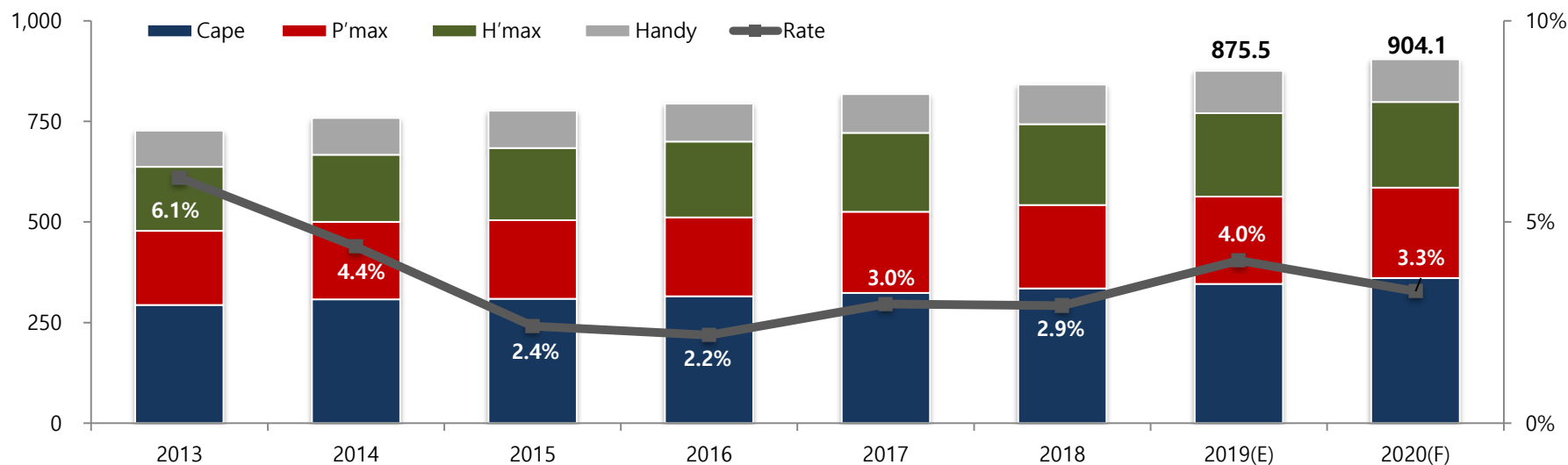
Cargo (Demand)	<ul style="list-style-type: none"> As Brazil Vale's production has been restored and China's steel demand is expected to remain steady, global iron ore shipments predict to rise, similar to the level of 2018, and, the coal shipments are forecasted to maintain the upward growth by the increase in the electricity demand in India and South East Asia. However, uncertainties over the US-China trade tension will be remaining as a main factor of market fluctuation next year
Fleet (Supply)	<ul style="list-style-type: none"> The demolition of aged vessels would be accelerated due to IMO's SOx regulation (As of the end of 3rd quarter 2019, nearly 10%(1,178 vessels) of the total bulk fleet is more than 20 years old) Meanwhile, the fleet growth rate might increase continually because vessel's actual delivery would remain high due to positive market condition

➔ **We expect upward trend to continue in 2020 as well, however, there would be some fluctuation caused by demolitions of existing vessels related to environmental regulation**

Dry Bulk Carrier

(Unit : mil. DWT)

(Source : Clarksons)



(Unit : mil. DWT)

	2013	2014	2015	2016	2017	2018	2019(E)	2020(F)	Rate
Cape	293.8	307.7	309.2	315.2	323.9	335.0	346.1	361.1	4.3%
P'max	184.5	192.4	195.2	196.1	201.5	206.9	217.0	224.5	3.5%
H'max	158.5	166.8	179.5	188.4	196.0	200.9	207.4	212.8	2.6%
Handy	90.0	91.8	93.0	94.4	96.2	98.6	105.0	105.7	0.7%
Total	726.8	758.7	777.0	794.0	817.5	841.4	875.5	904.1	3.3%

Dry Bulk Orderbook

(Source : Clarksons)

	2019		2020		2021 ~		Total	
	No. of vessel	mil. DWT	No. of vessel	mil. DWT	No. of vessel	mil. DWT	No. of vessel	mil. DWT
Cape	39	9.2	115	25.2	63	15.0	217	49.4
P'max	36	3.0	167	13.8	65	5.4	268	22.2
H'max	47	2.9	150	9.2	61	3.4	258	15.6
Handy	27	0.9	95	3.1	20	0.6	142	4.6
Total	149	16.0	527	51.3	209	24.5	885	91.7

* Actual delivery by the end of 3Q 2019 : 320 vessels(29.3mil dwt)

Dry Bulk Vessel Demolition

(Source : Clarksons)

	2013	2014	2015	2016	2017	2018	2019(F)	2020(F)
Demolition (mil. DWT)	23.2	16.4	30.7	29.3	14.7	4.4	7.3	13.7
Demolition Age (average years)	28.2	27.4	25.2	23.3	24.6	28.3	-	-

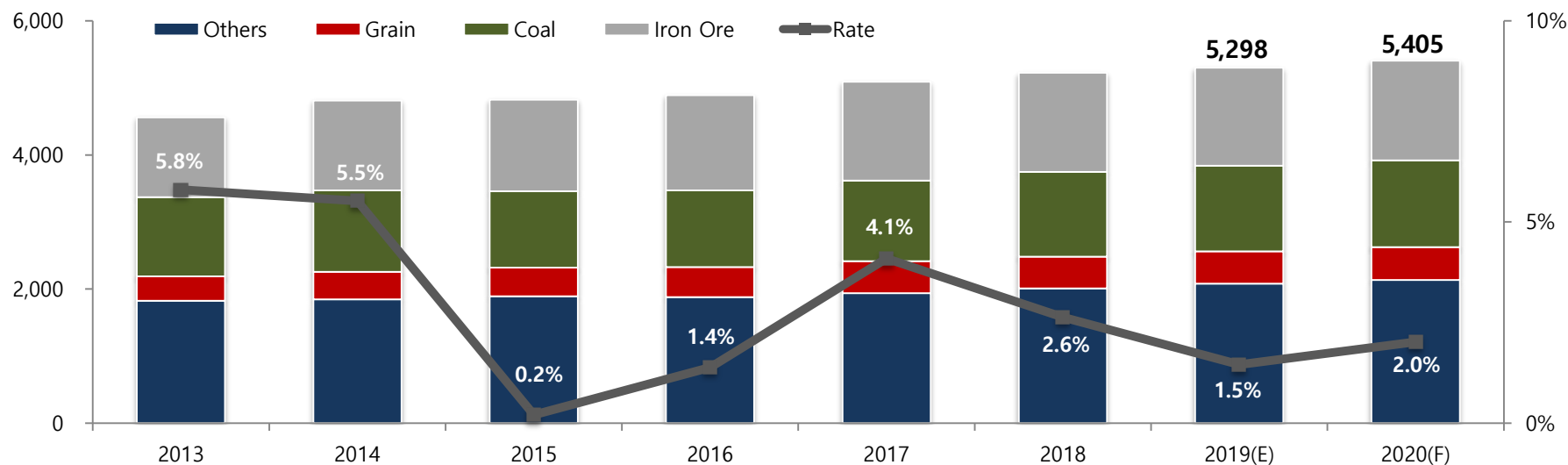
* Actual demolition by the end of 3Q 2019 : 58 vessels(5.4mil. dwt)

Dry Bulk Trading Volume

Dry Bulk Trading Volume

(Unit : mil. ton)

(Source : Clarksons)



(Unit : mil. ton)

	2013	2014	2015	2016	2017	2018	2019(E)	2020(F)	Rate
Iron Ore	1,188	1,340	1,364	1,418	1,473	1,476	1,457	1,487	2.1%
Coal	1,183	1,217	1,138	1,141	1,202	1,263	1,278	1,293	1.2%
Grain	363	407	429	450	476	473	480	490	2.1%
Others	1,826	1,848	1,892	1,880	1,938	2,011	2,083	2,135	2.5%
Total	4,560	4,812	4,822	4,889	5,089	5,223	5,298	5,405	2.0%



Appendix.

- Financial Result
- Chinese Major Dry Bulk Import
- Annual Result by Segment
- Grain Trading Business
- Tanker Market Index

Financial Result

(unit : KRW 100mil.)

	2018					2019		
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q
BDI average	1,175	1,260	1,607	1,363	1,353	798	995	2,030
Sales	5,655	6,788	7,715	6,525	26,683	5,348	6,323	6,822
Cost of sales	5,049	6,102	6,976	5,776	23,903	4,717	5,643	6,013
Gross Profit	606	686	739	749	2,780	631	680	809
S&A expenses	166	185	164	226	741	182	175	175
Operating Profit	440	501	575	523	2,039	449	505	634
OP rate	7.8%	7.4%	7.5%	8.0%	7.6%	8.4%	8.0%	9.3%
Non OP & Income Tax	-76	-128	-146	-203	-553	-168	-136	-87
Net Profit	364	373	429	320	1,486	281	369	548
EBITDA	849	912	1,003	961	3,725	917	1,006	1,165

	2018				2019		
	End of 1Q	End of 1H	End of 3Q	End of Year	End of 1Q	End of 1H	End of 3Q
Assets	39,295	41,055	41,461	41,195	42,427	43,595	45,274
Cash & equivalents	2,357	2,217	2,162	2,087	2,202	2,107	2,609
Vessel and etc	32,191	33,563	33,500	33,628	35,208	35,911	37,660
Liabilities	14,978	15,112	15,322	14,591	15,069	15,417	15,471
Borrowings	12,255	12,345	11,621	11,328	11,595	11,544	11,893
Equity	24,317	25,943	26,139	26,604	27,358	28,178	29,803
Debt ratio (Liabilities/Equity)	62%	58%	59%	55%	55%	55%	52%

Chinese Major Dry Bulk Import

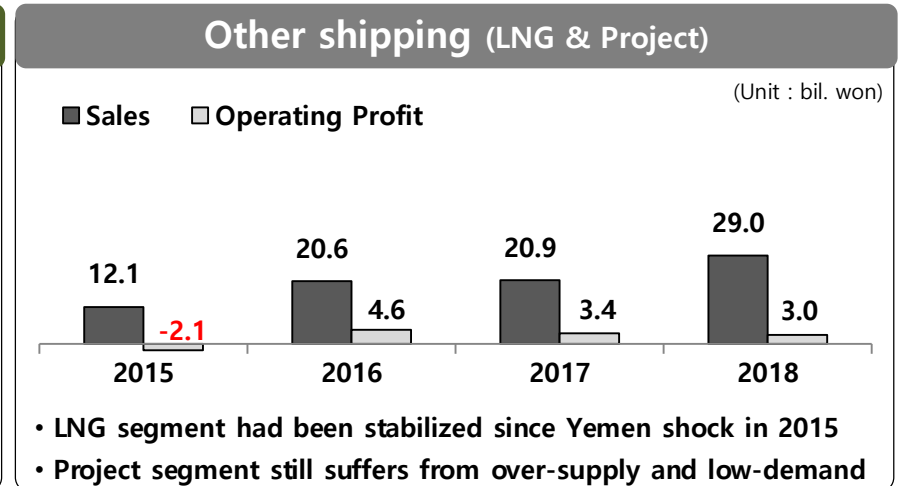
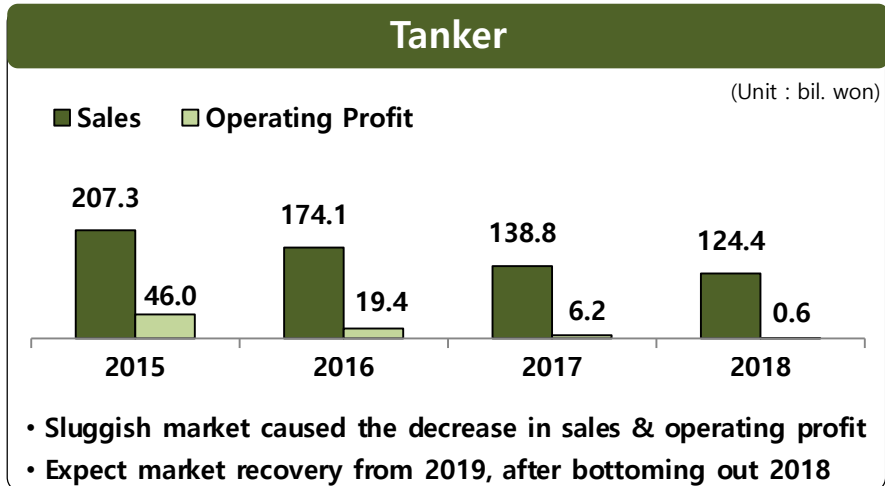
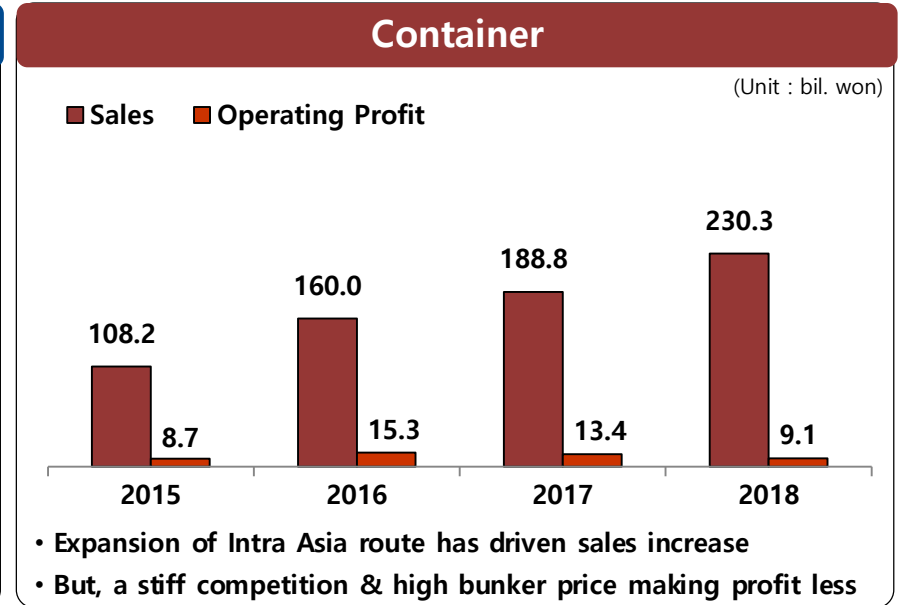
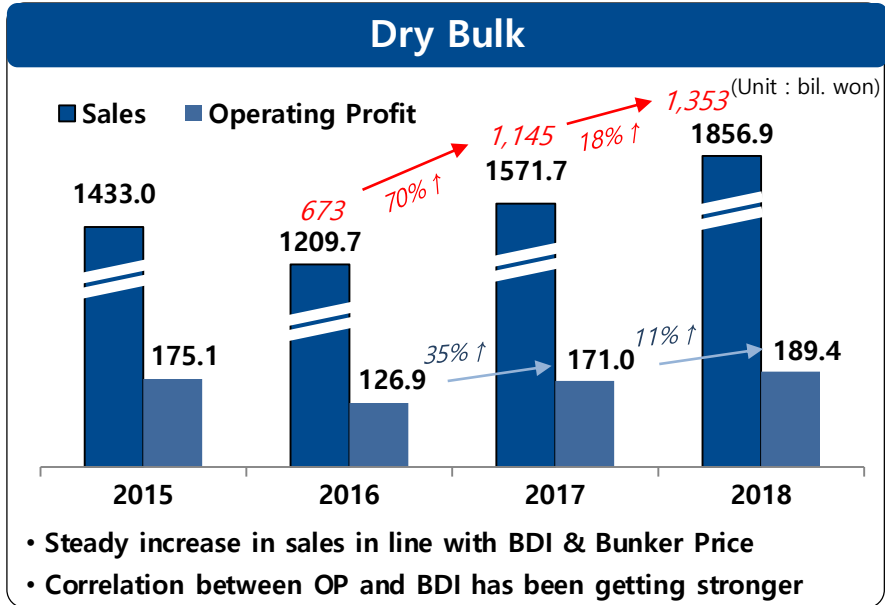
(Unit : mil. ton)

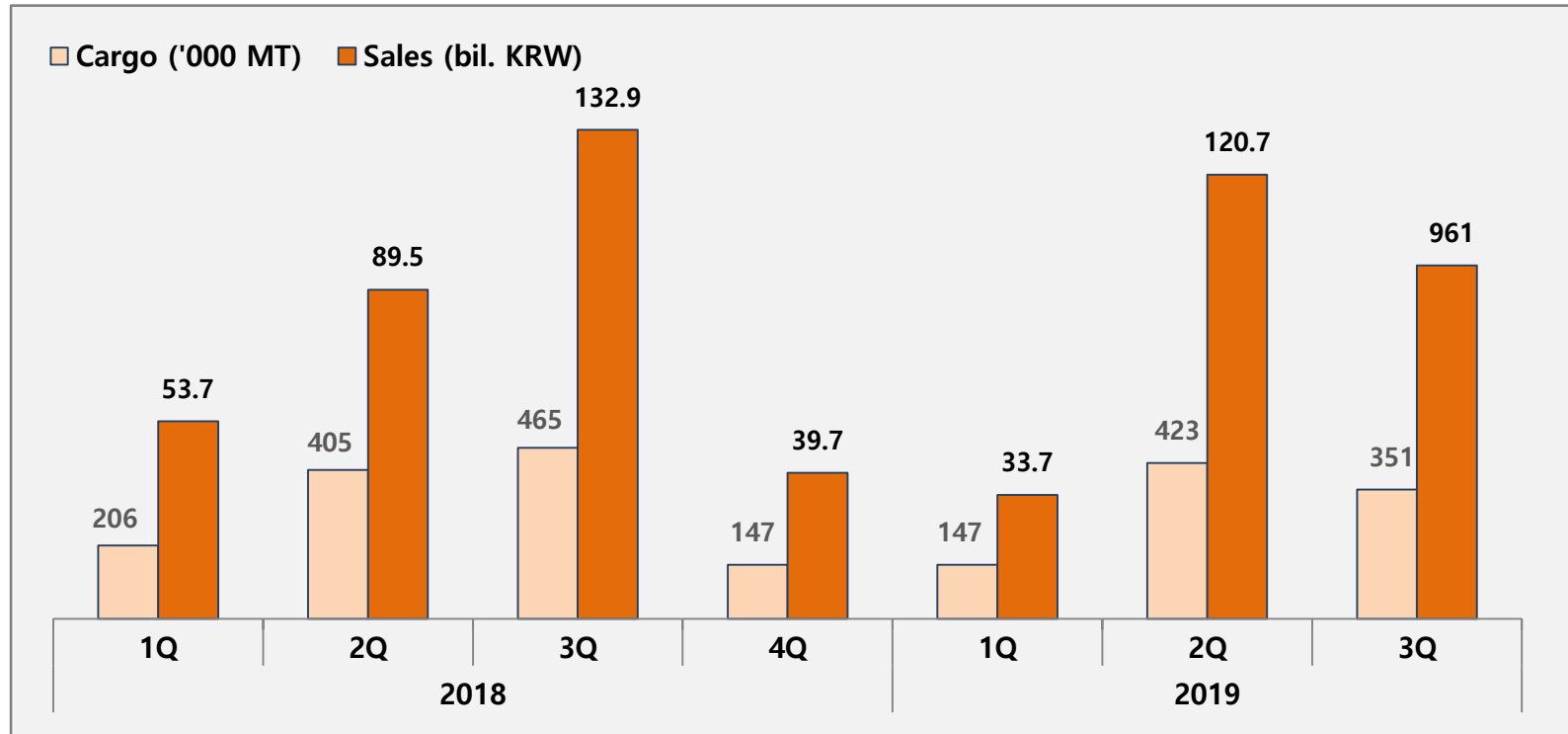
(Source : China Customs)

Cargo	Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	YoY
Iron Ore	2016	82.19	73.61	85.77	83.92	86.75	81.63	88.40	87.72	92.99	80.80	91.98	88.95	1,024.7	7.5%
	2017	92.00	83.49	95.56	82.23	91.52	94.70	86.25	88.66	102.83	79.49	94.54	84.14	1,075.4	4.9%
	2018	100.34	84.27	85.78	82.92	94.14	83.24	89.96	89.35	93.47	88.40	86.25	86.65	1,064.8	-1.0%
	2019	91.26	83.08	86.42	80.77	83.75	75.18	91.02	94.85	99.36				785.7	-2.2%
Coal	2016	15.23	15.73	19.69	16.73	19.03	21.75	21.20	26.59	24.44	21.58	26.97	30.94	259.9	27.3%
	2017	24.91	17.68	22.09	24.78	22.19	21.60	19.46	25.27	22.08	21.28	22.05	22.74	266.1	2.4%
	2018	27.81	20.91	26.70	22.28	22.33	25.47	29.01	28.68	25.14	23.08	19.15	10.23	280.8	5.5%
	2019	33.50	17.64	23.48	25.30	27.47	27.10	32.89	32.95	30.29				250.6	9.8%
Grain	2016	5.91	4.68	6.88	8.53	9.14	8.11	8.09	8.05	7.65	5.49	7.89	9.22	89.6	0.0%
	2017	8.16	5.91	6.84	8.63	10.14	8.53	11.23	9.10	8.79	6.33	8.86	10.19	102.7	14.5%
	2018	9.08	5.58	6.01	7.67	11.08	9.53	9.17	9.62	8.41	7.22	5.64	5.71	94.7	-7.7%
	2019	8.39	4.77	5.63	8.52	8.32	7.54	9.25	9.83	8.50				70.8	-7.1%

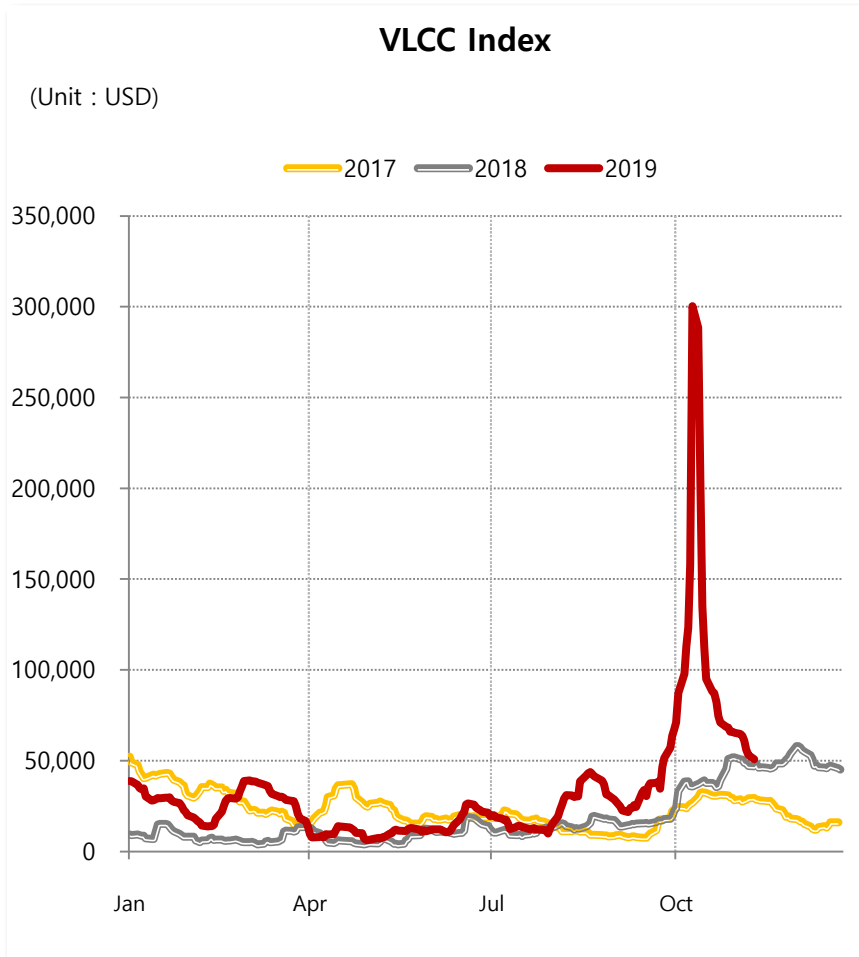
Annual Result by Segment

* Based on consolidated all inter-segment amounts into Dry bulk

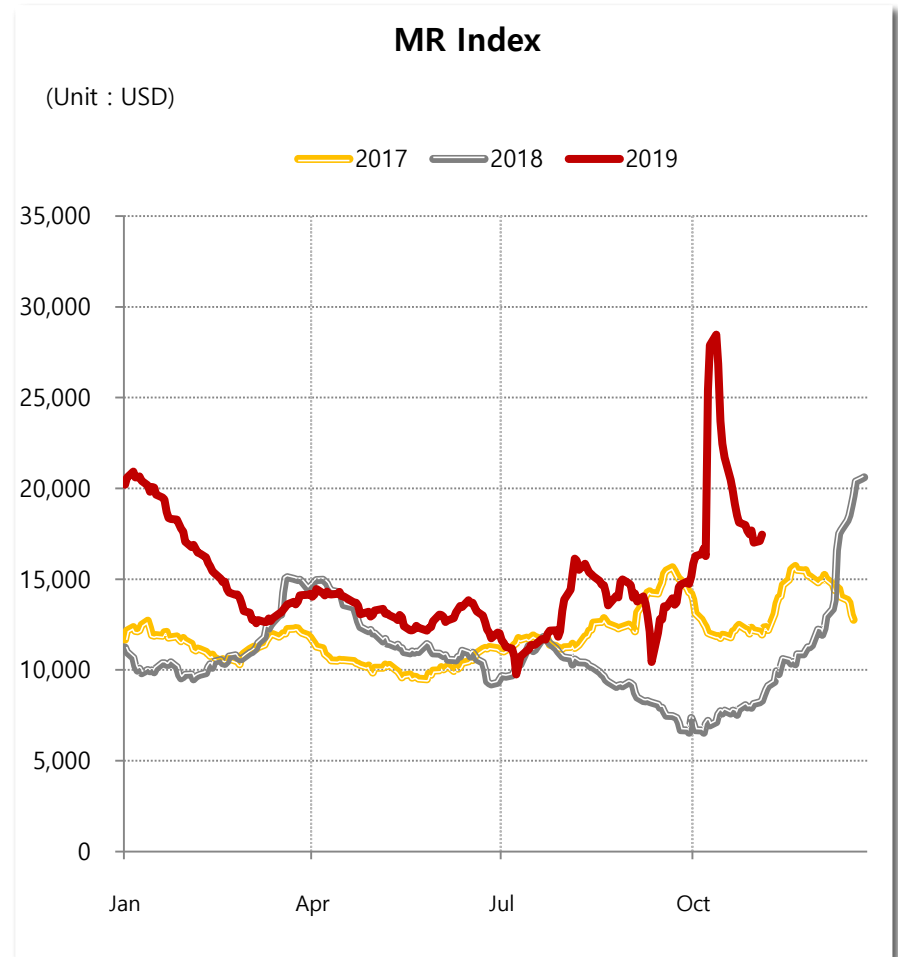




- Had entered into Korean domestic corn trading market successfully
- Intend to improve profitability with increase in selling high price grain as well as diversification of sorts of grain



* BDTI(BALTIC DIRTY TANKER INDEX) - TD3 (M.E.GULF - JAPAN)



* BDTI(BALTIC DIRTY TANKER INDEX) - TC7 (SINGAPORE - AUSTRALIA)

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