



**TAYLOR MARITIME**  
INVESTMENTS

***Q3 FY23 Trading Update***  
*26 January 2024*

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# Third Quarter Review – Highlights

**Benchmark indices reach 13-month highs in December while fund Debt-to-Gross Assets now below 25% with improvement in FMVs and further debt reduction**

## Operating Performance

- Unaudited NAV per share increased from \$1.31 to \$1.36; NAV total return 5.3% driven by higher asset values
- Charter income for combined fleet amounted to an average time charter equivalent (“TCE”) rate of \$11,977 per day, a c.15% increase quarter-on-quarter
- The combined fleet’s TCE was \$11,996 per day at quarter end (vs \$10,695 per day as at 30 Sep 2023)

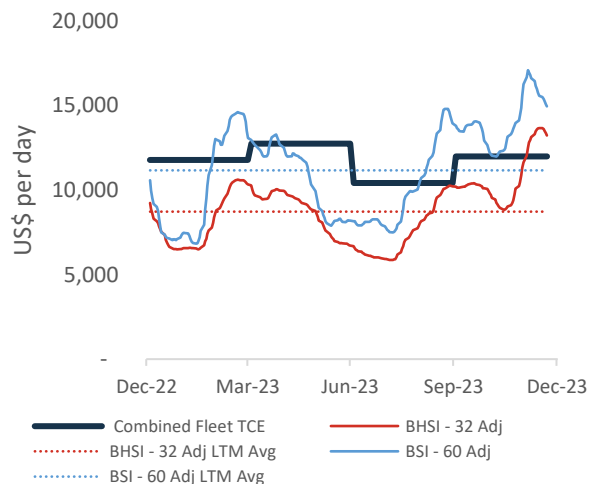
## Capital Allocation

- Interim dividend declared for period to 31 December 2023 of 2 cents per ordinary share
- Debt to gross assets: TMI debt decreased by \$11.4m, debt to gross assets 24.9% at quarter end (vs 26.9% as at 30 Sep 2023)
- Look through debt-to-gross assets was 35%<sup>2</sup> at quarter end

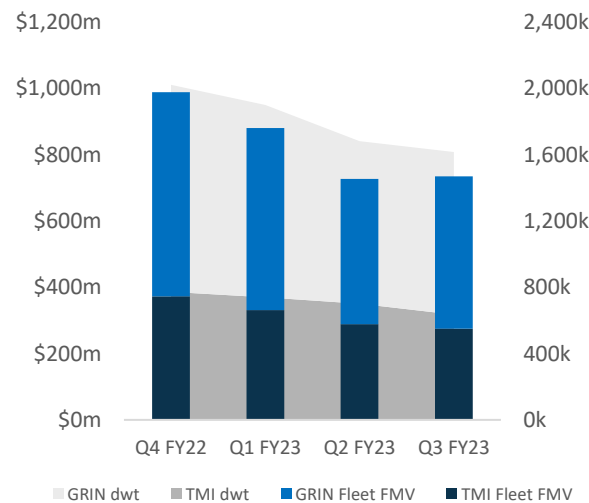
## Portfolio

- Fleet value (40<sup>1</sup> vessels) was \$734.3m (3.7% increase quarter-on-quarter on a like-for-like basis)
- TMI FMV \$275m and GRIN FMV \$459m<sup>1</sup> (GRIN contributed \$295m to TMI NAV)
- Four vessel sales completed; one GRIN vessel sale agreed post period at 1.5% above carrying value
- 16 divestments since GRIN average 3.7% below carrying value

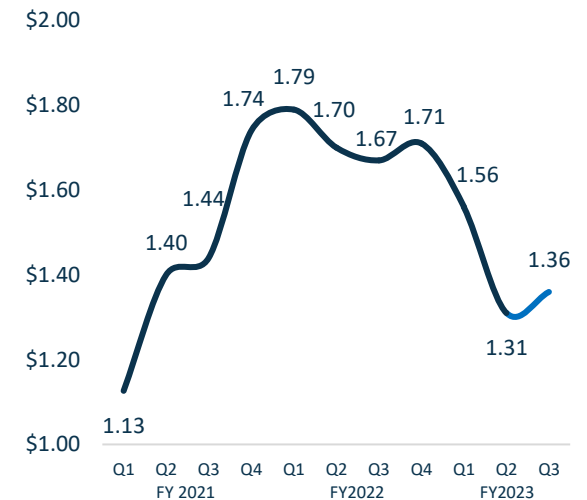
**Market Spot Rates LTM vs Combined Fleet TCE**



**Combined Fleet FMV & Carrying Capacity**



**Quarterly NAV per share since IPO**



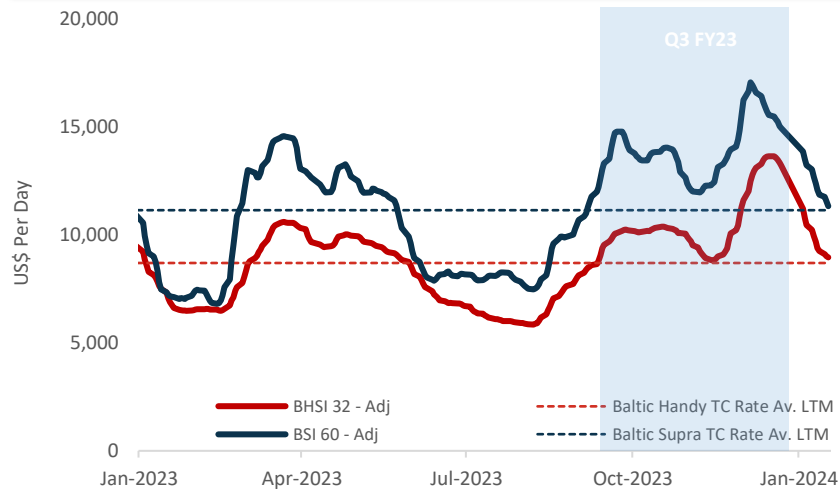
<sup>1</sup> Including owned and three chartered-in vessels with purchase options at Grindrod

<sup>2</sup> Includes interest-bearing debt; excludes long term Time Charter-In ships

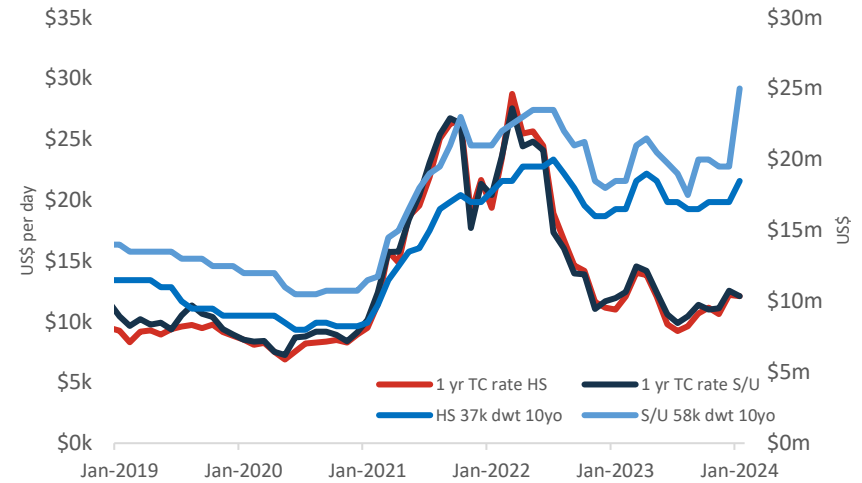
# Third Quarter Review – Charter Market

**Rates improved with China re-stocking, alongside positive grain exports from South America and trade disruption from the drought-affected Panama Canal & escalation of tensions in the Red Sea increasing tonne-mile demand**

### Handysize & Supra/Ultramax Spot Rates LTM



### Geared Dry Bulk 1 year TC Rates vs Secondhand Asset Values L5Y



Note: Clarksons basis 61k (from 58k) 'eco' design for Supra/Ultra 10 year old and 37k dwt 'eco' design for Handy 10 year old from January 2024

**Review – charter rates improved during the quarter with China maintaining moderate economic growth and enhanced grains exports from East Coast South America buoying freight levels in the Atlantic**

- Reasonable demand and recent re-stocking in China helped improve rates in the Pacific with the availability of ships and cargo finely balanced. Atlantic rates picked up considerably as bulkers were pulled into the South American grain market limiting tonnage availability in other geographical load areas

**Outlook – seasonal softness in spot market rates through the holiday and Chinese New Year period dampening Pacific demand**

- However, rates have remained more stable than is usually the case, reflecting positive forward sentiment. Short-term period charter enquiry and rates remain firm as charterers seek to lock in tonnage before the usual rate recovery following Chinese New Year

**Chartering strategy – next two quarters**

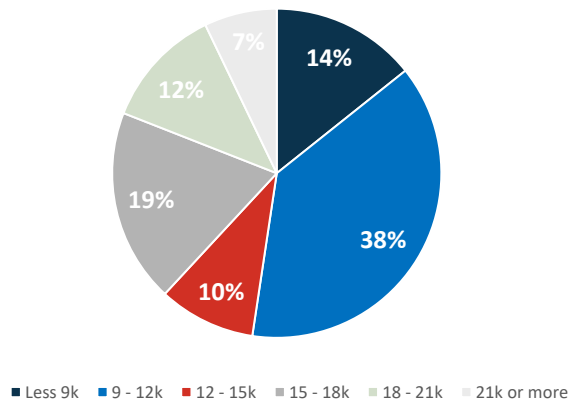
- We continue to balance short and longer period exposure, strategically fixing varying charter durations to cover open tonnage over seasonally weaker periods, whilst maintaining some spot exposure to capitalise when the market rebounds, typically towards the beginning of calendar Q2

Note: Since the Baltic Handysize Index (BHSI) is based on a 38k dwt type and the Baltic Supramax Index (BSI) is basis based on a 58k dwt type, the Company uses adjusted BHSI and BSI Time Charter Average (TCA) figures net of commissions and weighted according to average dwt of the Group's combined Handysize and Supra/Ultramax fleets, respectively

# Third Quarter Review – Portfolio Deployment for the Combined Fleet

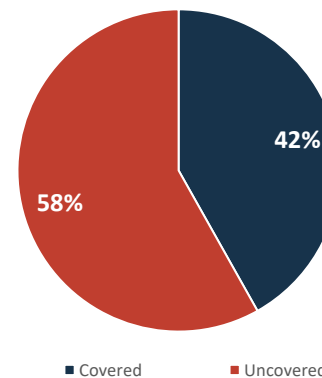
**Combined Fleet Time Charter Equivalent (“TCE”) for the quarter was \$11,977 per day**

Net time charter rates per day (\$)



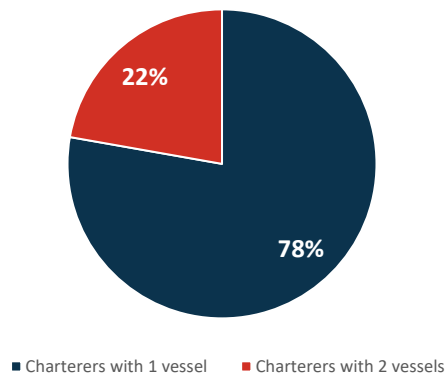
Forward Coverage – CY2024

TCE Earnings: \$12,387 per day

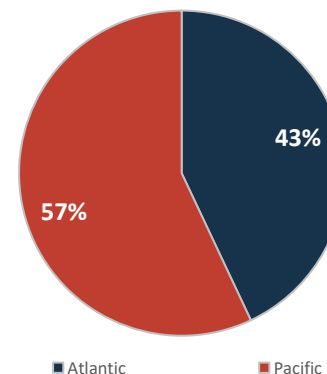


Vessels by charterer

36 charterers currently



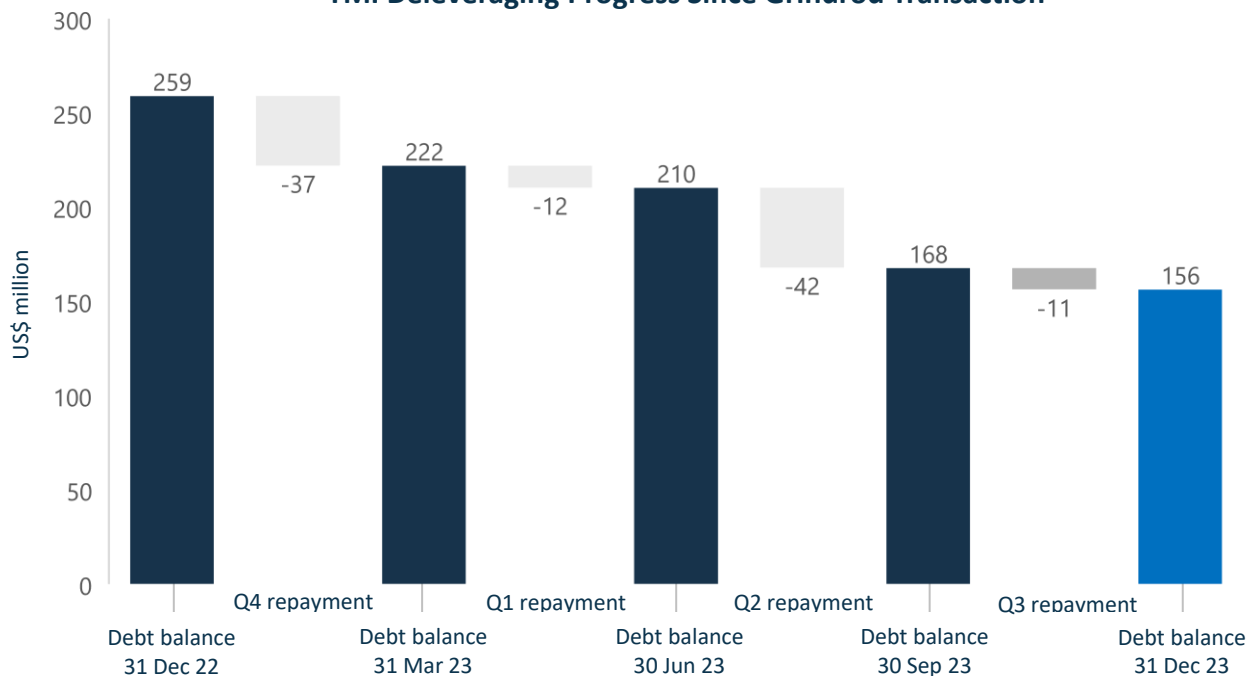
Trading Location



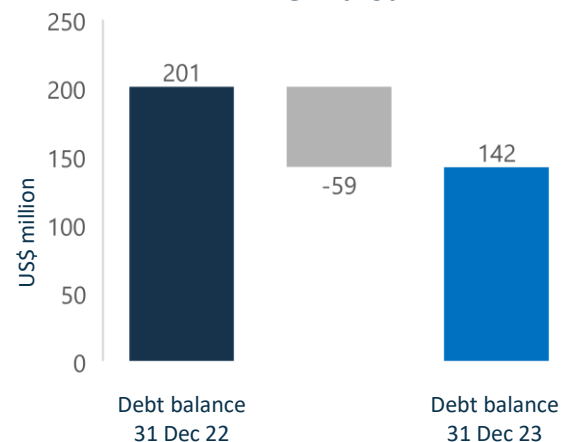
# TMI Debt Reduction Progress and Target

*TMI has repaid c.\$102m of debt at the Company level since the Grindrod acquisition with debt to gross assets now below the 25% target. Further de-gearing remains a priority*

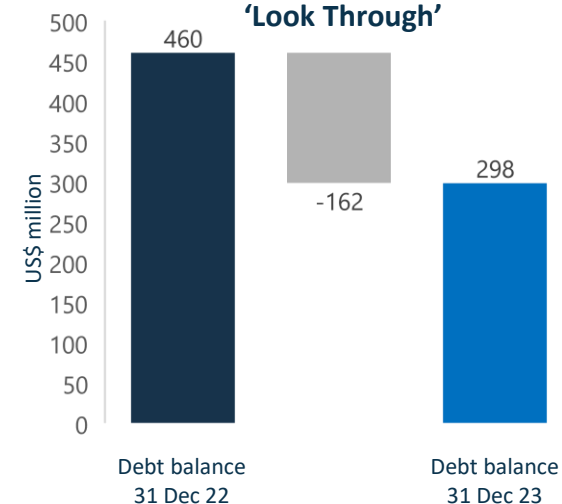
TMI Deleveraging Progress Since Grindrod Transaction



Grindrod



'Look Through'



**DEBT TO GROSS ASSETS NOW 24.9% AT THE COMPANY LEVEL (35% ON LOOK-THROUGH BASIS<sup>1</sup>)**

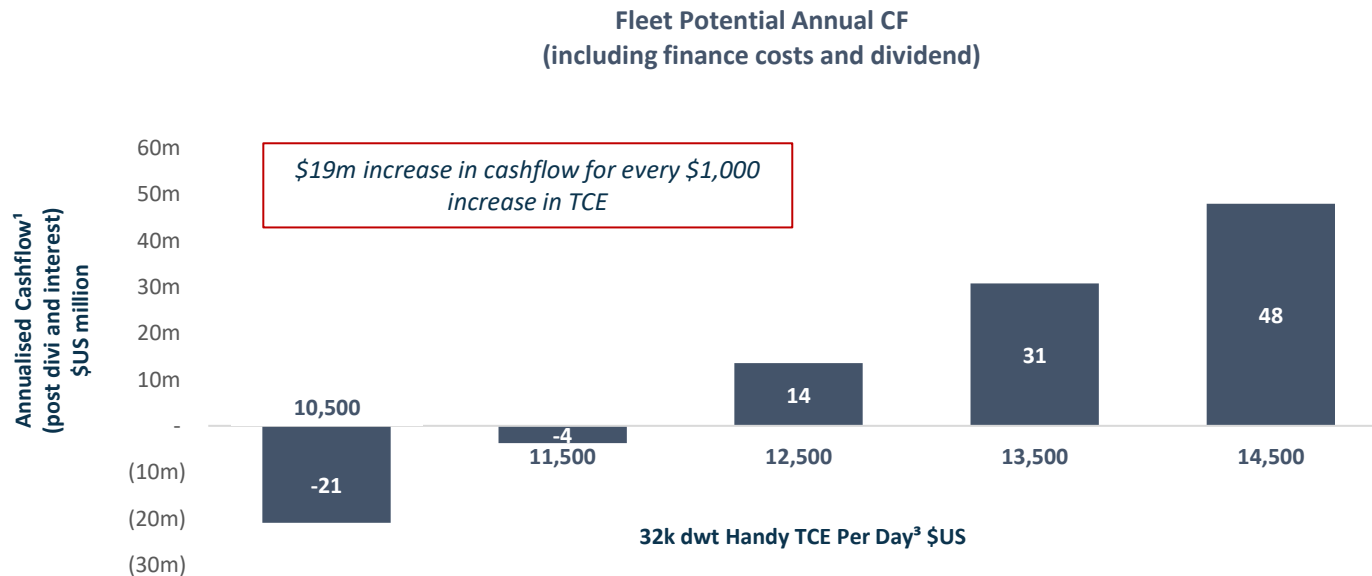
- Excluding lease liabilities, look-through debt-to-gross assets was 35%<sup>1</sup> at 31 Dec 2023; \$298 million debt outstanding on a look-through basis
- Despite gearing target now being met, priority remains to deleverage through the sale of select assets

<sup>1</sup> Includes Grindrod's interest-bearing debt

# Cash Generation

**TCE almost at breakeven including finance costs and dividend ... further market improvement would see \$19m increase in cashflow for each \$1k increment in TCE**

- There is significant operating leverage in the fleet<sup>1</sup>; each \$1,000 increase in TCE generates an additional \$19m of cashflow
- Near-term market improvement translates directly into increased earnings given percentage of fleet on short-term charters
- We also expect cost synergies to reduce the run-rate breakeven by the end of 2024, adding to earnings power



**STRONG OPERATING LEVERAGE AND EARNINGS POTENTIAL**

<sup>1</sup>Includes 40 owned ships and 6 Long Term TC-in Ships

<sup>2</sup>EBITDA less finance costs, drydock CAPEX accrual and dividend

<sup>3</sup>TCE adjusted for fleet mix of Handy, Supra/Ultra

# Synergies & Integration – TMI & GRIN

*Progress to realizing the full value of the Grindrod acquisition has been significant with work underway to deliver further benefits in 2024*

## Enhanced Commercial Footprint

- **Larger commercial footprint:** average and total carrying capacity has increased significantly with select vessel sales serving to enhance overall fleet profile while reducing debt
- **Increased earnings power:** With every \$1k increase in TCE for the combined fleet, \$19 million in cashflow is generated
- **“IVS” brand:** combined group commercial operation now faces the market as one under the well-established IVS brand
- **Greater coverage:** Access to GRIN cargo for coverage of TMI ship days

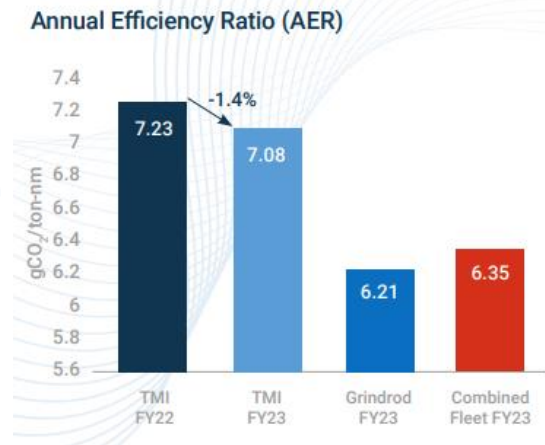
	Pre-Acquisition Fleet	Current Owned Fleet
Average Carrying Capacity	33,520	40,385
Total Carrying Capacity	838,000	1,797,900
Number of vessels	25	40

## Ship Management integration delivering efficiencies

- **Commercial efficiencies:** Shared systems and software allow pooling of market intelligence and improved workflows, supporting commercial decision making and deal execution
- **Economies of scale:** optimization of docking strategy with significant savings over the capex cycle; improved access to quality crewing pools; OPEX procurement synergies

## Improved Fleet Carbon Intensity

- **Lower average vessel age:** current average of 10.5 years (vs 13.3 years for the pre-acquisition fleet)
- **Reduced average carbon intensity (AER)**
- **Entirely Japanese-built fleet:** With Grindrod’s sale of its Chinese-built vessels, the combined fleet is now entirely Japanese-built



## Corporate Synergies

- **Head office synergies:** Combined CEO and COO roles across both companies along with streamlined IR and ESG functions
- **Shared facilities and global reach:** Shared global offices established with staff working together across commercial, technical and corporate functions

**Overall, the above initiatives have created significant efficiencies and cost savings which are anticipated to reduce break-evens substantially when fully realised in 2024**



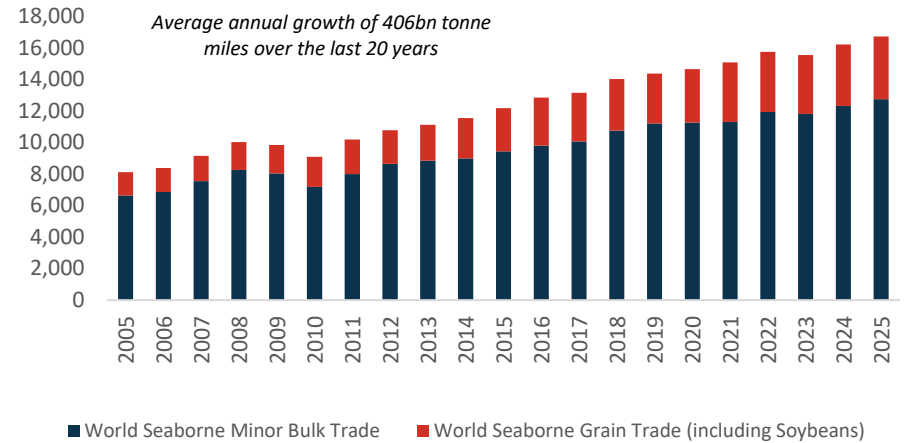
# Outlook – Demand Fundamentals

## Positive demand growth expected in 2024 for key TMI and GRIN cargoes

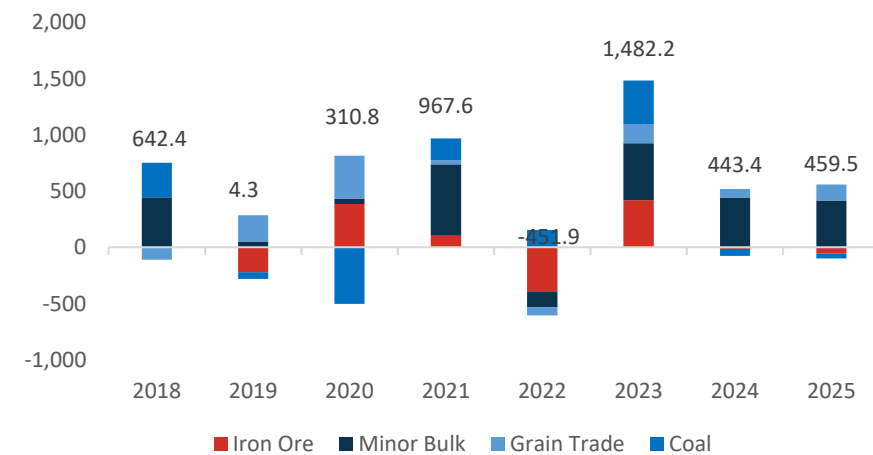
### Commentary

- **Demand shaped by global population growth:** Fertilizer, food and building materials
- **Resilient:** Resilient despite macroeconomic volatility as geared dry bulk vessels carry necessity goods and materials
- **Structural Recovery in China:** despite bearish sentiment in 2023 China imported record dry bulk volumes. Encouraging consumption and improved industrial trends in China
- **Positive dry bulk outlook:** Dry bulk forecast tonne-mile demand expected to increase by 5.2% in 2023 and 1.5% in both 2024 and 2025
- **Positive minor bulk and grain outlook:** 2024 forecast of 3.2% growth in tonne-miles as demand headwinds expected to ease
- **Overlaid with sustained suppressed supply growth:** Geared dry bulk deliveries scheduled to peak in 2024 before slowing in 2025 and 2026 (see next slide)

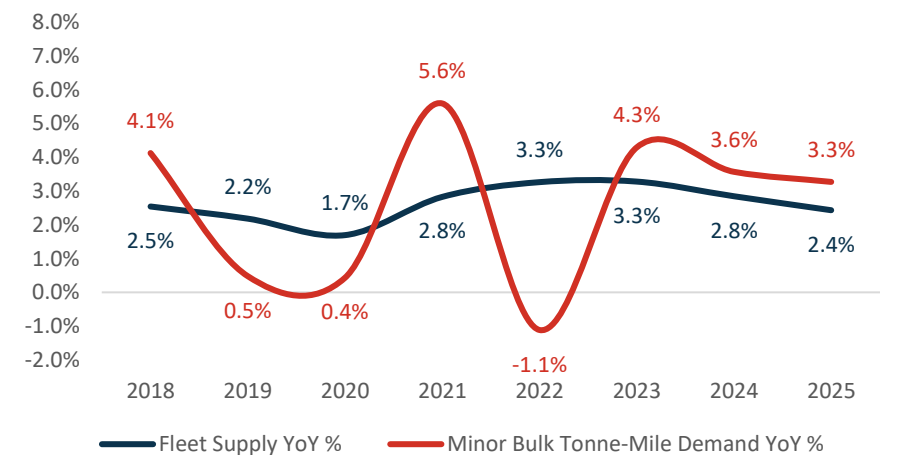
### Grain and minor bulk trade development (billion tonne miles)



### Annual change in dry bulk demand (billion tonne-miles)



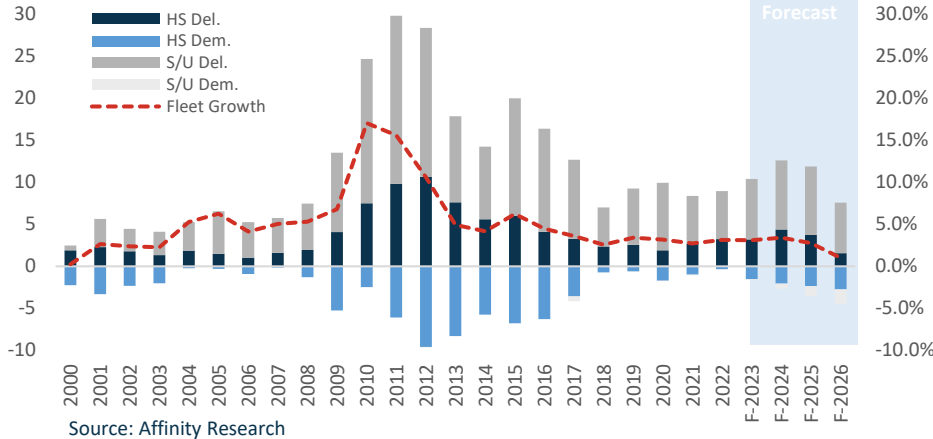
### Minor bulk demand (bn tonne miles) and handy fleet supply growth (dwt)



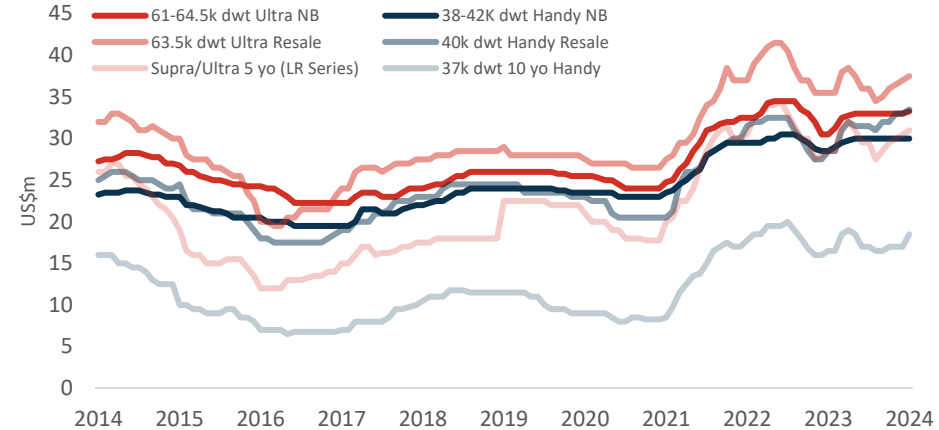
# Outlook – Supply Fundamentals

*Scheduled deliveries of new vessels to slow in coming years while new ordering remains constrained*

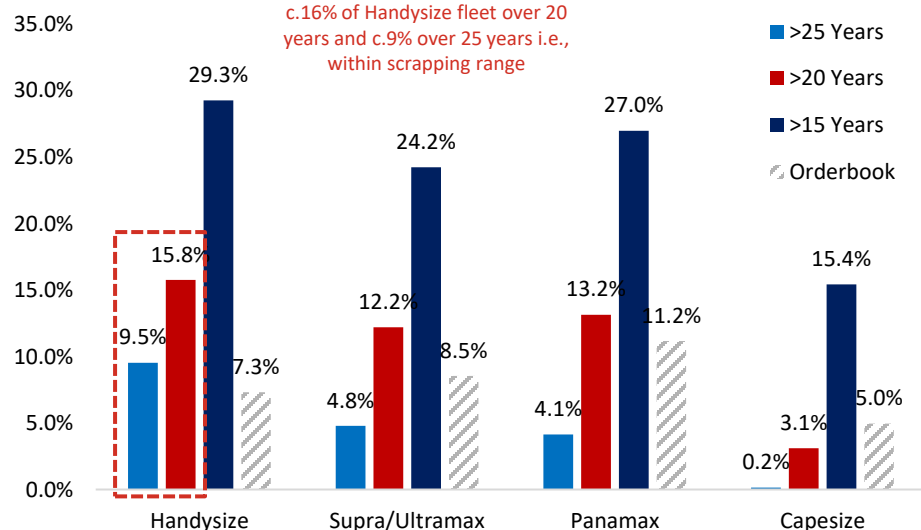
**Geared dry bulk supply development (dwt m)**



**Handysize and Supra/Ultramax Newbuild, Resale and Secondhand Prices**

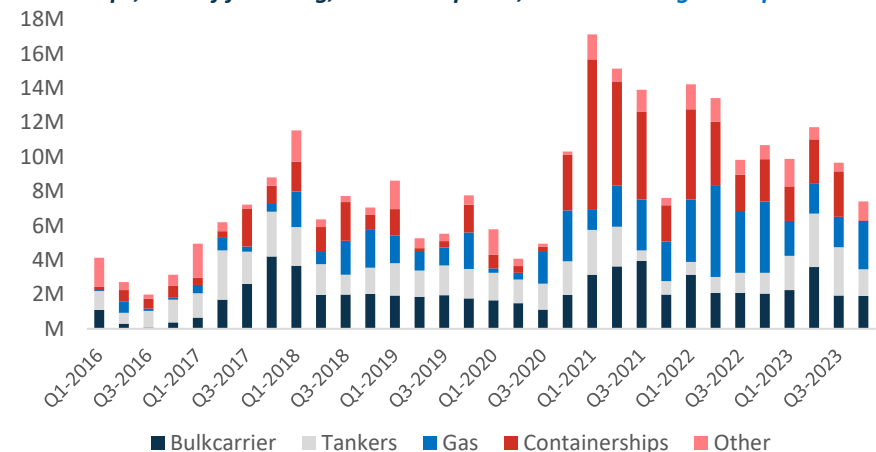


**Age Profile by Segment (no. of vessels)**



**Quarterly Contracting by Ship Sector (Mil CGT)**

*Restrained new bulk carrier ordering: Any uptick in orders insufficient to disturb equilibrium due to reduced yard capacity, low margins for small ships, lack of financing, increased prices, and technological impasse*

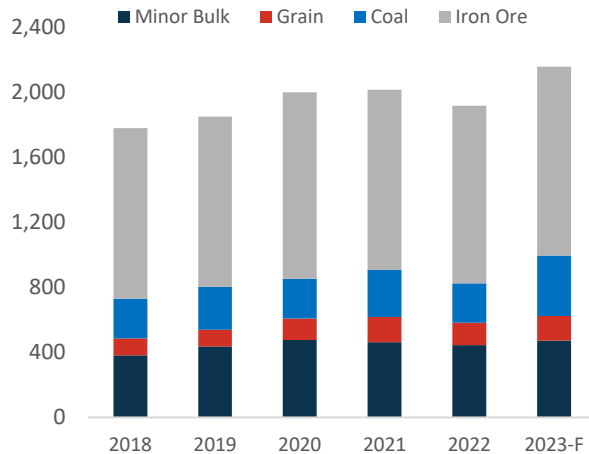


# 2024 Outlook – Dry Bulk Market Catalysts

## Key 2024 catalysts: Recovering Chinese demand, geared bulker fundamentals and trade disruption

### Chinese Demand

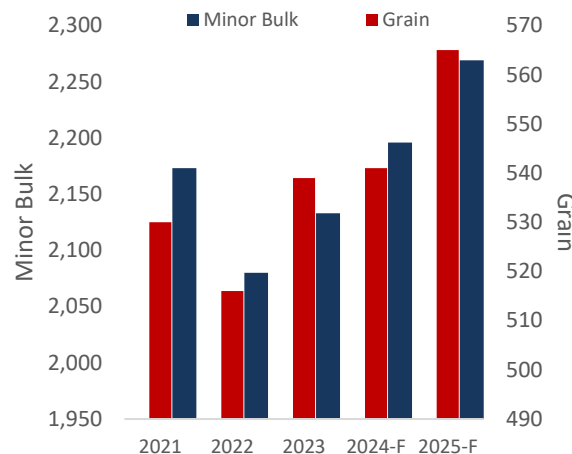
Chinese Seaborne Dry Bulk Imports (mt)



- The Chinese economy retains many areas of strength and it is notable that despite bearish sentiment in 2023 China imported record dry bulk volumes
- Official data suggest China’s economy grew an estimated 5.2% last year, beating the official target. Analysts expect China’s GDP to grow by 4.6% in 2024 and 4.5% in 2025
- Sustained year-on-year growth in key Chinese industrial indicators (industrial output, FAI infrastructure, FAI construction and retails sales)
- Announced stimulus measures targeting the property and construction sector to provide further positive impact

### Geared Bulker Trade

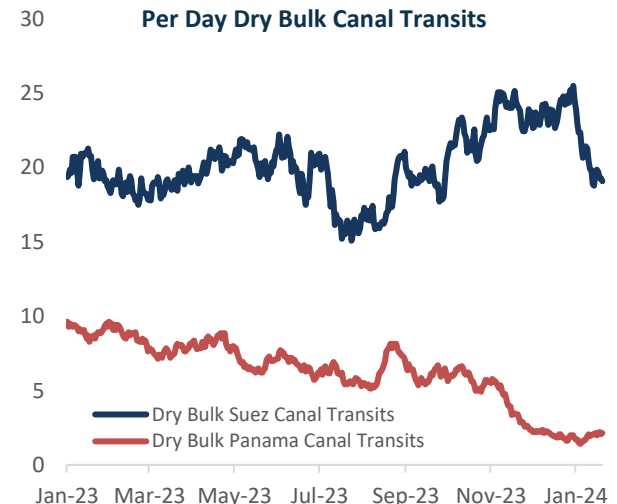
Grain/Minor Bulk Trade (mt)



- Grain trade growth forecast to grow by 2.0% in 2024 and 3.6% in 2025 and minor bulk trade forecast to grow by 3.6% in 2024 and 3.3% in 2025 (Clarksons)
- Currently, 9.5% of the Handysize fleet and 4.8% of the Supra/Ultramax fleet is over 25 years old. By 2026, c.5% of the current geared bulker fleet will be at or over scrapping age<sup>1</sup>
- Dry bulk speeds fell c.2% this year and environmental regulations could keep a ‘lid’ on them going forward according to Clarksons
- Scenarios vary, but compliance with emissions regulations (e.g. EEXI, CII) could reduce available bulker supply by ~1.5-2.0% p.a. out to 2025, through slower speeds and retrofit time

### Canal Disruptions

Per Day Dry Bulk Canal Transits



- Drought related issues in the Panama Canal at the end of 2023 caused increased east-west traffic to be routed via the Suez Canal
- Disruptions in the Red Sea have caused further diversions with vessels now avoiding the Suez Canal to route via the Cape of Good Hope
- Vessel re-routing has created fleet inefficiencies, increased tonne-miles and reduced effective fleet supply. If occurring over a sustained period these effects are expected to be supportive of freight rates
- Low water levels in the Panama Canal are anticipated to persist well into 2024 and we continue to monitor the evolving situation in the Red Sea

<sup>1</sup>Current average scrapping age is c.29 years for Handysize and Supra/Ultramax vessels

# Strategic Priorities

## *TMI maintains strong conviction in the medium-term investment opportunity set*

### SHORT-TERM FOCUS:

- **Further deleverage** through select asset disposals to shore up balance sheet and reduce breakevens
- **Continue to streamline TMI and Grindrod** operations, to enhance operating leverage, capture synergies and realise economies of scale
- Proactively **manage chartering strategy achieving balance of short, medium and long-term charters** optimizing charter pricing, longevity and visibility

### MEDIUM-TERM TARGET:

- **Lower breakeven** - conservatively leveraged with streamlined, integrated management
- **High quality portfolio** - around 40 high quality Japanese geared bulkers, younger & larger assets than at IPO, with commensurate increased earnings power and capital appreciation potential
- **Deliver attractive yields and capital returns** - positioned to take advantage of good market given favourable fundamentals (defensive long-term demand and low supply growth)

**Underpinned by ongoing strong alignment** – significant ownership alignment and self-managed structure



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