



Yangzijiang Shipbuilding (Holdings) Ltd
16 Raffles Quay #41-02
Hong Leong Building
Singapore 048581
(Co. Reg. No. 200517636Z)

MEDIA RELEASE – FOR IMMEDIATE RELEASE

Yangzijiang reports 23% yoy increase in FY2018 earnings to RMB3.6 billion

- Revenue increased by 21% yoy to RMB23.2 billion in FY2018, supported by growth in both shipbuilding revenue and trading revenue
- 46 vessels were delivered compared to 33 in FY2017. Core shipbuilding gross margin remained stable at 18% in FY2018
- Outstanding order book stood at USD3.9 billion as at 31 December 2018, to provide a stable revenue stream for the Group
- Group proposed final dividend of 5 Singapore cents per share, representing a payout of 27%

SINGAPORE – 1 March 2019 – Yangzijiang Shipbuilding (Holdings) Ltd. (“Yangzijiang” or the “Group”), a globally-leading shipbuilder based in China, and an Straits Times Index component company listed on the SGX Main Board, reported net profit attributable to shareholders of RMB3.6 billion for the twelve months ended 31 December 2018 (“FY2018”).

Financial Analysis

Group’s total revenue increased by 21% year-on-year (“yoy”) to RMB23.2 billion in FY2018. In the shipbuilding related segment, as 46 vessels were delivered in FY2018 compared to 33 vessels delivered in FY2017, core shipbuilding revenue increased by 14% yoy to RMB14.0 billion. In line with the higher volume of trading activities, trading business generated RMB7.0 billion of revenue in FY2018, compared to RMB5.4 billion in FY2017. Revenue generated by other shipbuilding related businesses such as shipping logistics & chartering and ship design services was RMB581 million in FY2018, compared to RMB393 million in FY2017. The increase was supported by higher charter rate

and the charter income from the vessels owned by the Group's wholly-owned subsidiary that it acquired in 2018.

Financial Highlights	4Q2018	4Q2017	Change	FY2018	FY2017	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	4,944,844	6,354,612	(22)	23,238,289	19,205,596	21
Gross Profit	899,806	944,203	(5)	4,322,856	3,311,963	31
Gross Profit Margin	18%	15%	-	19%	17%	-
Expenses [^]	(229,647)	(324,228)	(29)	(1,013,808)	(723,069)	40
Interest income	37,383	29,534	27	185,455	138,440	34
Other Income	493,898	475,598	4	587,340	531,813	10
Other Gains	343,749	(400,838)	n.m.*	568,985	188,146	202
Net Profit Attributable to Equity Holders	1,245,400	677,916	84	3,614,044	2,931,498	23
PATMI Margin	25%	11%	-	16%	15%	-

[^] Expenses include finance expenses and administrative expenses, which include impairment loss

* n.m.: not meaningful

The Group's financial investment portfolio¹ increased to RMB14.8 billion as at 31 December 2018. Interest income received was RMB1,549 million in FY2018, compared to RMB1,079 million in FY2017.

Gross profit margin for core Shipbuilding business remained at 18% for FY2018, slightly higher than that of FY2017. Gross profit margin at Group level increased from 17% in FY2017 to 19% in FY2018.

Balance Sheet (RMB'000)	31 Dec 2018	31 Dec 2017
Property, Plant and Equipment	5,162,755	4,820,729
Restricted Cash	208,756	29,405
Cash & Cash Equivalents	6,594,143	6,195,431
Other investment at Amortised Costs	14,810,376	11,978,869
Total Borrowing	4,043,981	4,890,746
Total Equity	29,580,257	26,516,697
Gross Gearing (Borrowings / Equity)	13.7%	18.4%
Net cash*	2,758,918	1,334,090

* (restricted cash + cash & cash equivalents) – total borrowing

The Group delivered net profit attributable to shareholders of RMB3.6 billion in FY2018 compared to RMB2.9 billion in FY2017. Fully diluted earnings per share was RMB91.34 cents for FY2018,

¹ According to new accounting standards, the Group reclassified "financial assets, at amortised costs" to "Other investment at amortised costs" on the balance sheet

compared to RMB75.59 cents for FY2017. Group proposed final dividend of 5 Singapore cents per share for FY2018, representing a payout of 27%².

Group's financial position strengthened further in FY2018. Gross gearing decreased from 18.4% as at 31 December 2017 to 13.7% as at 31 December 2018. As borrowings continued to decrease, Group's net cash increased from RMB1.3 billion as at 31 December 2017 to RMB2.8 billion as at 31 December 2018. Net asset value per share increased from RMB6.52 as at 31 December 2017 to RMB7.32 as at 31 December 2018.

REVIEW / OUTLOOK/ FUTURE PLANS

The global shipbuilding market continued to recover in the early part of 2018, although the momentum tapered off later in the year due to ongoing trade tensions and shipowners adjusting their pace of order placement due to the IMO 2020 global sulphur cap. For the whole year, 1,204 new shipbuilding orders became effective (76.9 million DWT in total), 18.3% lower (12.5% lower by DWT) compared to 2017³. 1,736 vessels were delivered in 2018, 15.9% lower than in 2017.

Despite the uncertainties associated with global economic growth and the trade tensions between US and China, research suggests some improvement in the fundamentals in the shipping and shipbuilding market in 2019. While global demand for container shipping is expected to remain stable and demand for seaborne dry bulk trade to grow at a faster pace in 2019, the fleet growth for both containerships and dry bulkers is expected to slow down in 2019 compared to 2018. The forthcoming IMO 2020 global sulphur cap could further limit the "active capacity" for dry bulkers due to "out of service" time for scrubber retrofits.

In 2018, the Group secured new orders for 36 vessels with total contract value of USD1.5 billion. These new orders included 5 units of 12,690TEU containership, 3 units of 2,700TEU containership, 2 units of 2,400TEU containership, 2 units of 1,800TEU containership, 3 units of 83,500DWT combination carrier, 15 units of 82,000DWT bulk carrier, 2 units of 180,000DWT bulk carrier and 4 units of 208,000DWT bulk carrier. As at 31 December 2018, with an outstanding order book of USD3.9 billion for 113 vessels, Yangzijiang was ranked no.1 in China and no. 5 in the world⁴. These orders will keep the Group's yard facilities at a healthy utilization rate up to 2021 and provide a stable revenue stream for the Group.

² Based on the SGD/RMB exchange rate of 4.95 as at 28 February 2019

³ http://www.eworldship.com/html/2019/NewShipMarket_0130/146635.html

⁴ As of 15 February, 2019.

In October 2018, the Group announced the establishment of the shipbuilding joint venture with prominent Japanese shipbuilding entities, Mitsui E&S Shipbuilding Co., Ltd. ("MES-SC") and Mitsui & Co., Ltd. ("Mitsui") to expand customer base with diversified vessel types, primarily LNG carriers and new areas of shipbuilding business. The joint venture is expected to further enhance Yangzijiang's shipbuilding capabilities, upgrade its product portfolio and create potential for order book growth. The joint venture will be based in the Group's Taicang yard.

"The recovery on the shipbuilding market was accompanied with several uncertainties. Through several business cycles, Yangzijiang has grown into a resilient entity that consistently outperformed in unstable market conditions. The market recognises our strong capabilities in the building of containerships and dry bulkers, and our order book will continue to provide a stable revenue stream in the next few years.

We are also very pleased to set up the new joint venture with MES-SC and Mitsui. Our combined strengths in shipbuilding, technology and customer network will lay the foundation for a strong entity that caters to clients' demand for high-tech, green vessels especially in the LNG carrier space. The JV will help us upgrade our product portfolio and bring our growth prospect to the next level."

*---- Mr. Ren Yuanlin (任元林), Executive Chairman,
Yangzijiang Shipbuilding (Holdings) Ltd*

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Company Profile

Established in 1956, Yangzijiang Shipbuilding (Holdings) Ltd. ("Yangzijiang Shipbuilding" or collectively known as the "Group") is one of the largest private shipbuilding companies in China. The Group is listed on SGX Mainboard since April 2007 and is currently one of the Straits Times Index ("STI") constituent stocks. With four shipyards in Jiangsu Province, China along the Yangtze River, the Group produces a broad range of commercial vessels including large containerships, bulk carriers and LNG carriers, serving the orders from a well-established customer network covering Northern America, Europe and other parts of the world. Since listing on SGX, it has delivered consistent growth in the past ten years.

For more information please visit the website at: www.yzjship.com

Issued for and on behalf of Yangzijiang Shipbuilding (Holdings) Ltd.

By Financial PR Pte Ltd

For more information, please contact:

Romil SINGH / Reyna MEI

Email: romil@financialpr.com.sg / reyna@financialpr.com.sg

Tel: (65) 6438 2990 / Fax: (65) 6438 0064