



# Investment Pitch

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# MPC CONTAINER SHIPS

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# Company Overview (1)

**Industry:** Container shipping  
**Location:** Norway  
**Market cap:** Kr 7.41Bn (701m USD)  
**Shares outstanding** 443,700,279  
**Share price:** 16.77  
**P/E ratio:** 1.61  
**Annual div yield:** 38.2%



CEO Constantin Baack



CFO Moritz Fuhrmann



EVP - GM Norway Pål Sætre

## Business Model – Real estate managers of the sea

*MPC Containers invests in and operates maritime assets with a focus on small- to mid-sized vessels that are chartered out on a fixed rate.*

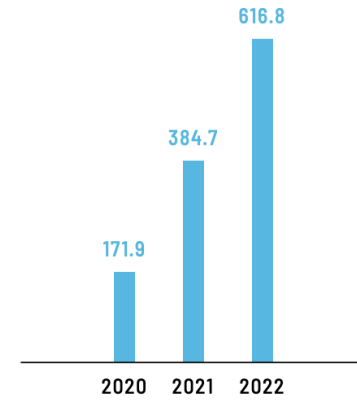
**Ownership:** MPCC owns all 61 vessels (33 unencumbered)

**Charter:** Chartering out to liner companies (e.g., CMA CGM & Maersk)

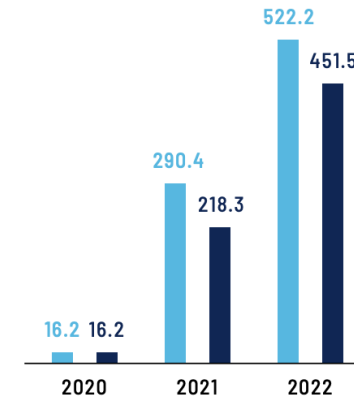
**Value added services:** maintenance, crewing and customization of ships to carry the load (fuels/containers etc.).

**Selling:** Once vessels are too old, they are sold, and money is returned via dividends.

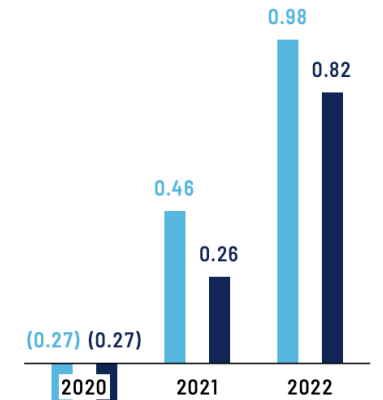
Operating revenues in USD m



EBITDA and Adj. EBITDA in USD m



EPS and Adj. EPS in USD



Adjusted

## History

Founded in 2017 by MPC Capital (a Hamburg based asset and investment manager) after noticing the gap in the vessel chartering market.



61

Vessels



~ 1,000

Seafarers  
Engaged



USD 31,279  
per day

Time Charter  
Equivalent\*



131,528  
TEU

Total Carrying  
Capacity



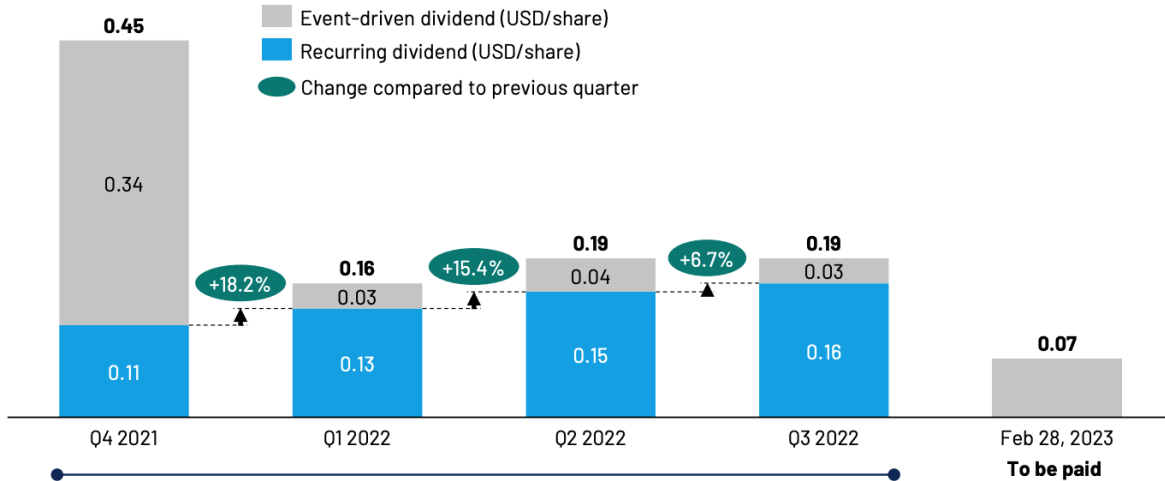
97.8%

Percentage  
Employment\*

\*Q4 2022

# Company Overview (2)

## DIVIDEND DISTRIBUTIONS



**USD 440m**

Total distributions in 2022 (NOK 4.2bn)

**USD 0.99**

Dividends per share in 2022 (NOK 9.40)

**38.0%**

Dividend yield 2022

USD million

No of vessels (cons.)<sup>2</sup>

Book value Sep 2022

Scrap at USD 400 / lwt<sup>4</sup>

**MPCC Group**

58

790m

238m

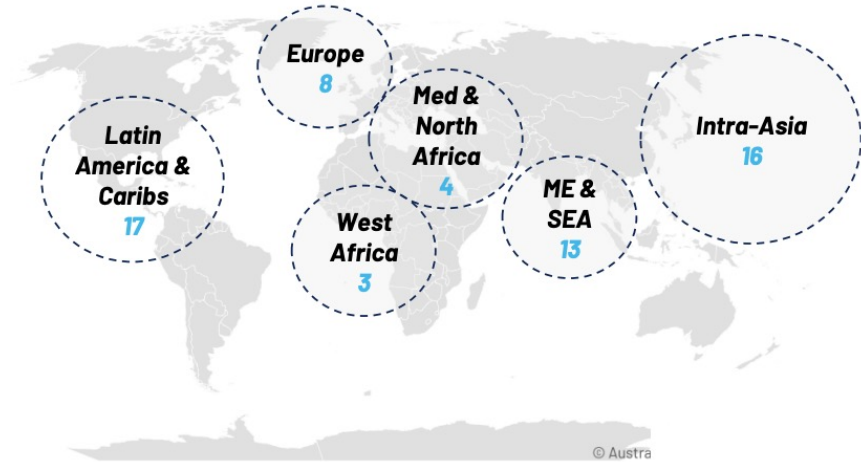
**Unencumbered vessels**

33

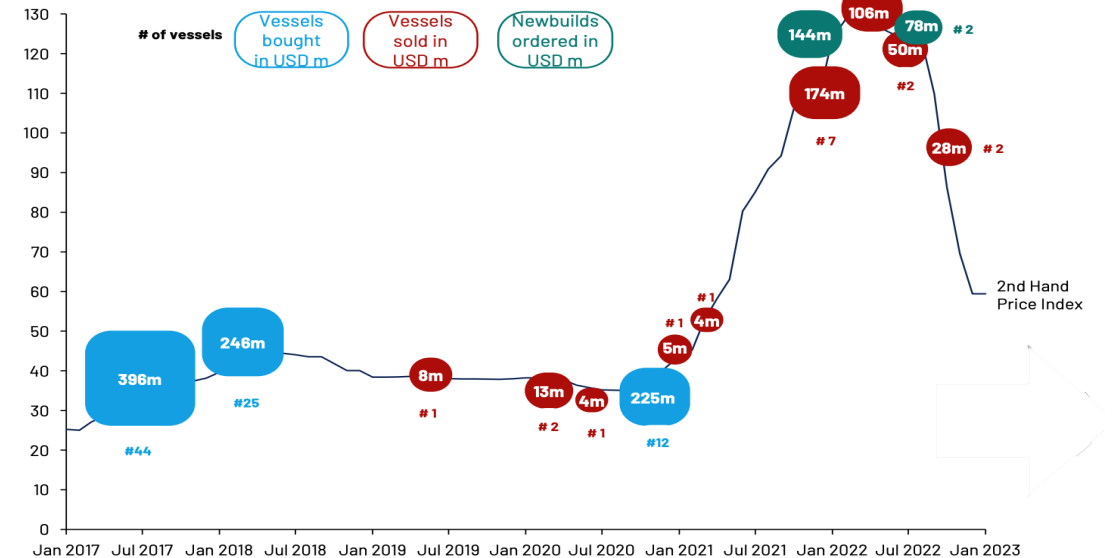
326m

118m

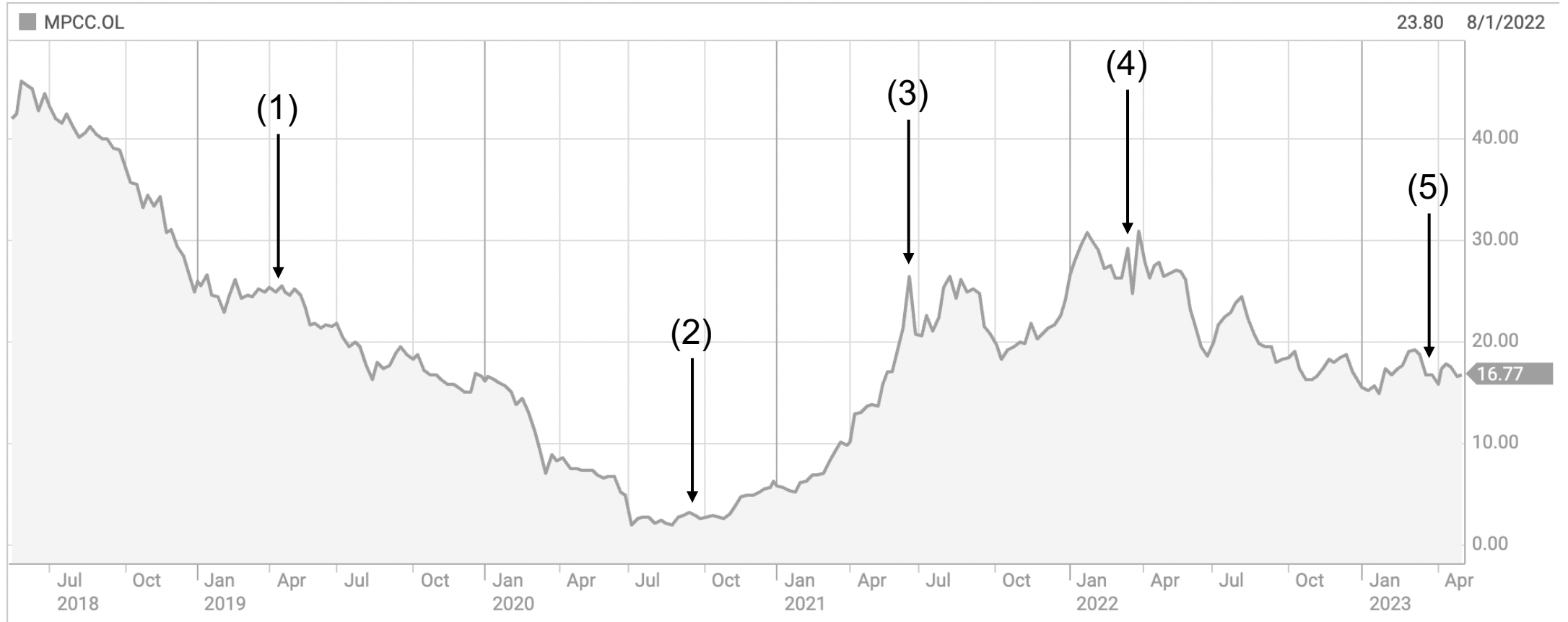
## FLEET EMPLOYMENT BY REGION



## Trach record for successful sales and purchases



# Share Price performance & timeline

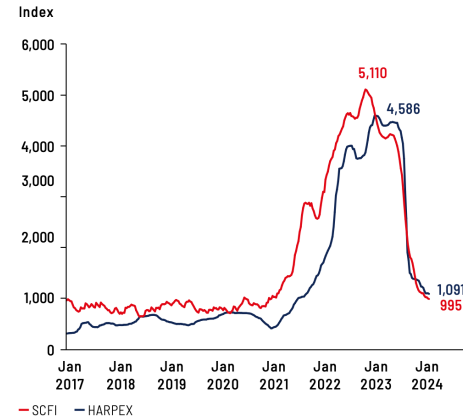


- (1) MPC seeks acquisitions** → MPCC secures \$40 million dollars revolving credit facility
- (2) CFO Change** → MPCC appoints Benjamin Pfeifer as the CFO
- (3) M&A** → share purchase agreement to acquire Songa Container AS for around \$210 million
- (4) Cash Dividend** → affirmation of cash dividend of 0.11 USD/share
- (5) Cash Dividend Increase** → increase of dividend to 0.15 USD/ share

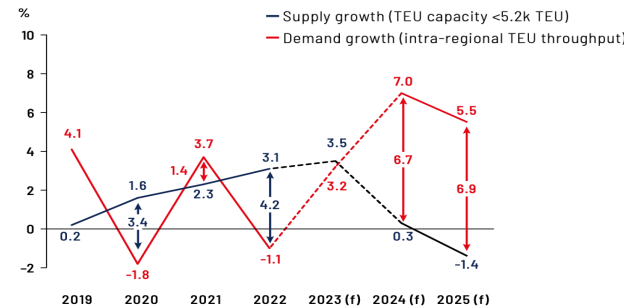
## [1] Recession fears and dampened GDP growth outlook all over the world

	2022	2023	2024
<b>World Output</b>	<b>3.4</b>	<b>2.8</b>	<b>3.0</b>
<b>Advanced Economies</b>	<b>2.7</b>	<b>1.3</b>	<b>1.4</b>
United States	2.1	1.6	1.1
Euro Area	3.5	0.8	1.4
Germany	1.8	-0.1	1.1
France	2.6	0.7	1.3
Italy	3.7	0.7	0.8
Spain	5.5	1.5	2.0
Japan	1.1	1.3	1.0
United Kingdom	4.0	-0.3	1.0
Canada	3.4	1.5	1.5
Other Advanced Economies	2.6	1.8	2.2
<b>Emerging Market and Developing Economies</b>	<b>4.0</b>	<b>3.9</b>	<b>4.2</b>
<b>Emerging and Developing Asia</b>	<b>4.4</b>	<b>5.3</b>	<b>5.1</b>
China	3.0	5.2	4.5
India	6.8	5.9	6.3
Emerging and Developing Europe	0.8	1.2	2.5
Russia	-2.1	0.7	1.3
Latin America and the Caribbean	4.0	1.6	2.2
Brazil	2.9	0.9	1.5
Mexico	3.1	1.8	1.6
Middle East and Central Asia	5.3	2.9	3.5

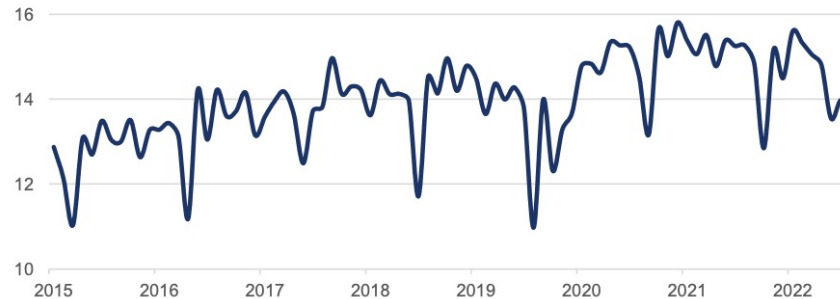
## [2] SCFI Comprehensive and HARPEX – Time-Charter Rate Development, 6-12 Months



## [3] Supply-Demand-Balance in Intra Regional Trades



## [4] Global Container Volumes in million TEUs



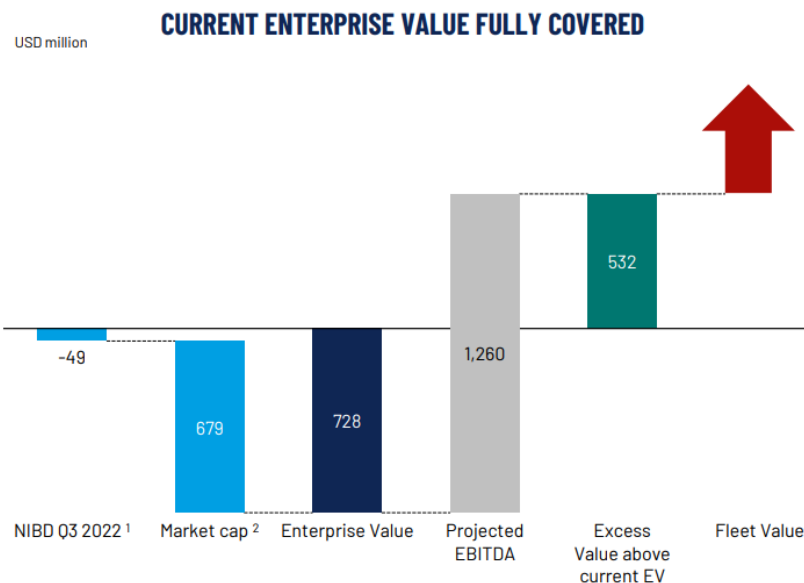
## Reasons for underperformance

- [1] Slow economic growth
- [2] Decreasing freight rates
- [3] Overcapacity
- [4] Geopolitical & trade tensions

# Stock drivers (1)

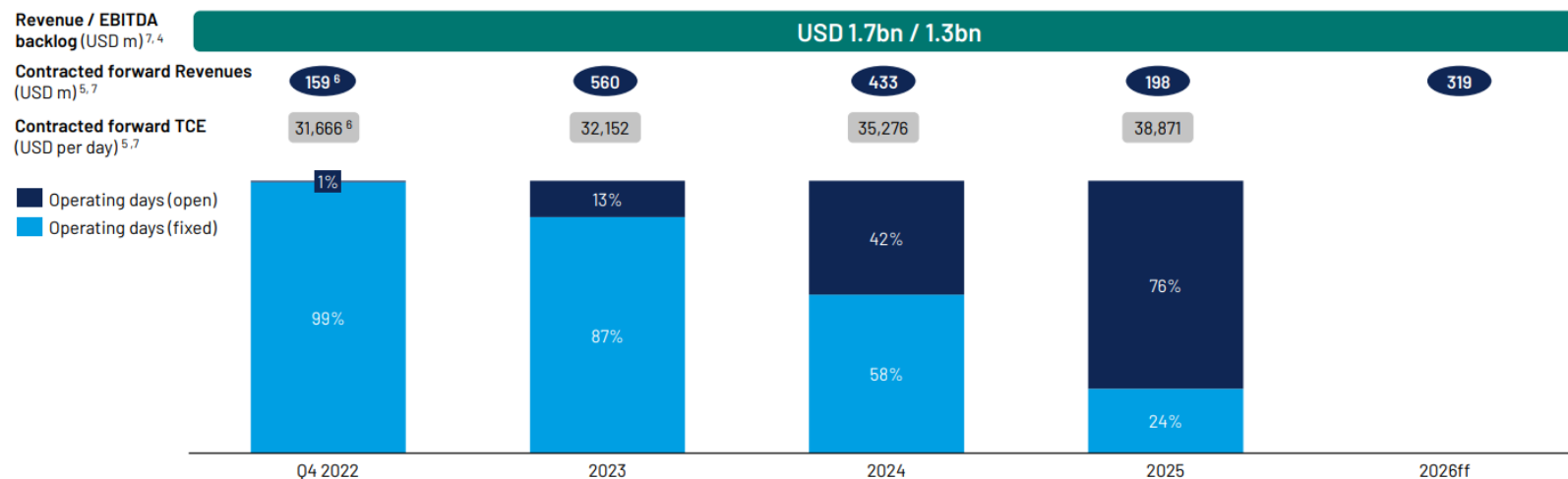
## (1) Impressive backlog guaranteeing 2023/4 rev

- MPCC has an impressively strong backlog of \$1.7b (comparing to \$616m operating revenue in 2022).
- 66% of this backlog is with the largest 10 liner companies in the world, at an average contract duration of 2.4 years.
- The projected EBITDA from this backlog is \$1.26b, which covers current EV by 173%.
- Many of these contracts were signed when container freight prices were much higher 2021-22.



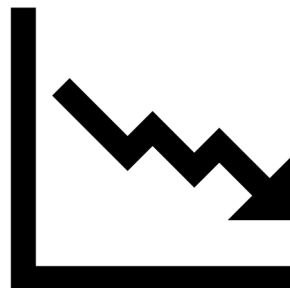
## (2) Vessel sales as dividends

MPCC CEO suggested more vessel sales and some replacements are to come. The company has pledged to give out extra dividends based on the extraordinary increases in revenue from sale of vessels.



## (3) Long term expansion

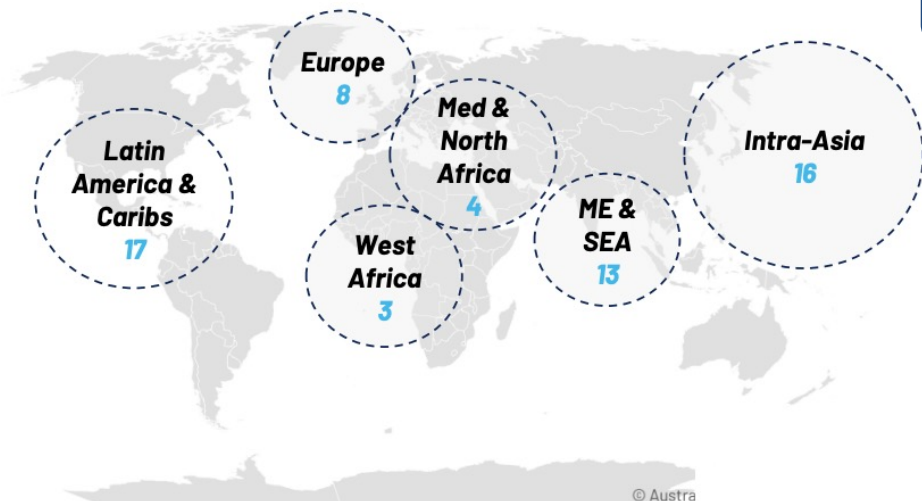
China reopening has increased opportunity to expand operations in the far east.



## (5) Ahead of the curve in e-fuel

MPCC has already signed a deal with a German e-fuel supplier INERATEC for marine diesel oil (MDO) made from biogenic CO2 and renewable hydrogen to fuel their ships. This is beneficial as new shipping regulations are tightening and leaving other companies behind the curve.

## FLEET EMPLOYMENT BY REGION



## (4) Low debt

- MPC has a net debt/EBITDA of only 0.22 and the EBIT covers interest expenses 36 times over. They are in a very good position to pay back debts
- MPCC has \$173m of debt at the end of 2022 which is a great reduction from \$353m in 2021.





A

**Political instability** → trade tensions (China & US) and global conflicts (Russia/Ukraine) causing further disruptions to supply chain operations

B

**Macroeconomic environment** → rising interest rates and inflation spikes create downward pressure on investments and short-term debt options

C

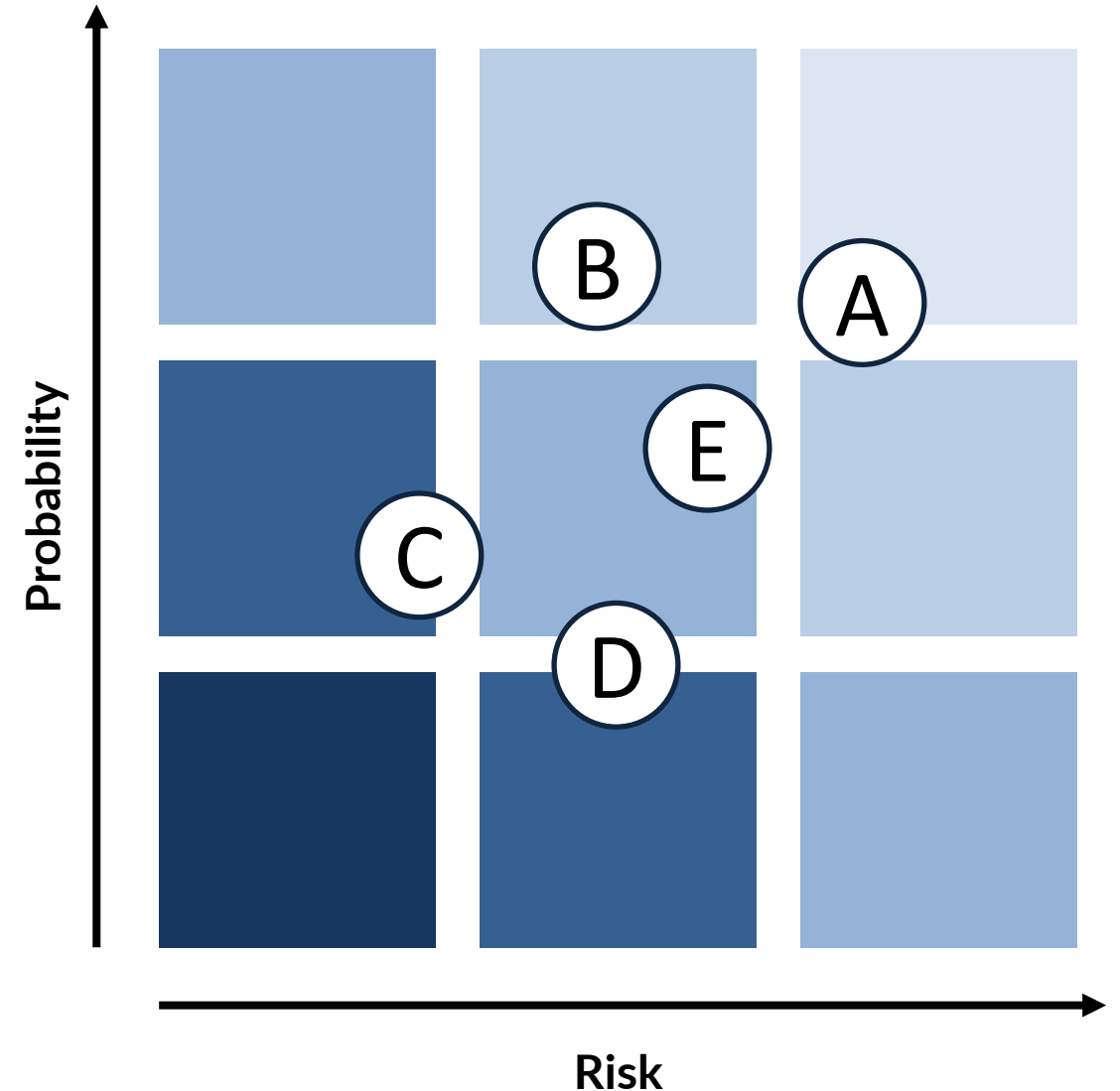
**Legal troubles** → current geopolitical situation might lead towards further sanctions and restrictions which could impact future performance

D

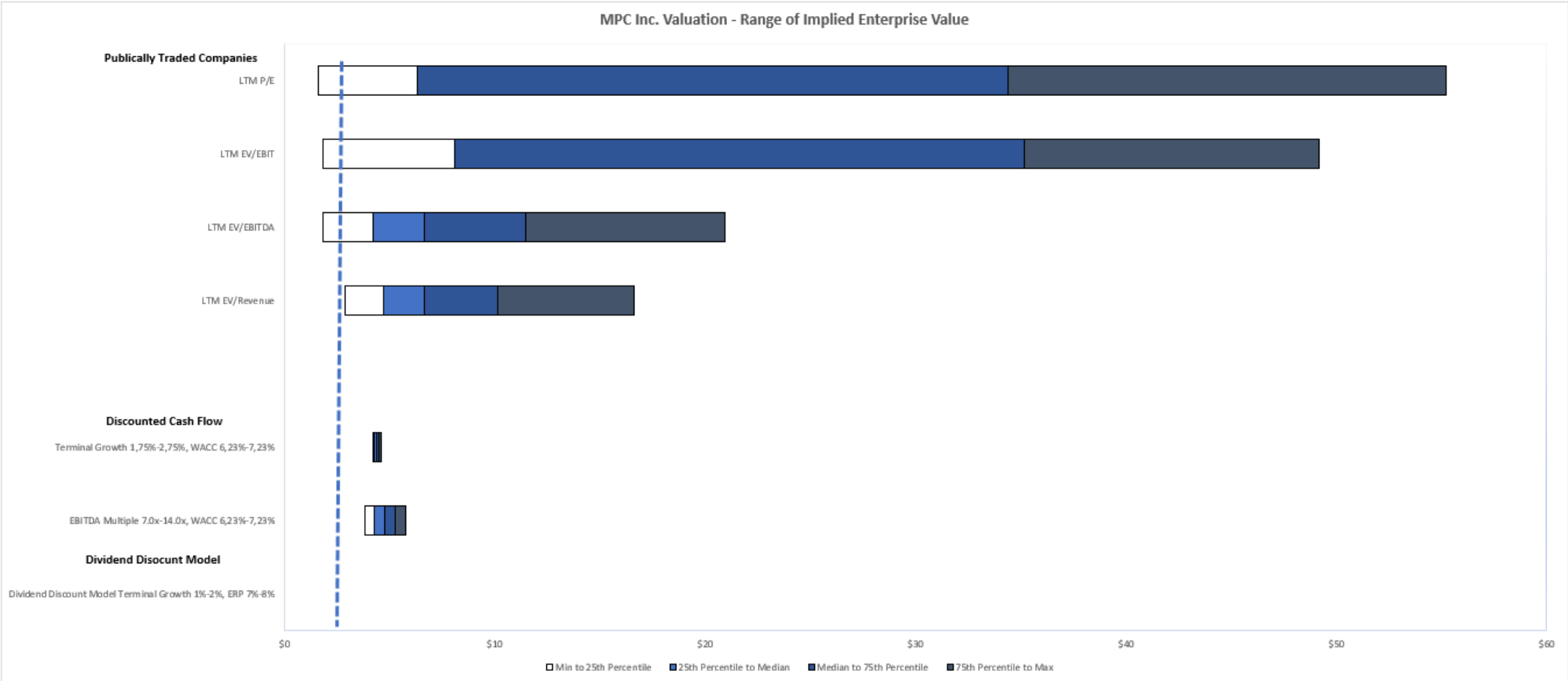
**IT issues** → technical faults in the process could cause operational disruptions, data leaks possess further uncertainties

E

**Climate risks** → long-term changes in business operations to lower carbon emissions & impacts of climate events



WACC: 11.35%  
 Revenue forecasts: backlog of orders used for 2023, analyst forecast for 2024-26



## Key Recommendations

### Overweight rating

We see a huge opportunity for a medium-term investment in MPC. This young company shows strong fundamental strength, being able to significantly deleverage in difficult times and still generating strong earnings with a significant backlog for the next ~2.2 years. The management has shown a remarkable understanding of the industry and managed to establish MPC as one of the market leaders for small to mid-sized container chartering in only 5 years.

The high dividend yield of around 38% and an undervaluation of 64% support our investment thesis.

Furthermore, we expect global trade to ramp up within the next 1.5 years due to strong economic growth in China, India and Latin America. As one of the leaders within those markets, we expect MPC to benefit from these developments.

## Price target



“Just buy something for less than it's worth.” - Warren Buffett



**Thank you!**