

An aerial, wide-angle photograph of the deck of a large oil tanker ship. The deck is painted a vibrant red and is filled with a complex network of red pipes, ladders, and various pieces of equipment. The ship is moving through a deep blue sea with white-capped waves. The sky is bright blue with scattered white clouds. The perspective is from the front of the ship, looking down the length of the deck towards the bow.

COSCO SHIPPING Energy Transportation Co., Ltd.

600026 SH | 01138 HK

2020 Results Presentation

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- Unless stated otherwise, the data in the report are financial data in consolidated statements prepared after taking into account changes in the accounting policies and incorporating retrospective adjustments.

Company Overview

COSCO SHIPPING Energy Transportation Co., Ltd.

(600026.SH, 01138.HK), listed on both the Shanghai Stock Exchange and The Stock Exchange of Hong Kong, is a specialized company engaging in shipping of energy and chemicals including oil and liquefied natural gas (LNG), operating under China COSCO SHIPPING Corporation Limited. It was reorganized in the first half of 2016 whereby China Shipping Develop Co., Ltd. divested its dry bulk business and combined with Dalian Ocean Shipping Company Limited.

With its focus on energy shipping, the Company is committed to strong international competitiveness, brand influence and positive reputation from its clients. The Company will participate in the “Belt and Road” initiative and has enforced operational strategies to support large-scale petrochemical enterprises and strategic partners with a complete range of vessel types, as well as globalized and round-the-clock services.

International
Oil Shipping

Domestic Coastal
Oil Shipping

LNG Shipping

Milestones

The first state-owned shipping enterprise of the People's Republic of China—China Ocean Shipping Company (COSCO Group) was founded

The Guangzhou Marine Bureau set up a professional tanker fleet; Shanghai Hai Xing Shipping Company Limited, owned by the Shanghai Marine Bureau, was established

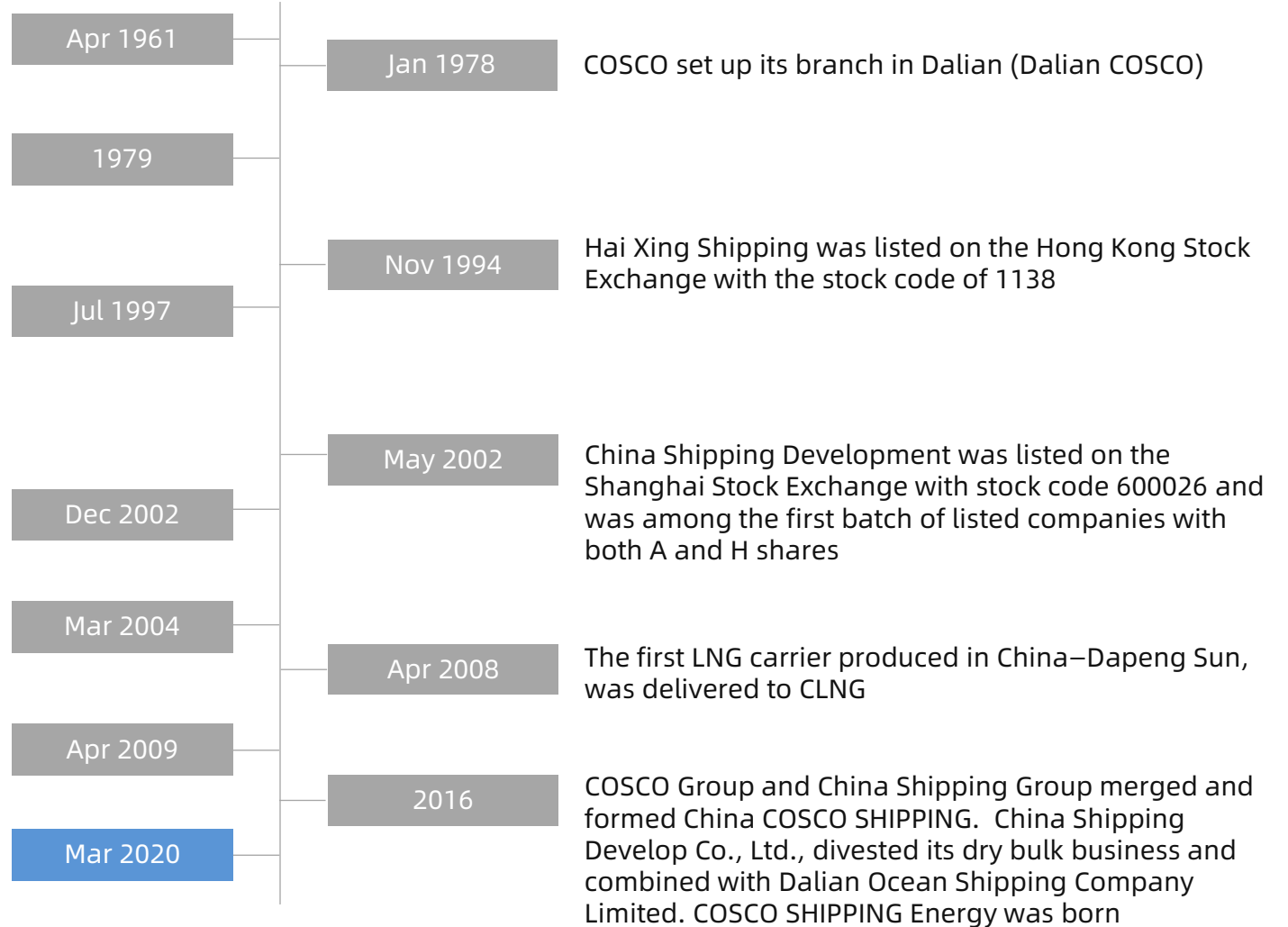
China Shipping (Group) Company was founded and later became the controlling shareholder of Hai Xing Shipping Company Limited. While Hai Xing Shipping Company Limited was renamed as China Shipping Development Co., LTD. (China Shipping Development)

CosGreat Lake, a self-operated VLCC was delivered to Dalian COSCO

China LNG Shipping (Holdings) Limited (CLNG) was co-invested by China Merchants Group and COSCO

China Shipping Development acquired China Shipping LNG Company

The Company completed the non-public issuance of 730,659,024 A shares with RMB 5.1 billion raised, achieving the anti-cyclical low-cost expansion to finance 16 tanker orders



Fleet Update

Oil Tankers (owned and controlled)	No. in Operation	In Operation (m dwt)	Average Age (Years)	No. in Orderbook	Orderbook (m dwt)
VLCC	55	16.73	8.8	3	0.95
Suezmax	5	0.80	10.0	1	0.16
Aframax	16	1.77	7.6	1	0.11
Panamax	35	2.53	10.1	-	-
Handysize & below	49	1.89	11.8	2	0.10
TOTAL	160	23.72	9.9	7	1.31

	Project	No. in Operation	In Operation (m cubic metres)	No. in Orderbook	Orderbook (m cubic metres)	% Stake of Shanghai LNG/CLNG
Shanghai LNG ¹	EM Project	4	0.69			21%-27%
	APLNG Project	6	1.04			41%
	YAMAL Project (Arctic Class)	3	0.52			50%
	YAMAL Project (Conventional)	4	0.70			50%
	PetroChina Int LNG Project	-	-	(2022-2023) 3	0.52	60% ²
CLNG	China LNG Import Projects	6	0.88			54%-65%
	QC Project	4	0.70			20%
	Yamal DSC Project	5	0.86			25.5%
	Yamal TC Project	6	1.04			50%
Total		38	6.42	3	0.52	

¹ Shanghai LNG: COSCO SHIPPING LNG Investment (Shanghai) Co., Ltd., a wholly owned subsidiary of the Company

² Not including the stake of COSCO PetroChina Shipping in the project

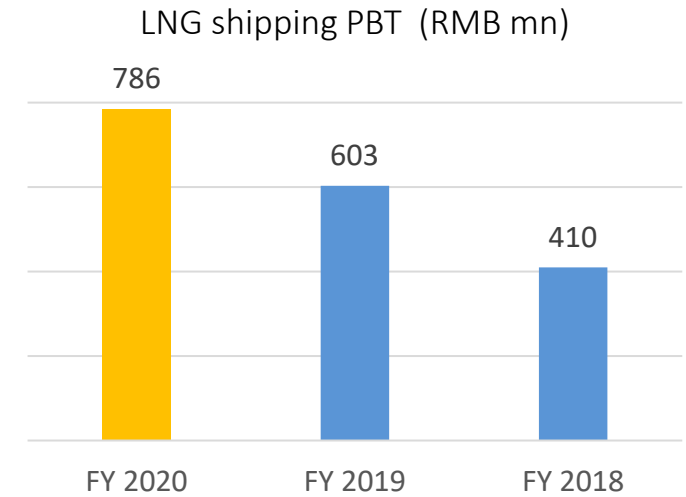
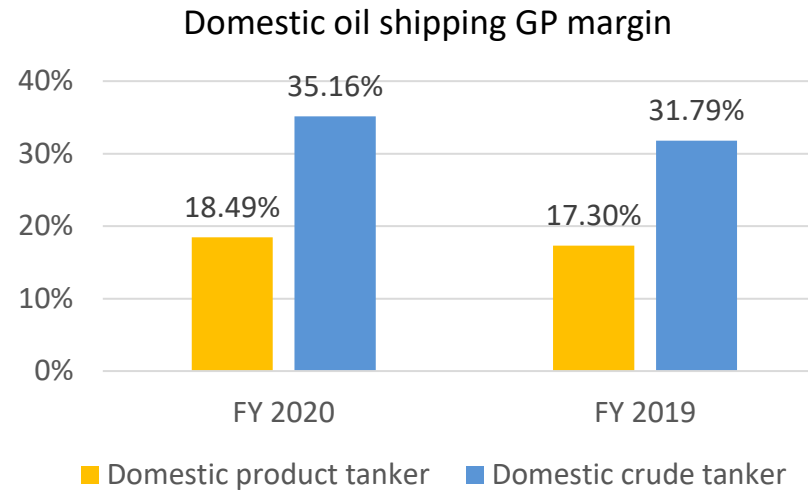
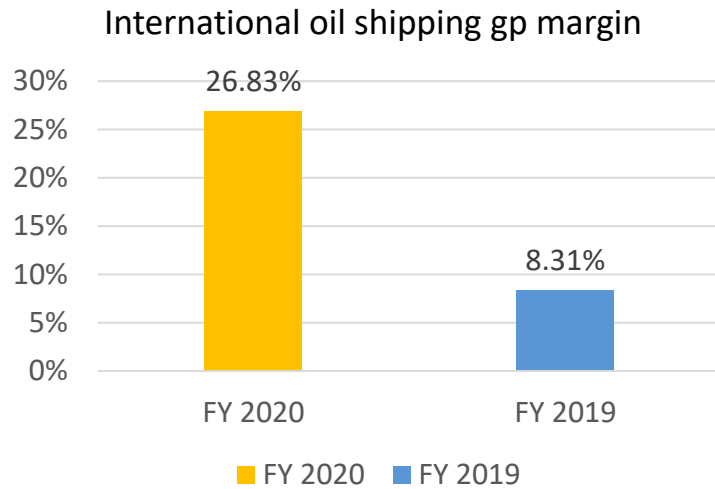
Financial Highlights

RMB mn

Balance Sheet	2020/12/31	2019/12/31	Change%	Operating Results	FY2020	FY2019	Change%
Current assets	7,879	6,928	13.74	Revenue	16,268	13,721	18.56
Non-current assets	58,080	58,914	(1.42)	Operating expenses	11,546*	11,125	3.78
Total assets	65,960	65,842	0.18	Share of profits of associates and joint ventures	938	715	31.17
Current liabilities	9,893	12,348	(19.88)	Net earnings attributable to shareholders of the Company	2,381	414	475.42
Non-current liabilities	20,465	24,326	(15.87)				
Total liabilities	30,358	36,674	(17.22)	Cash Flows	FY2020	FY2019	Change%
Equity attributable to owners of the Company	34,622	28,125	23.10	Net cash provided by operating activities	6,973	5,230	33.32
Non-controlling interests	981	1,043	(5.98)	Net cash (used in)/provided by investing activities	(4,808)	(675)	(612.07)
Total owners' equity	35,602	29,168	22.06	Net cash (used in)/provided by financing activities	(1,043)	(4,169)	74.98
Debt-to-asset ratio	46.0%	55.7%					

*excluding the impact of vessel impairment loss

FY2020 Operational Highlights



International oil shipping

Gross profit margin increased by 18.34 percentage points from last year;
 Increased 333 operation days during the market highs by adjusting dry-docking schedules

Domestic oil shipping

Quick resurgence from the impact of Covid-19 in 1Q20; business performance remained stable for the year.

LNG shipping

LNG shipping business accelerated into the harvest period with growing stable profit.

Performance by Segment

Item	Turnover	YOY Change	Revenue	YOY Change	GP Margin	Increase/ (Decrease)
	(Billion ton-nautical miles)	(%)	RMB mn	(%)	(%)	Percentage points
Domestic crude oil	19.65	15.31	2,923.55	14.54	35.16	3.37
Domestic product oil	19.90	(5.33)	2,372.84	1.93	18.49	1.18
Domestic vessel chartering	-	-	103.75	(5.10)	15.35	-11.34
Total Domestic Oil Shipping	39.55	3.91	5,400.14	8.22	27.45	2.53
International crude oil	413.84	10.03	7,223.51	31.66	27.47	17.88
International product oil	32.58	23.59	1,088.19	26.98	9.34	11.58
International vessel chartering	-	-	1,249.08	28.92	38.36	27.92
Total International Oil Shipping	446.42	10.91	9,560.78	30.75	26.83	18.51
Grand Total - Oil Shipping	485.97	10.31	14,960.93	21.61	27.05	12.00
LNG Transportation	-	-	1,266.74	(4.13)	52.31	(1.62)

Cost Composition and Changes

RMB million

Cost Items	FY20		FY19		YoY Change
	Amount	Composition%	Amount	Composition%	%
Fuel Costs	3,083.44	26.71	3,174.44	28.53	(2.87)
Port Charges	798.15	6.91	759.94	6.83	5.03
Crew Cost	1,697.44	14.70	1,633.57	14.68	3.91
Lubricants Cost	327.08	2.83	258.53	2.32	26.51
Depreciation	2,926.76	25.35	2,787.20	25.05	5.01
Insurance Expense	205.26	1.78	176.44	1.59	16.34
Repair Costs	576.18	4.99	523.63	4.71	10.03
Charter Cost	1,257.30	10.89	1,214.27	10.91	3.54
Others	674.00	5.84	597.00	5.37	12.90
Total	11,545.61*	100.00	11,125.02	100.00	3.78

*excluding the impact of vessel impairment loss

CAPEX to Match Deliveries

CAPEX Excluding Joint Ventures and Associates

	RMB million			
	2021	2022	2023	Total
4 × 319,000 DWT VLCC	916	-	-	916
2 × 308,000 DWT VLCC	322	-	-	322
3 × 158,000 DWT Suezmax	266	-	-	266
2 × 109,900 DWT Aframax	214	-	-	214
2 × 49,900 DWT Handysize	257	176	-	432
3 × 174,000 cm LNGC	722	843	1,685	3,250
Total CAPEX	2,698	1,018	1,685	5,402

Delivery Schedule

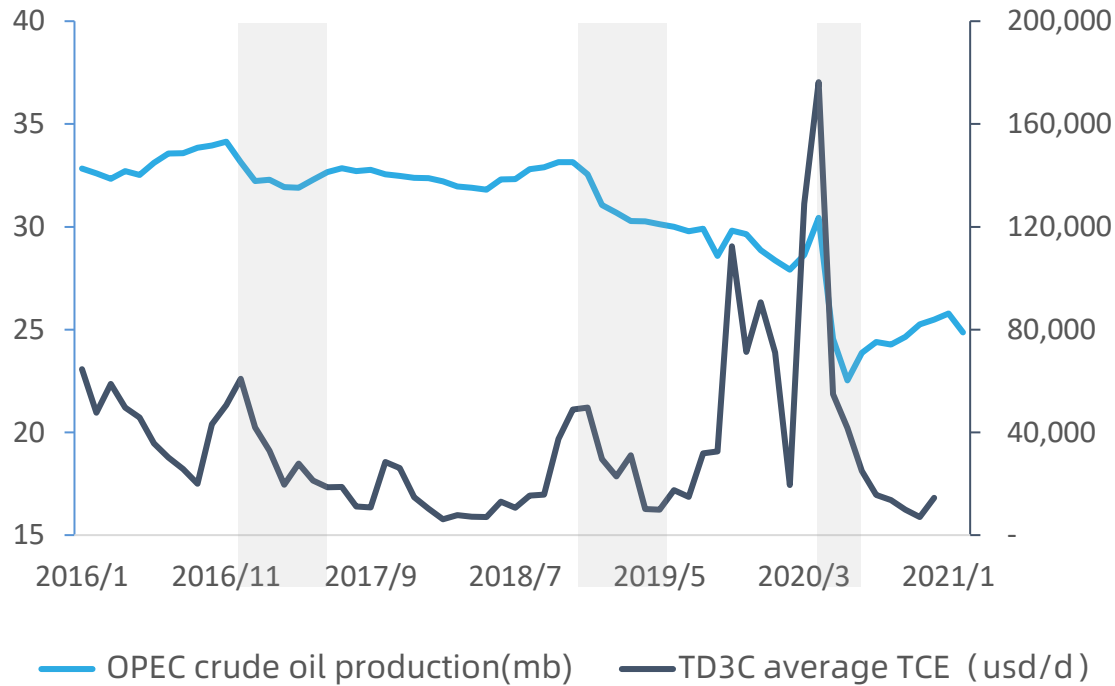
Ship Type	2021	2022	2023	Total No.	mdwt / m cm
VLCC	3			3	0.95
Suezmax	1			1	0.16
Aframax	1			1	0.11
Handysize	1	1		2	0.10
LNGC		1	2	3	0.52

COVID-19 Response and Crew Changes

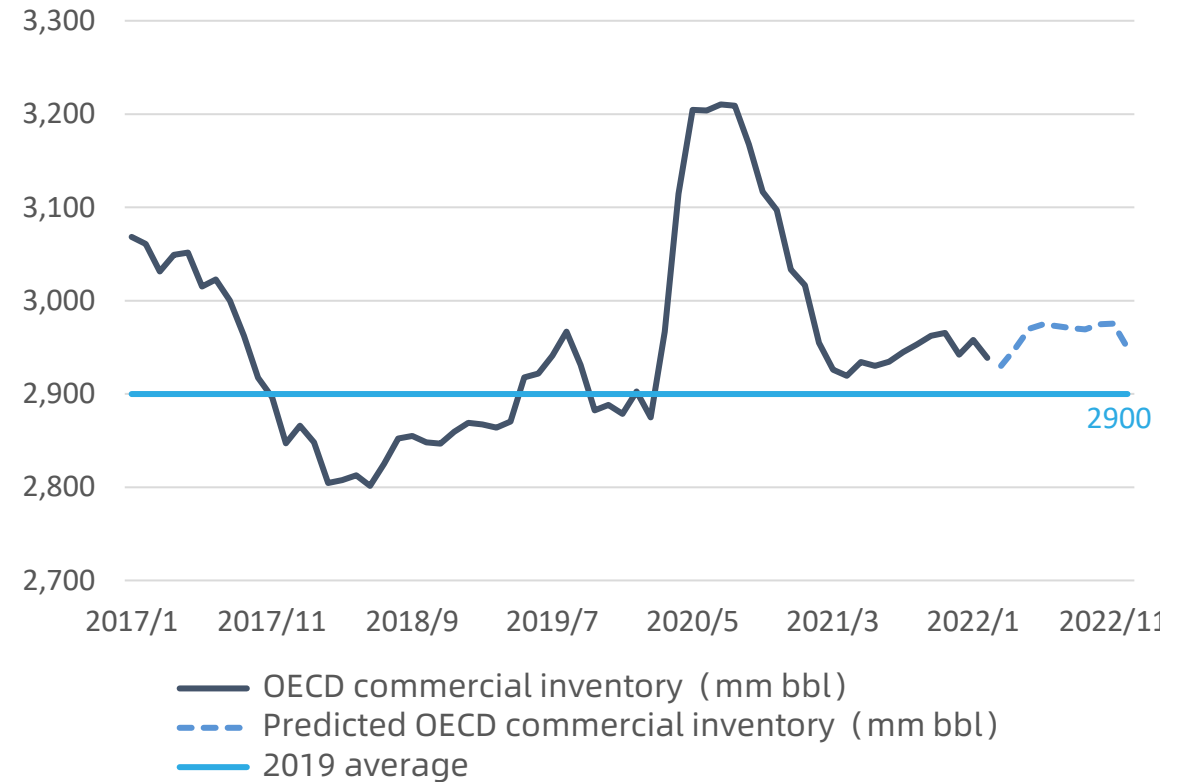
- Zero infection on board
- Ensured sufficient anti-pandemic equipment and supplies
- Crew change program covered 100% of self-owned ships
- Facilitating crew change programs with multiple stakeholders
- Full vaccination coverage of crew members will be realized by Sep 2021



Short to Medium Term Eyes Oil Production Strategies & Destocking



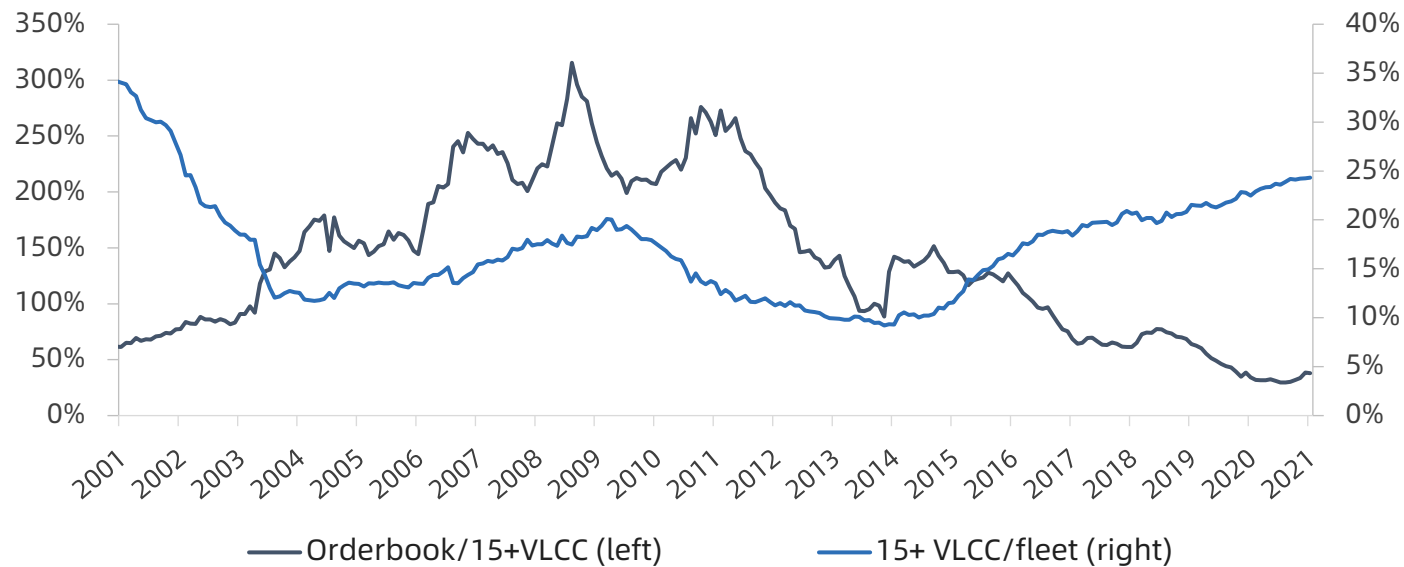
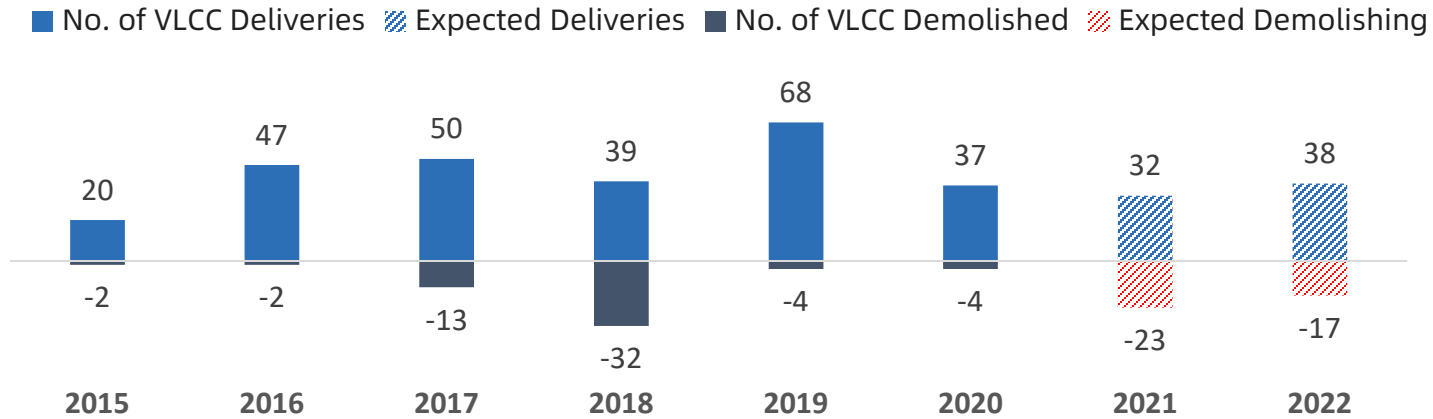
Source: Bloomberg, Baltic exchange



Source : EIA STEO Mar 2021

- OPEC+ production cuts and crude future backwardation promote destocking, keeping the freight rates under pressure in the short term. Oil shipping activity would revive when oil output picks up in the future.
- OECD commercial inventory is still above 2019 level. As vaccination grows in scale, the pandemic becomes alleviated, and the aviation and industrial sectors fully recover, refining activity will be refueled by the returning oil demand and will normalize inventory levels, which will facilitate rebalancing of tanker fundamentals.

Long Term Outlook: Improving Tanker Dynamics Driven by Supply Side



Source: Clarksons

Improvement of capacity supply supports the tanker market to pick up in medium and long term

- VLCCs aged above 15 years account for approx. 24.3%; more than 50 VLCCs aged above 20 years; crude tankers aged above 15 years account for about 27%
- Scrapping may speed up as required capex of older vessels exacerbates operational pressure
- Owners tend to be more cautious in shipbuilding decisions due to environmental regulations and uncertainties in technology. VLCC orderbook accounts for about 37.9% of the VLCC fleet aged above 15 years, which sits at a historical low, so that deliveries will slow down

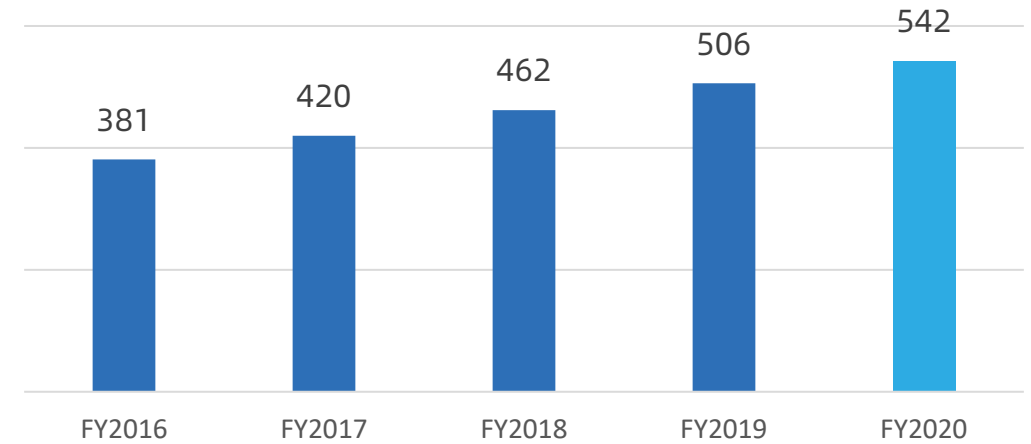
Domestic Oil Shipping Market to Remain Stable with Upside Potential

China offshore oil rigs



Source: Baker Hughes

China Crude Import (mn tonnes)



Source: Bloomberg/China Customs

Offshore crude shipping demand will grow steadily

- Domestic energy producers will step up oil and gas exploration and development, and will increase upstream capex
- Number of offshore rigs has been trending up

Crude transshipping market is likely to remain stable

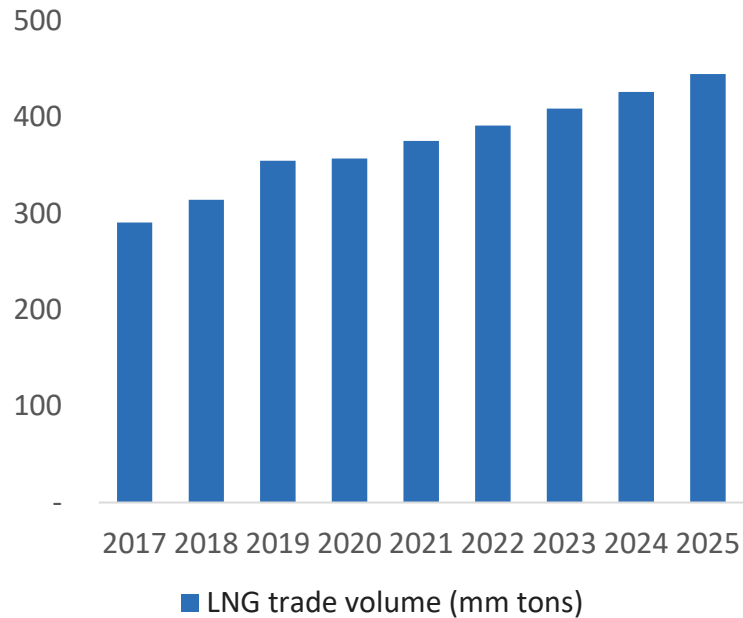
- China refining capacity growth with progress of refining and chemical integration projects
- Construction of large terminals and pipeline replacement may partially offset the demand increase

Domestic product tanker market is expected to be stable

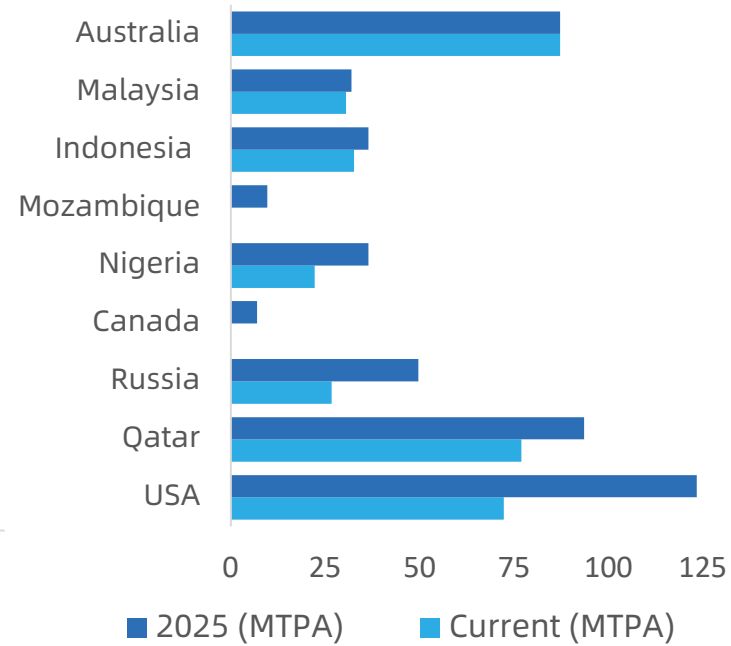
- Slow growth of domestic product oil demand & surplus of output to be exported
- Trend of larger volumes and shorter voyage distances

LNG Shipping Market: Short-term Oversupply & Long-term Steady Growth

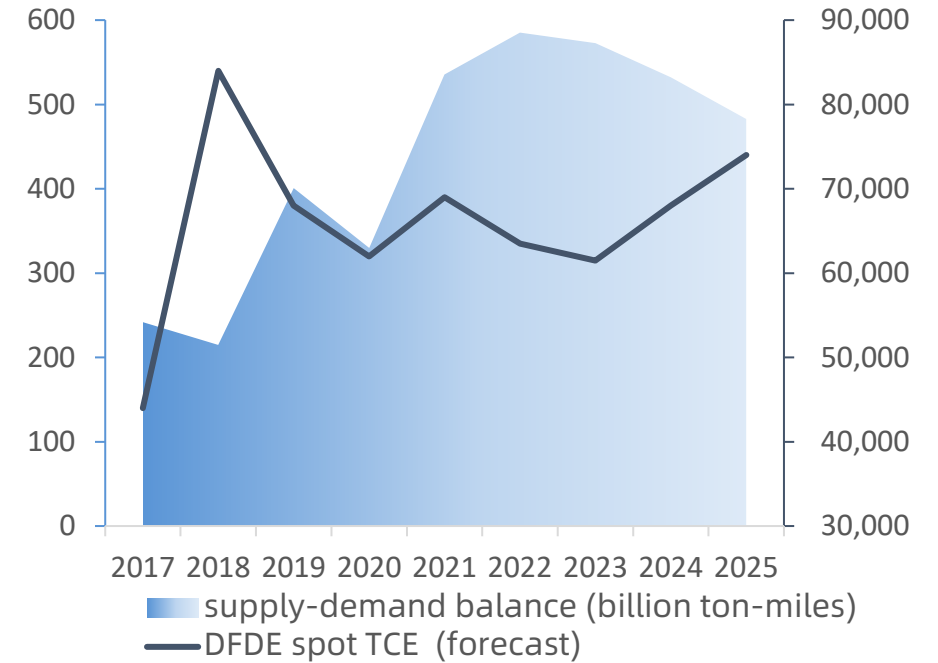
**2020-2025:
LNG trade volume CAGR 4.5%**



Increasing liquefaction capacity



**Overcapacity in 2021-2022 due to peak delivery;
Rebalance 2023+ with new projects launched**



Source: Drewry LNG Forecaster 4Q20

An aerial photograph of a large oil tanker ship sailing on the open ocean. The ship is dark blue with a white superstructure and is moving from left to right, leaving a white wake. The ocean is a deep blue with some whitecaps. The sky is a clear, light blue.

Deliver energy for the world

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