



Yangzijiang Shipbuilding (Holdings) Ltd.
揚子江船業(控股)有限公司



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Corporate Presentation

March 2019

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SECTION I

COMPANY OVERVIEW

Introduction



Established in 1956

Listed on SGX-Main board since April 2007

STI constituent stock

The largest Chinese listed entity on SGX

Annual shipbuilding capacity of
6 million DWT

Global top 10 by outstanding orderbook in the past
few years. No.5 in the world*

* According to Clarksons, as of January 2019



Business Overview



Containerships

- All sizes up to 12,690 TEU
- Breakthrough technologies
- Strong client base globally



Dry Bulkers

- All sizes up to 400,000 DWT
- Outstanding fuel efficiency
- Strong client base globally



LNG Carriers

- Delivered two 27,500 CBM LNG carriers in 2017
- Enhance capability for future growth

Shipbuilding related businesses contribute over 90% of Group's revenue



Strategically Located Yards





Competitive Strengths

Excellent Track Record

- Reliable quality
- On-time deliveries
- Repeat customers

Reputable Clientele

- Top ship owners globally
- Stable, long-term relationships
- Foundation of healthy order inflow and good-quality orderbook

A
Virtuous
Circle

Outstanding Efficiency

- Established management and operational system
- Stringent deployment of resources and management of work flow

Financial Strength

- Economies of scale
- Cost efficiency over peers
- Net cash position



SECTION II

FINANCIAL HIGHLIGHTS



Results Highlight – Income Statement

Financial Highlights	4Q2018	4Q2017	Change	Comments
	RMB'000	RMB'000	%	
Revenue	4,944,844	6,354,612	(22)	11 vessels delivered in 4Q2018 vs. 6 in 4Q2017. Lower revenue from shipbuilding due to progressive construction of less larger containerships and lower trading revenue
Gross Profit	899,806	944,203	(5)	Higher GP margin mainly due to higher HTM interest income
Gross Profit Margin	18.2%	14.9%	-	
Interest Income	37,383	29,534	27	Mainly includes interest income from bank deposits and interest income for ship finance leases
Other Income	493,898	475,598	4	Higher dividend income
Other Gains / (Losses), net	343,749	(400,838)	-	Mainly comprise foreign exchange gains/losses and fair value change on financial assets
Expenses #	229,647	324,228	(29)	Decrease due to a reversal of impairment loss of RMB99 million and RMB91 million on other investment at amortised costs and loans to non-related parties
Net Profit Attributable to Equity Holders (PATMI)	1,245,400	677,916	84	
PATMI Margin	25.2%	10.7%	-	

#: Includes Administrative and Finance Expenses



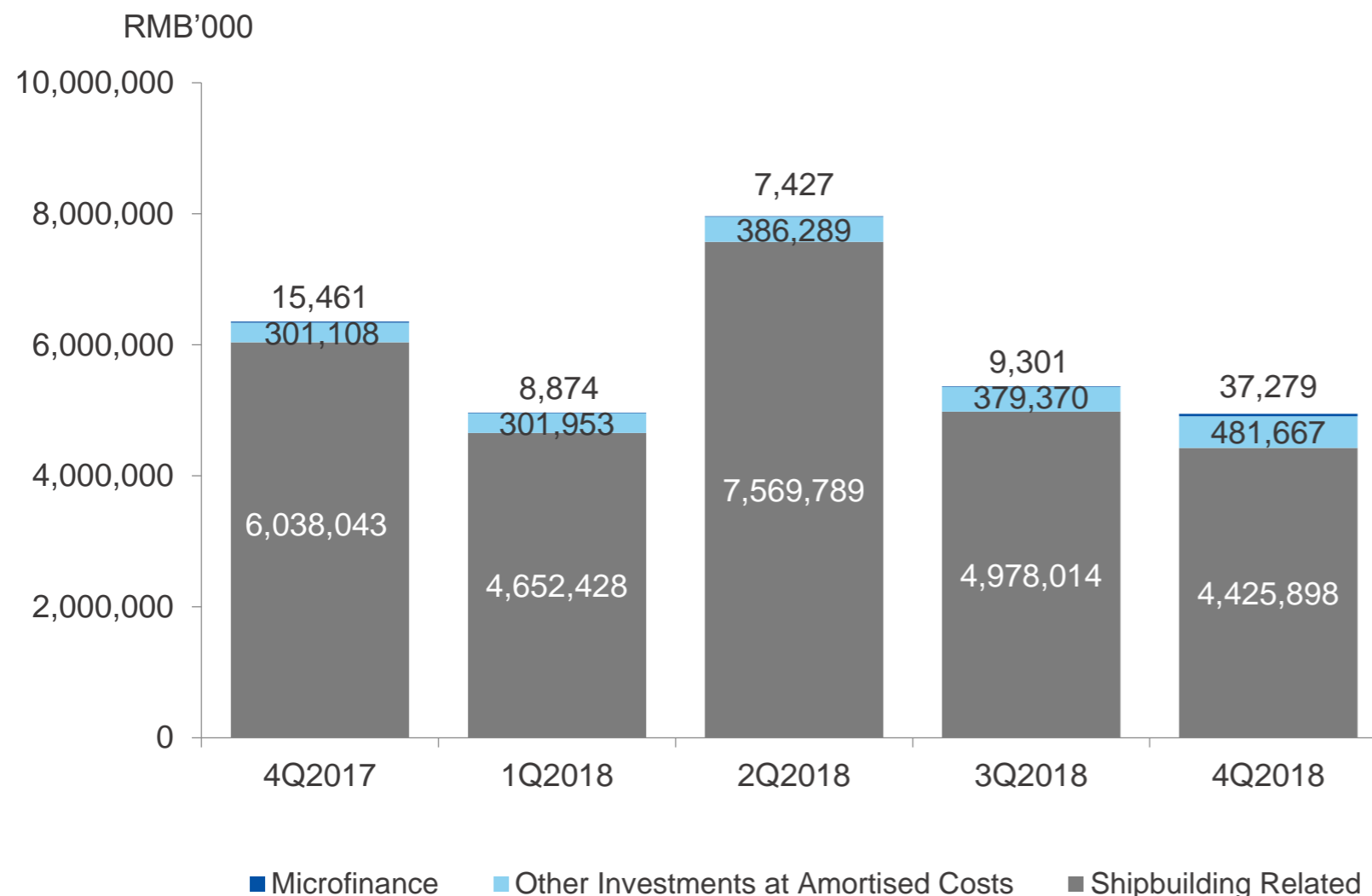
Results Highlight – Income Statement

Financial Highlights	FY2018	FY2017	Change	Comments
	RMB'000	RMB'000	%	
Revenue	23,238,289	19,205,596	21	46 vessels delivered in FY2018 vs. 33 in FY2017. Higher volume of shipbuilding activities, higher trading volume, higher other shipbuilding related business and additional revenue from Shanghai Huayuan Shipping Co., Ltd
Gross Profit	4,322,856	3,311,963	31	Higher GP margin mainly due to higher HTM interest income, core shipbuilding margin was higher at 18% for FY2018 compared to 17% for FY2017
Gross Profit Margin	18.6%	17.2%	-	
Interest Income	185,455	138,440	34	Mainly includes interest income from bank deposits and interest income for ship finance leases
Other Income	587,340	531,813	10	Higher dividend income
Other Gains, net	568,985	188,146	202	Mainly comprises foreign exchange gains/losses, subsidy income and gain on disposal of financial assets
Expenses #	1,013,808	723,069	40	Increase mainly due to net impairment loss on financial assets of RMB212 million and write-down of inventory related to the jack-up rig of RMB211 million
Net Profit Attributable to Equity Holders (PATMI)	3,614,044	2,931,498	23	
PATMI Margin	15.6%	15.3%	-	

#: Includes Administrative and Finance Expenses



Revenue Breakdown



Shipbuilding Related Revenue Breakdown (4Q2018)	Percentage (%)
Shipbuilding	71%
Trading	24%
Others*	5%
Total	100%

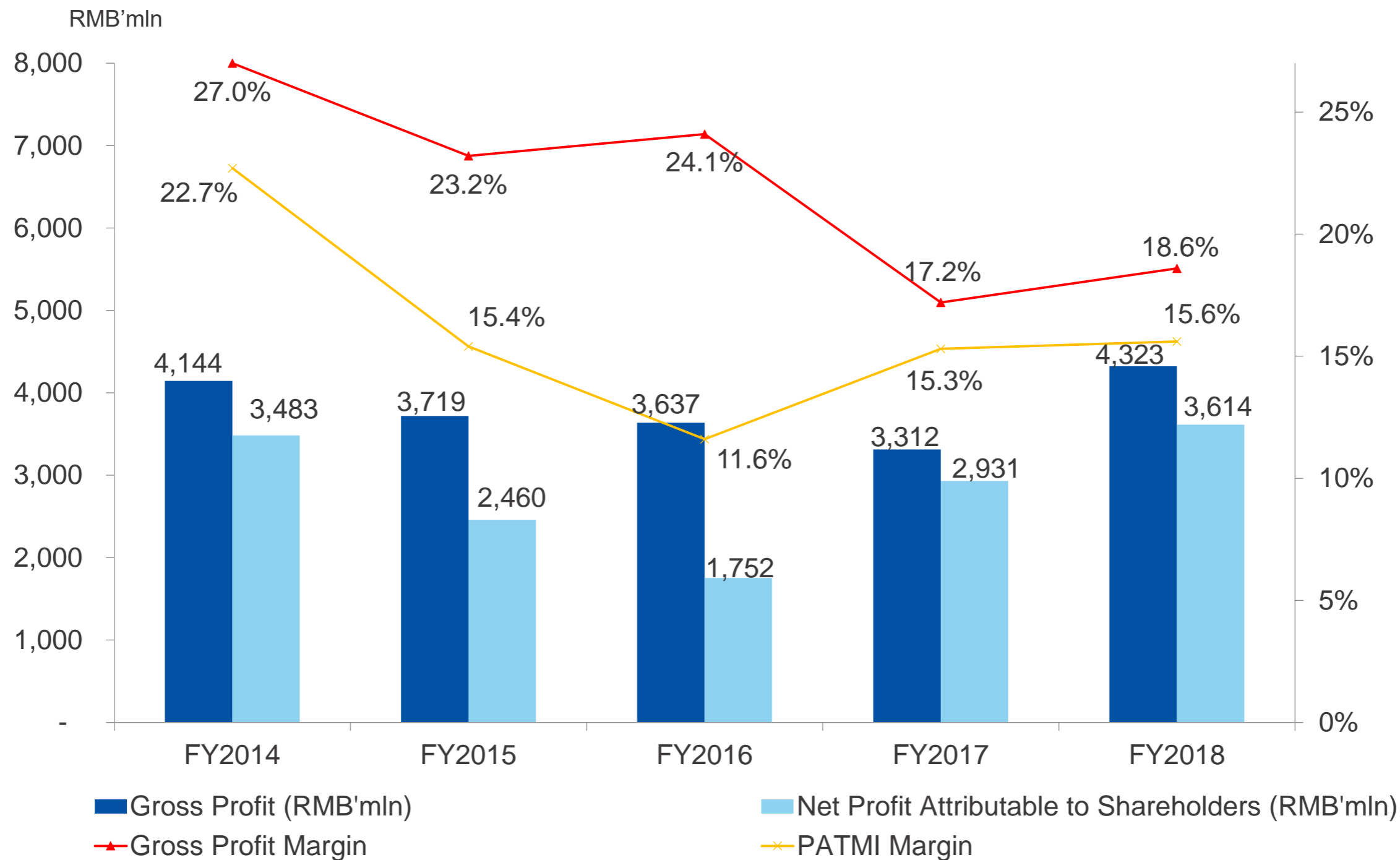
* Includes revenue from shipping logistics and chartering, steel fabrication and ship design services etc.

RMB'000	Gross Profits		Gross Profit Margins	
	4Q2018	4Q2017	4Q2018	4Q2017
Shipbuilding Related	403,907	635,862	9%	11%
Other Investment at Amortised Costs	458,886	293,300	95%	97%
Micro Finance	37,014	15,041	99%	97%



Profitability Trend

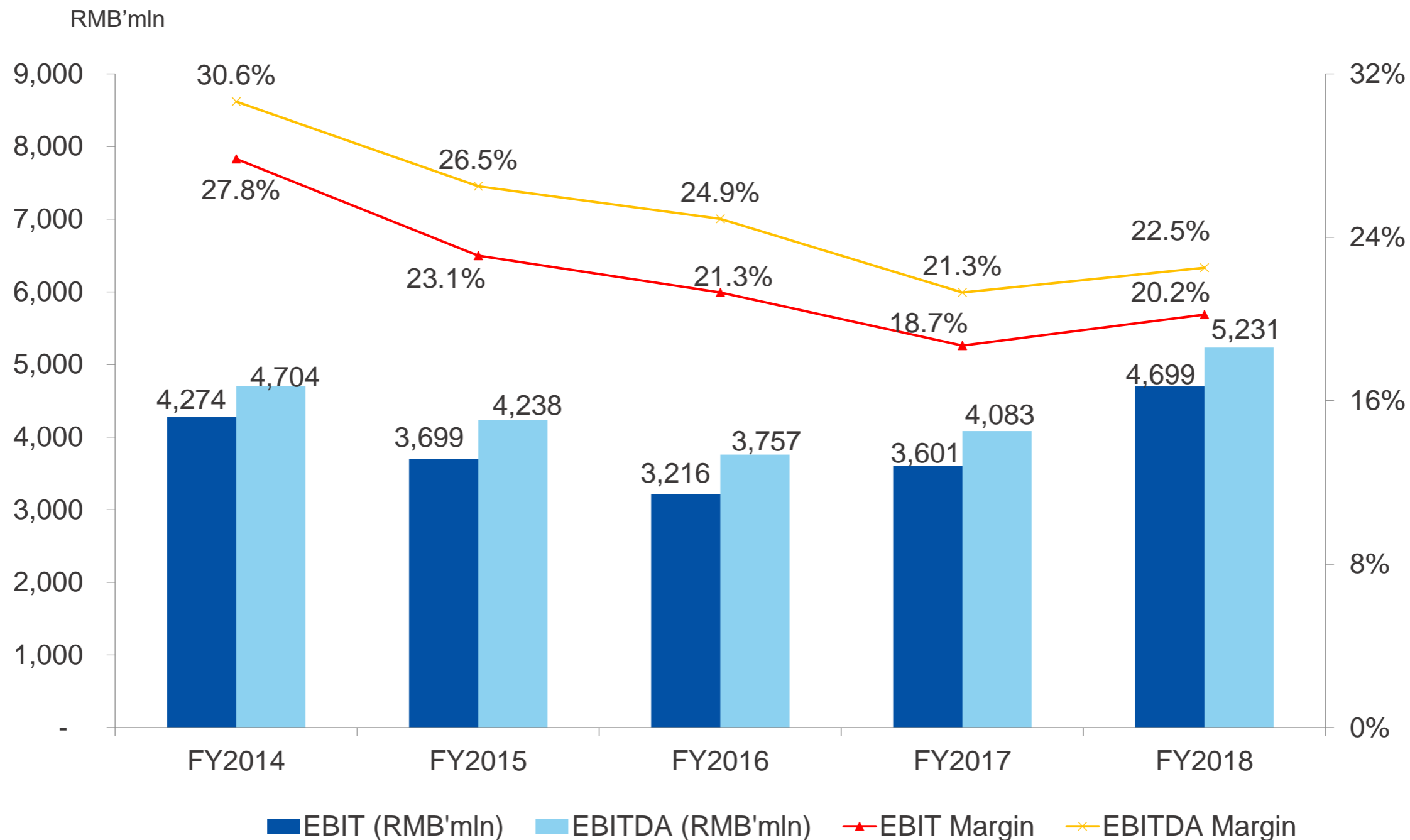
Gross Profit and Net Profit Attributable to Shareholders





Profitability Trend

EBIT AND EBITDA





Results Highlight – Balance Sheet

Financial Highlights	31 Dec 2018	31 Dec 2017
	RMB'000	RMB'000
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 ¹	14,810,376	11,978,869
Total Debt	4,043,981	4,890,746
Total Equity	29,580,257	26,516,697
Gross Gearing	13.7%	18.4%
Net Gearing (including Restricted Cash)	Net Cash	Net Cash
Net Asset Value per Ordinary Share (RMB cents)	731.91	652.20

¹According to new accounting standards, the Group has reclassified the “Held-to-Maturity investment” as “Other Investment at Amortised Costs” on the balance sheet.



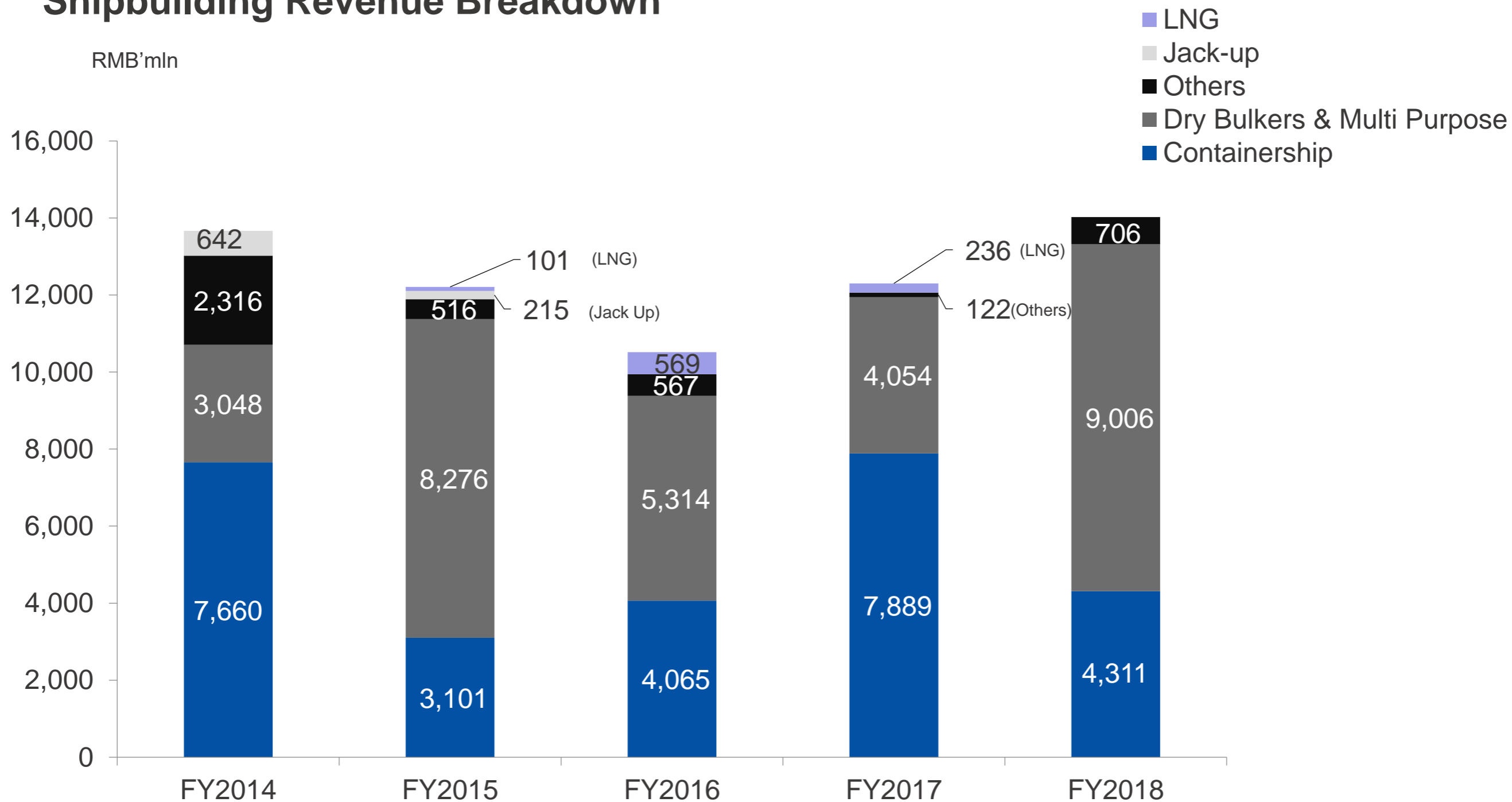
SECTION III SEGMENTAL REVIEW

**Shipbuilding &
Related Segments**



Revenue Trend

Shipbuilding Revenue Breakdown



Overview of Order Book

113 vessels

US\$3.93 billion contract value

3.90 million CGT

Delivery: 2019 - 2021

Containerships

32 units

Total CGT – 1.30 million

Total value – US\$1.22 billion

- 1,668TEU x 2 vessels
- 1,800TEU x 10 vessels
- 2,200TEU x 3 vessels
- 2,400TEU x 6 vessels
- 2,700TEU x 4 vessels
- 11,800TEU x 2 vessels
- 12,690TEU x 5 vessels

Bulk Carriers

78 units

Total CGT – 2.53 million

Total value – US\$2.60 billion

- 6,500DWT x 1 vessel
- 29,800DWT x 1 vessel
- 45,000DWT x 6 vessels
- 62,000DWT x 5 vessels
- 82,000DWT x 36 vessels
- 83,500DWT x 6 vessels
- 180,000DWT x 6 vessels
- 208,000DWT x 16 vessels
- 400,000DWT x 1 vessel

Oil Tankers

3 units

Total CGT – 0.07 million

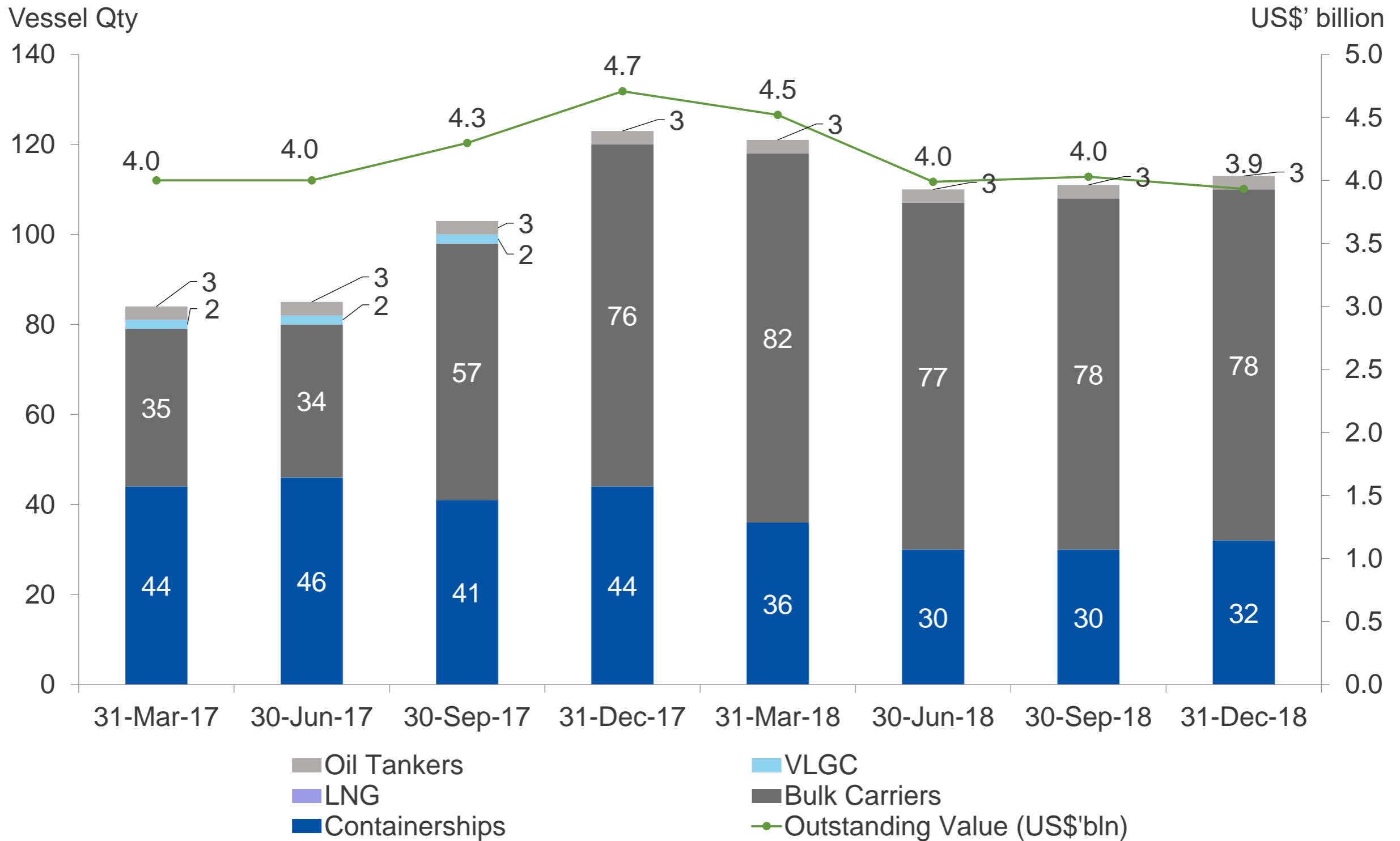
Total value – US\$0.10 billion

- 39,000CT x 3 vessels

**Note: Order book is as at 31
 December 2018**



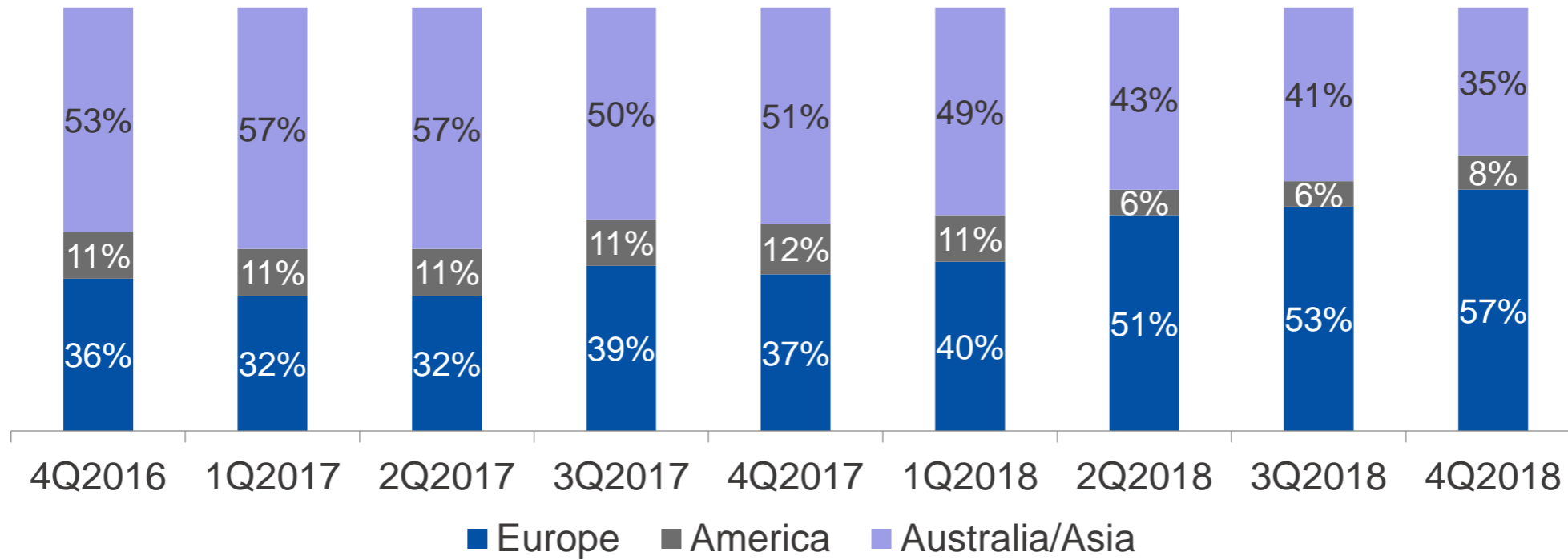
Historical Order Book





Order Book Customer Profile

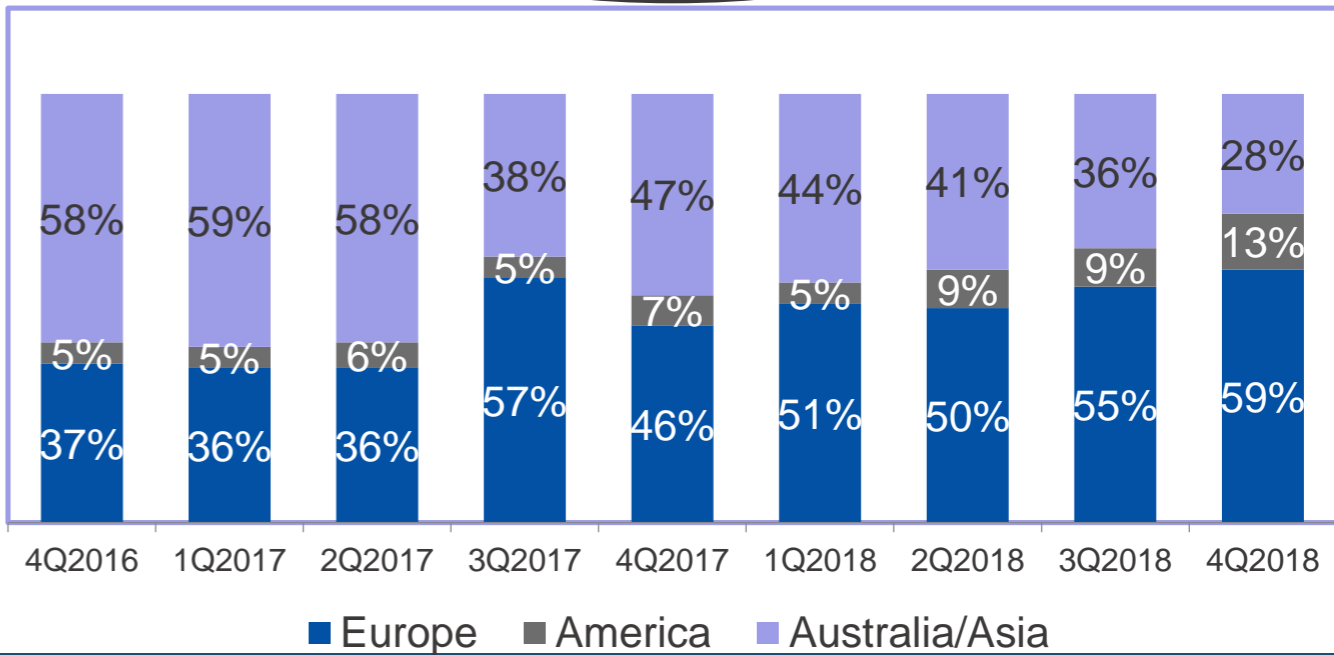
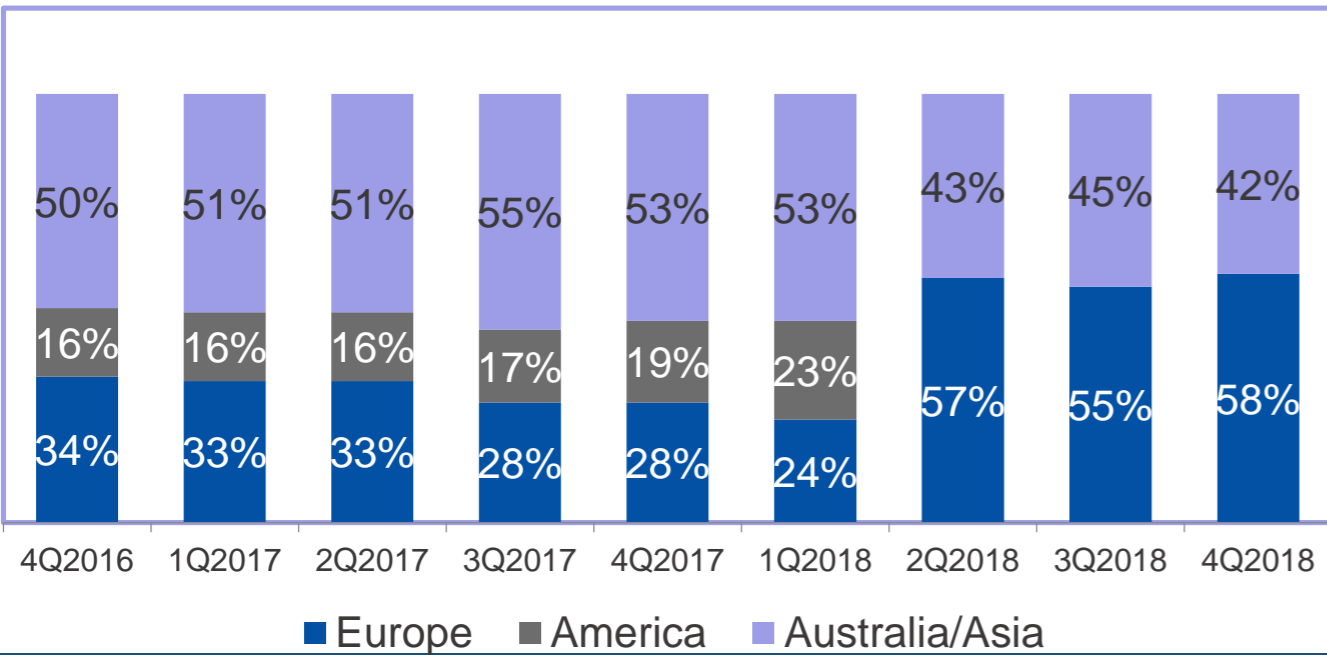
Figures are stated as at 31 Dec 2018



3 Oil Tanker orders are from Asia

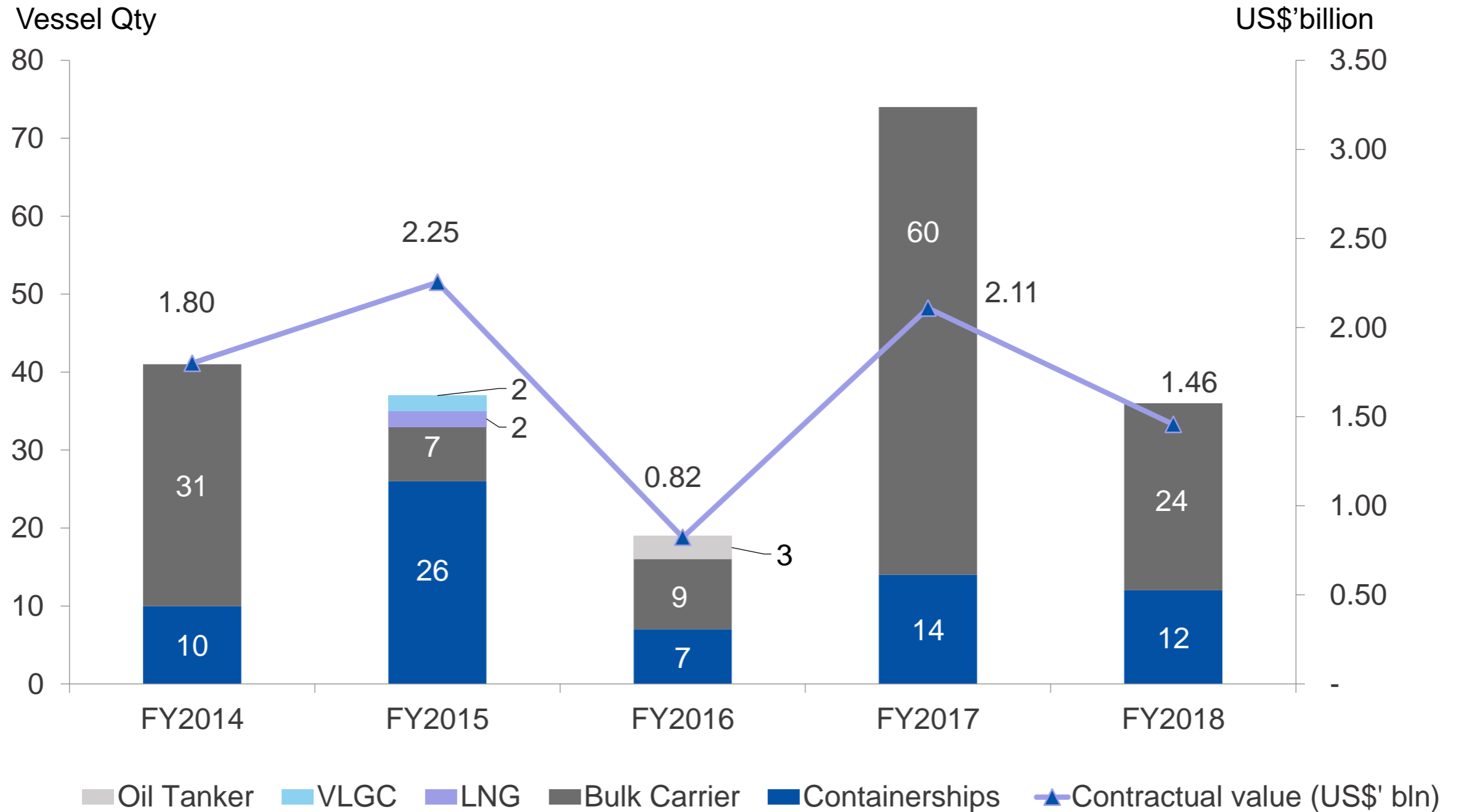
Containerships

Bulk Carriers



Order-Winning Momentum

New contracts secured in terms of vessel quantity and contract value



Shipping and Chartering

Strategy

- Leveraging on shipbuilding facilities, build and manage vessels and generate revenue
- To balance utilization
- A ready fleet to better meet shipowners' demand
- Flexible on fleet size and ready to sell when valuation is desirable
- **The current order book (slide 17) are all for external customers**

Current fleet

- 7 x 92,500DWT, bulk carriers, self managed by the Group
- 1 x 82,000DWT, bulk carrier, self managed by the Group
- 3 x 64,000DWT, bulk carriers, self managed by the Group
- 1 x 19,900DWT, stainless steel chemical tanker, self managed by the Group
- 1 x 12,000DWT, stainless steel chemical tanker, self managed by the Group
- 4 X 47,350DWT, bulk carriers, self managed by the Group
- 1 X 79,600DWT, bulk carrier, self managed by the Group

Note – 1 units of 92,500DWT dry bulk carriers were disposed on the second-hand market in 1Q2018



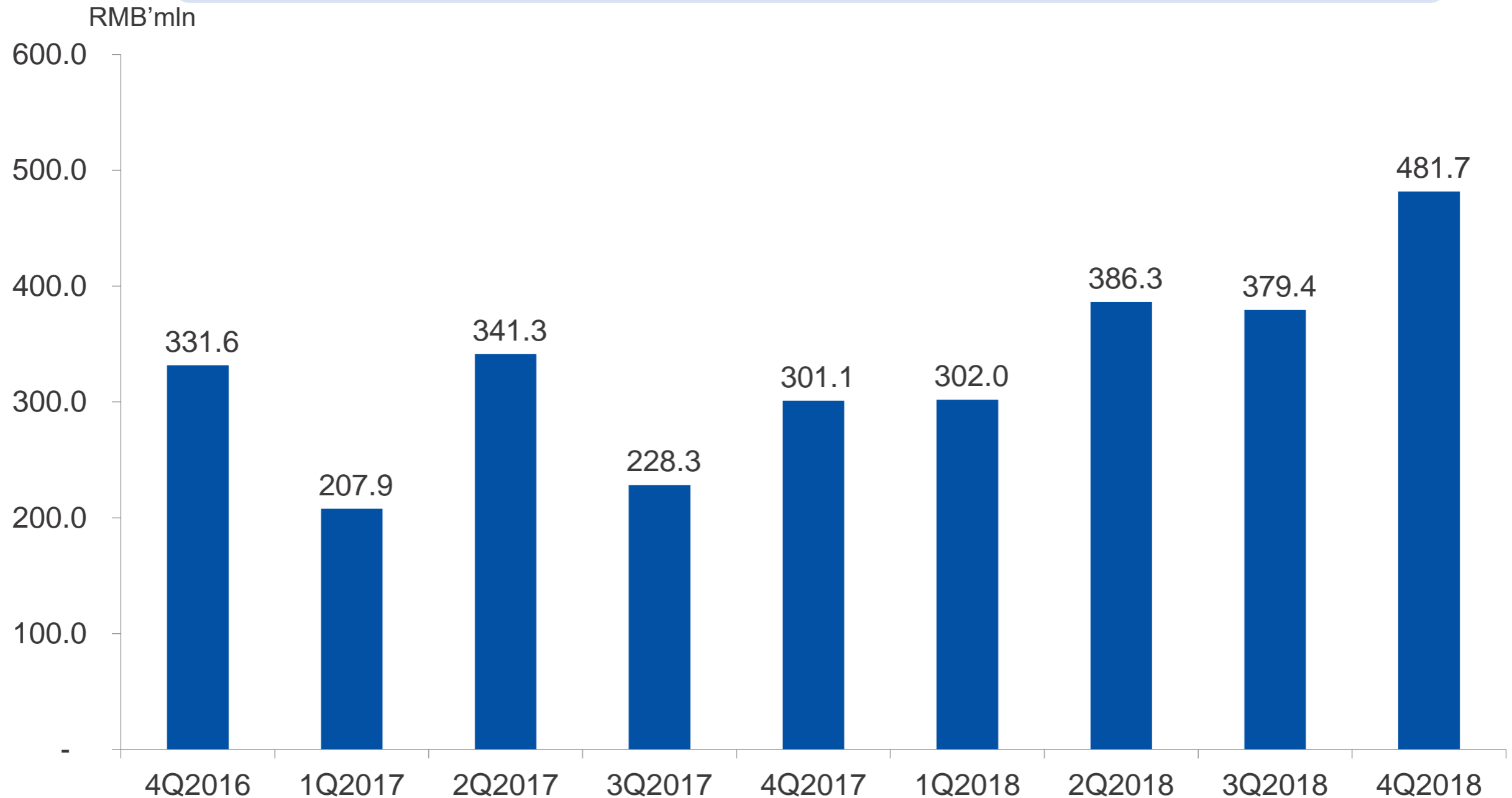
SECTION III SEGMENTAL REVIEW

Financial Investments

Interest Income Trend Other Investment at Amortised Costs

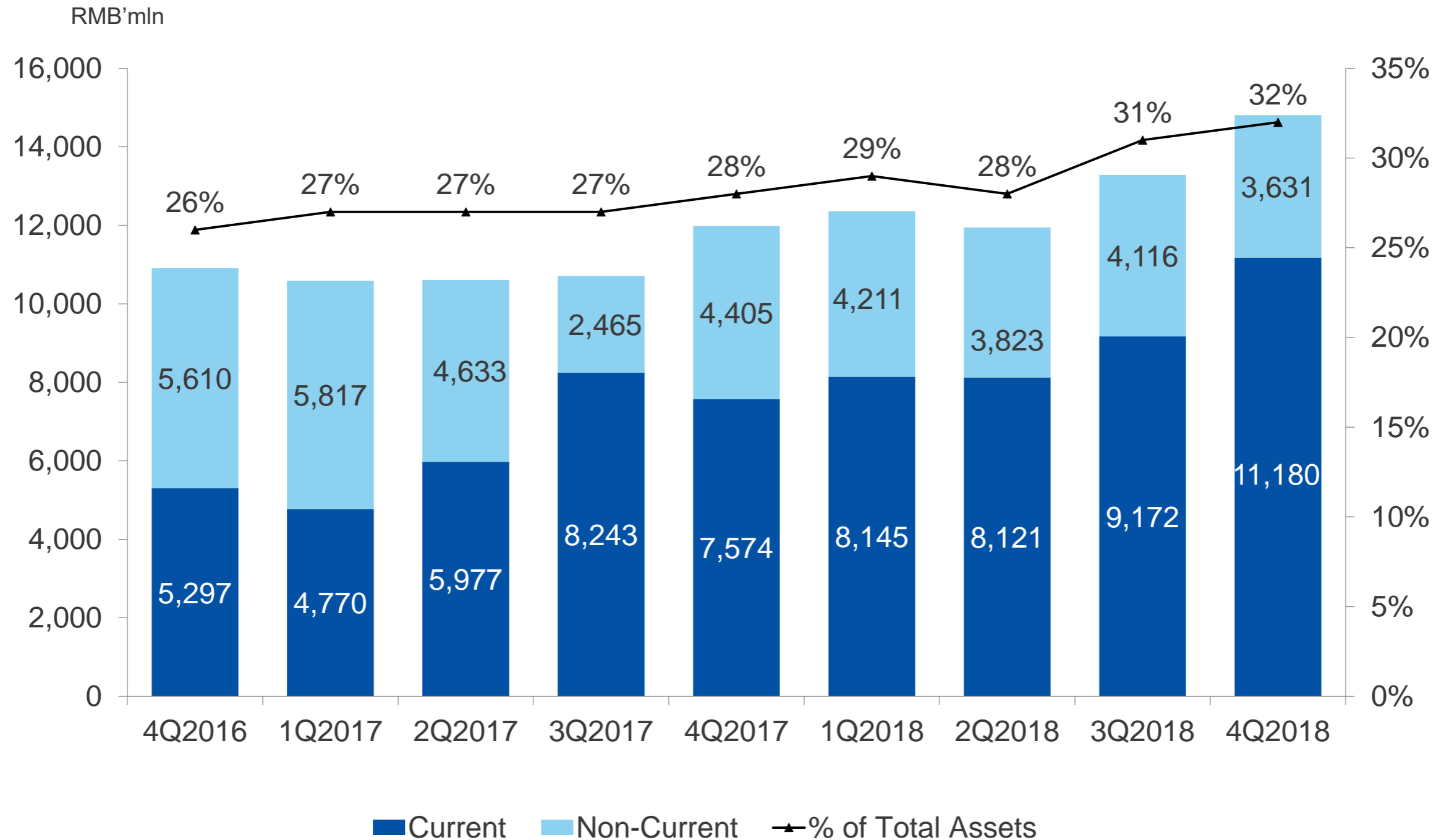


Total interest income generated over the last decade was **RMB10.7 billion** compared to outstanding balance of **RMB14.8 billion**



Source: Company Data

Outstanding Balance Other Investment at Amortised Costs



Source: Company Data

Other Investment at Amortised Costs

Investment Process



Team

- A team of 40 people, consisting of professionals with extensive experience with banking, legal and auditing backgrounds

Due Diligence

- Thorough due diligence based on the product proposal
- Vote by investment committee
- Legal review and opinion
- Project approval and fund disbursement
- Designated team monitor and review project status (coverage ratio, payment progress etc.) in weekly meetings

Structure - Role of Trust Company

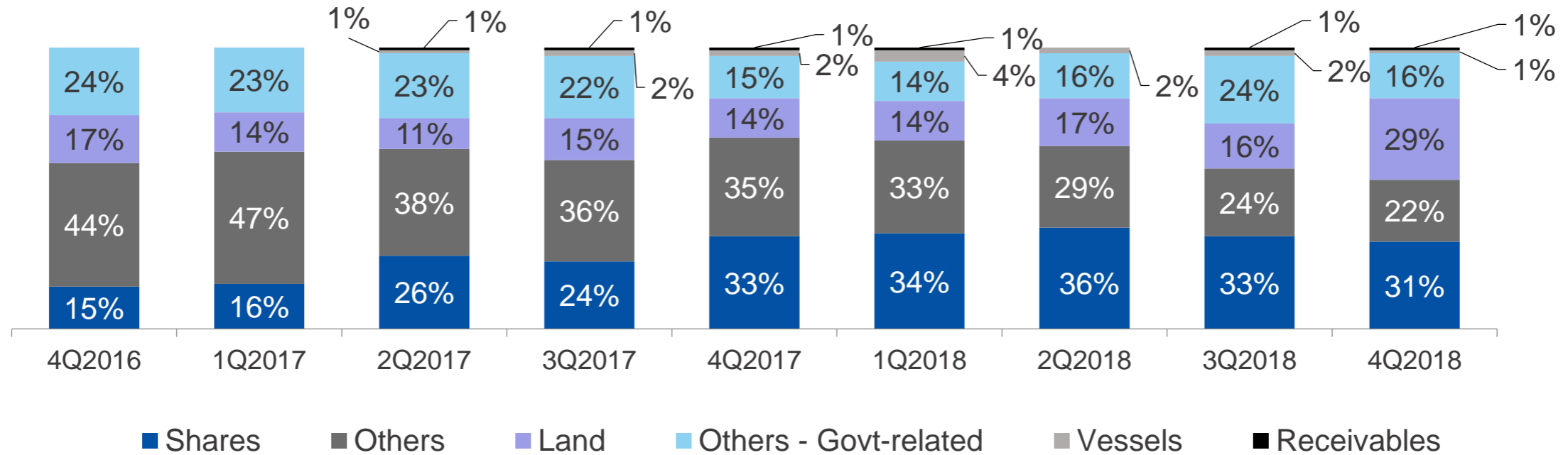
- Documentation
- Legal structure
- Safekeeping of collaterals

Current Strategy

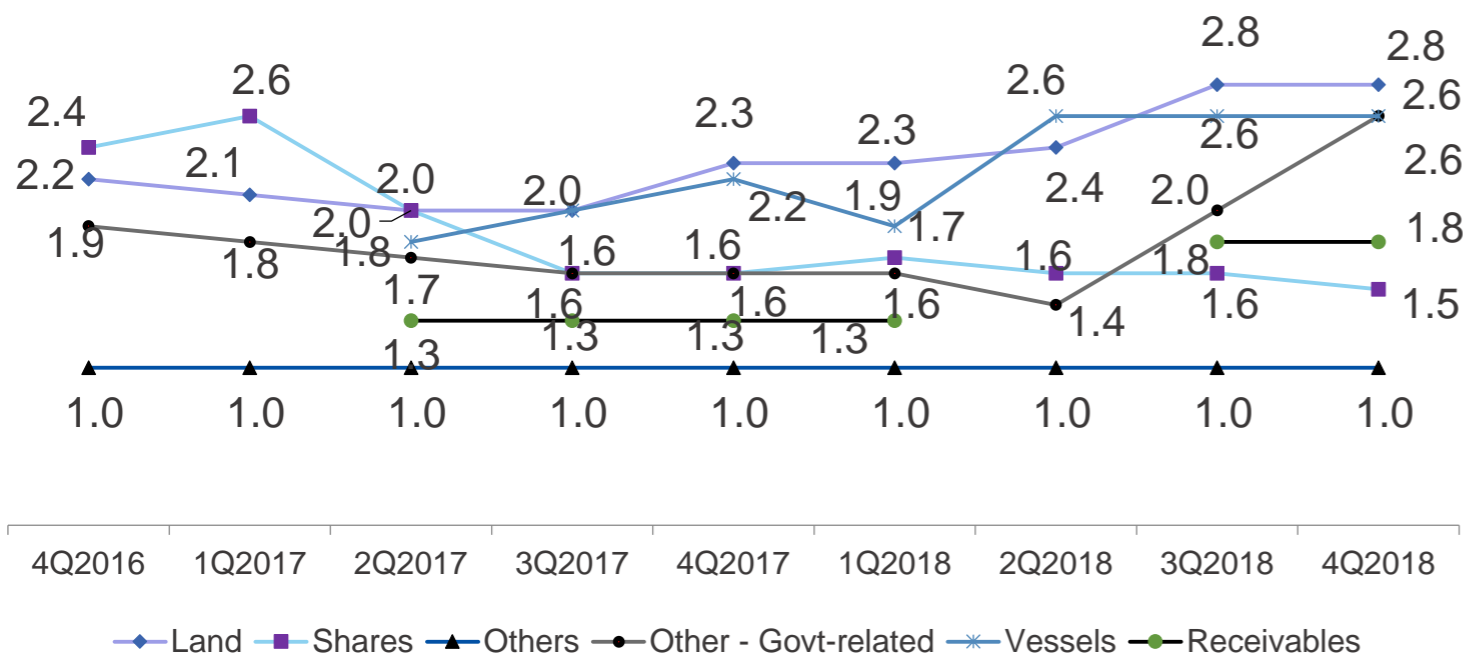
- Increase the 'current' portion in the portfolio for higher liquidity and tighter risk control
- Increase the requirement on collaterals and enhance coverage ratio when credit environment in China tightens

Other Investment at Amortised Costs

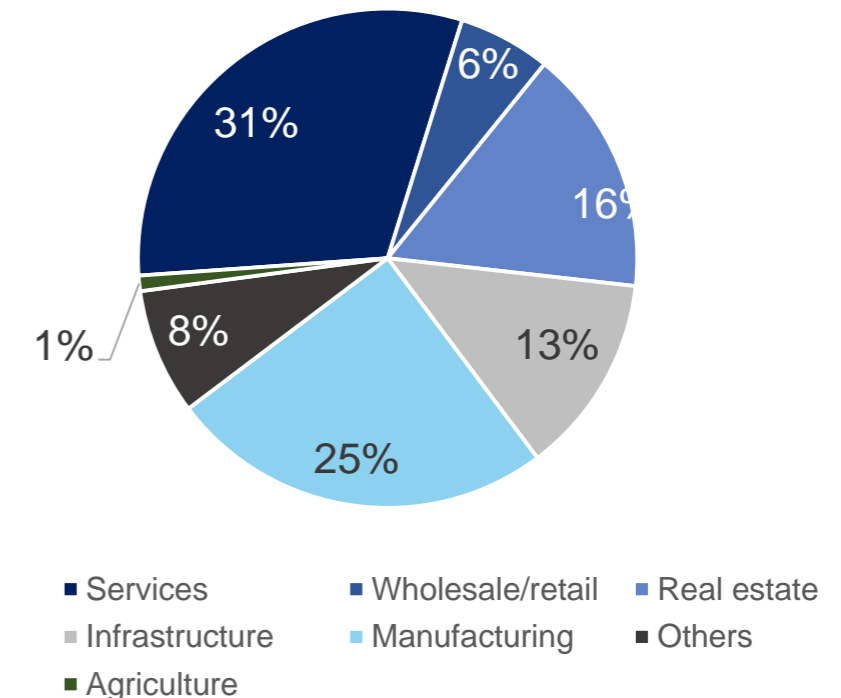
Breakdown of Investment Amount for which collaterals are secured (%)



Coverage Ratio



Breakdown of Borrowers (4Q2018)





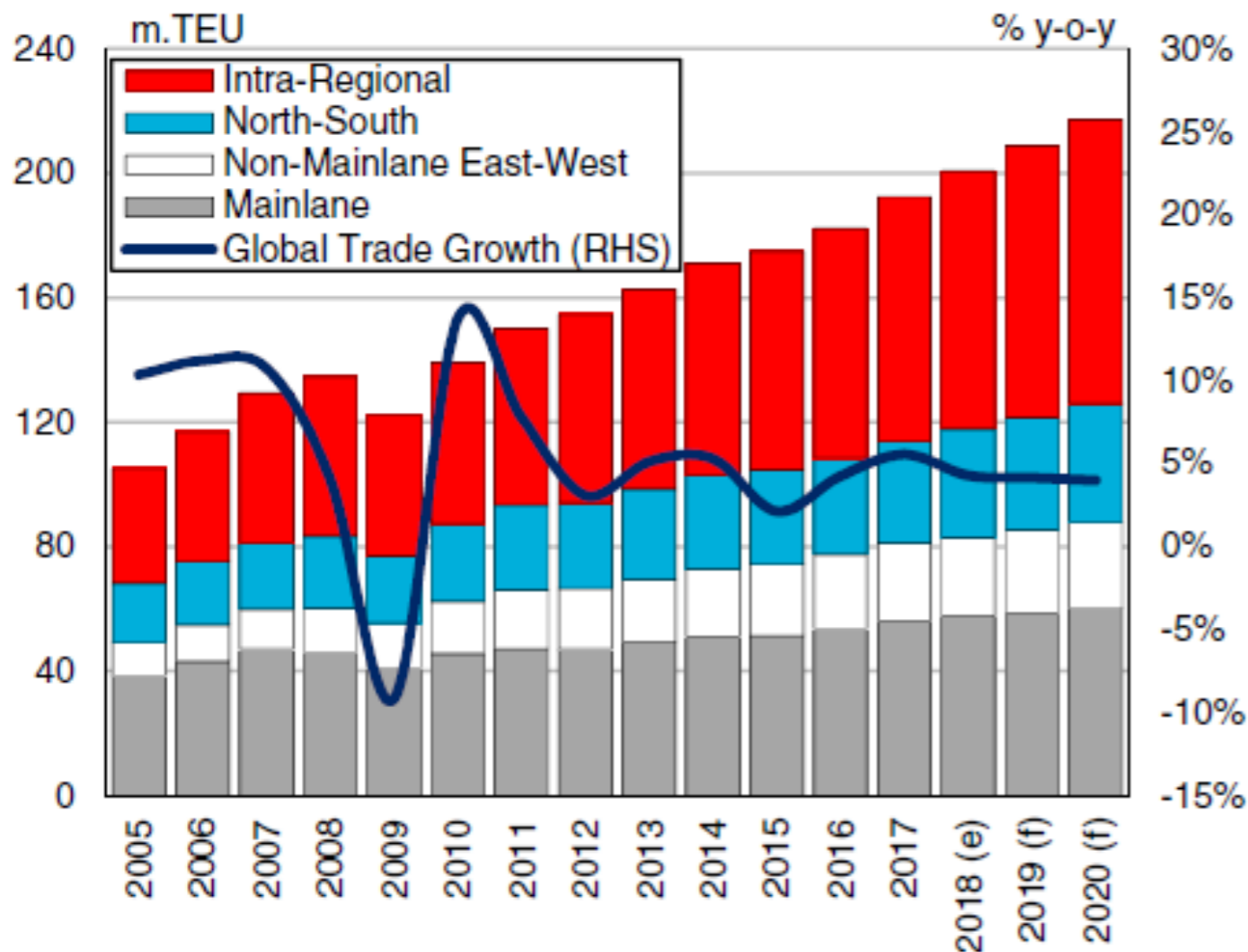
SECTION IV

TRENDS & STRATEGIES

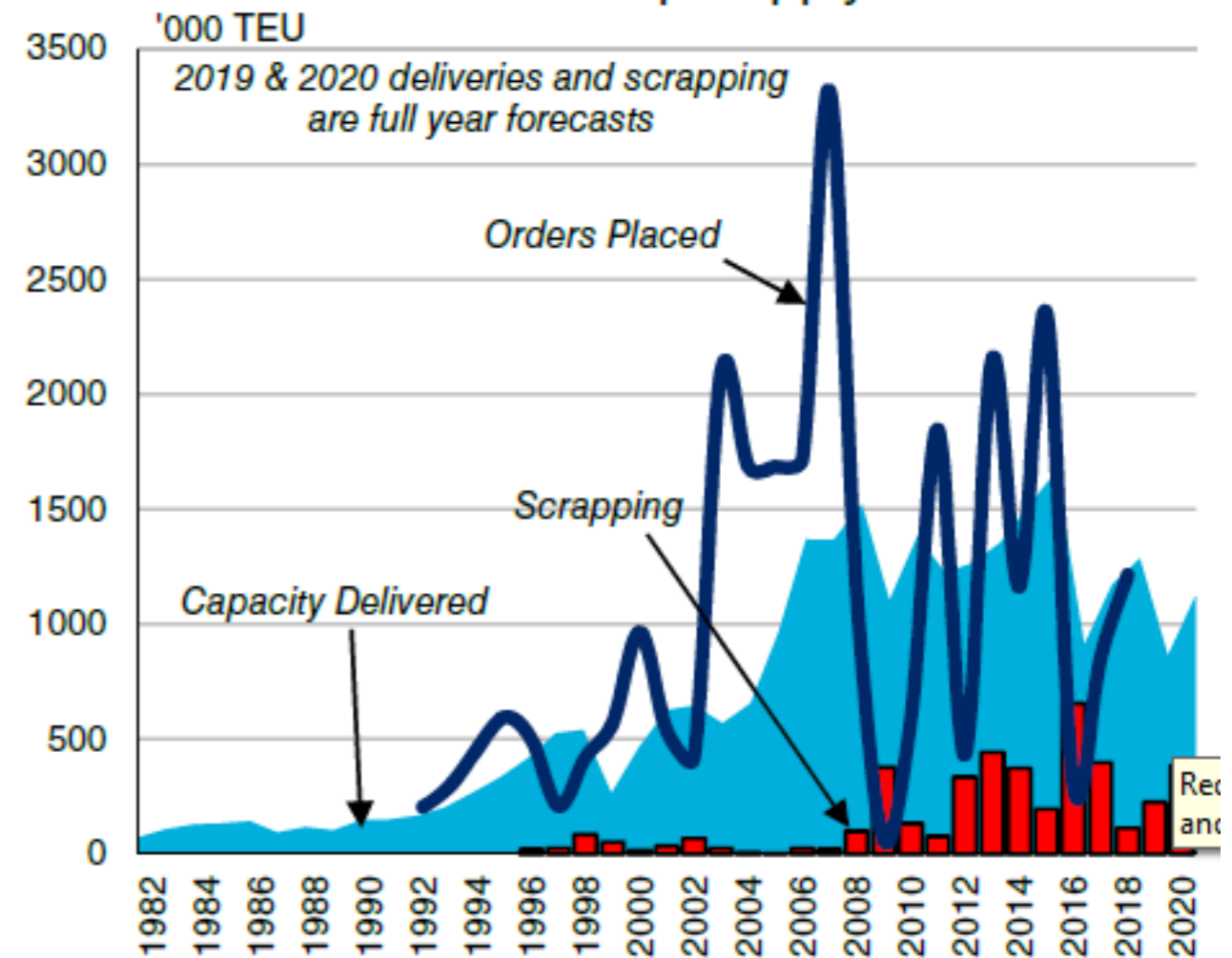
Containership Outlook

- Clarksons estimated that global container shipping volume grew by 4.3% in 2018 and expected the growth to remain steady at 4.1% in 2019
- Containership capacity grew by 5.6% in 2018, and is estimated at 2.9% in 2019
- Growth in 'active' capacity could be limited further by around 1% by the impact of the forthcoming IMO 2020 global sulphur cap, with containership time 'out of service' for scrubber retrofit
- Expected **fundamental rebalancing** and potential freight and charter market progress across 2019

Seaborne Container Trade



Containership Supply

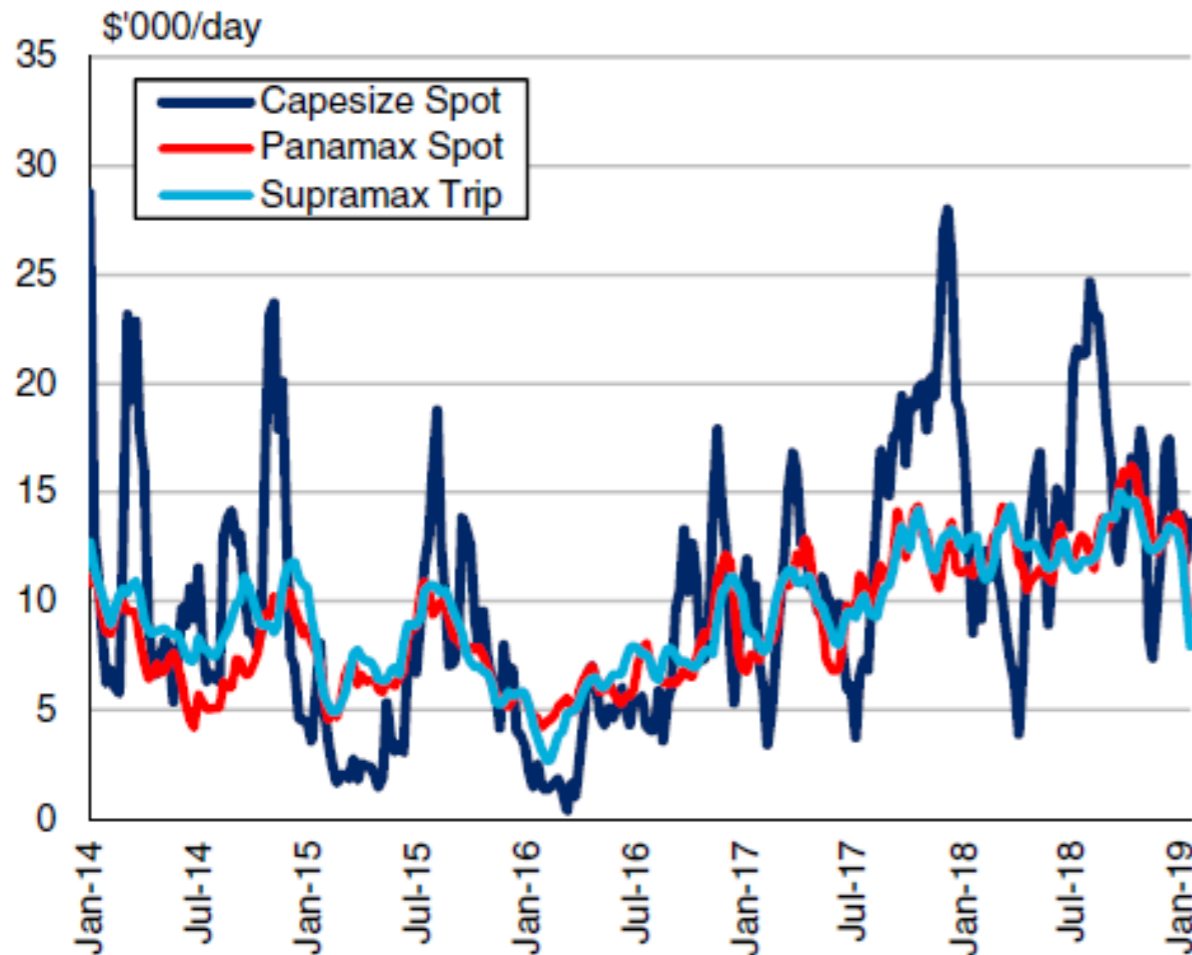


Source: Clarksons Research, January 2019

Dry Bulker Outlook

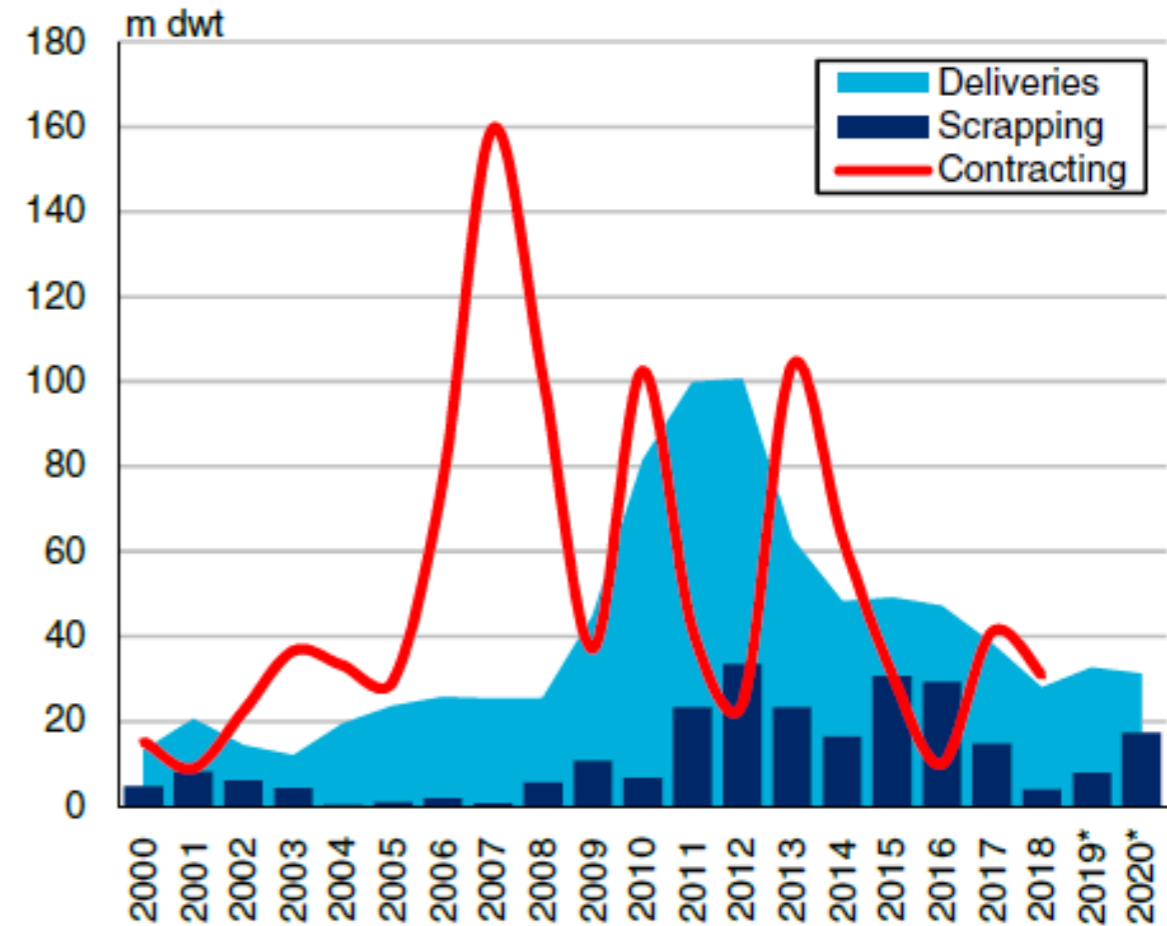
- Global seaborne dry bulk trade growth is estimated at 2.8% (by tonnemiles) in 2018, and the base case projection for 2019 is 3.4% (Clarksons Research)
- Fleet growth projection of 3.0% for the year, the fundamentals “look to be fairly balanced”
- Growth in ‘active’ capacity could be limited further by around 0.5% by the impact of the forthcoming IMO 2020 global sulphur cap, with containership time ‘out of service’ for scrubber retrofit

Bulkcarrier Earnings



Earnings based on standard vessel and voyage assumptions.

Bulkcarrier Supply Trends

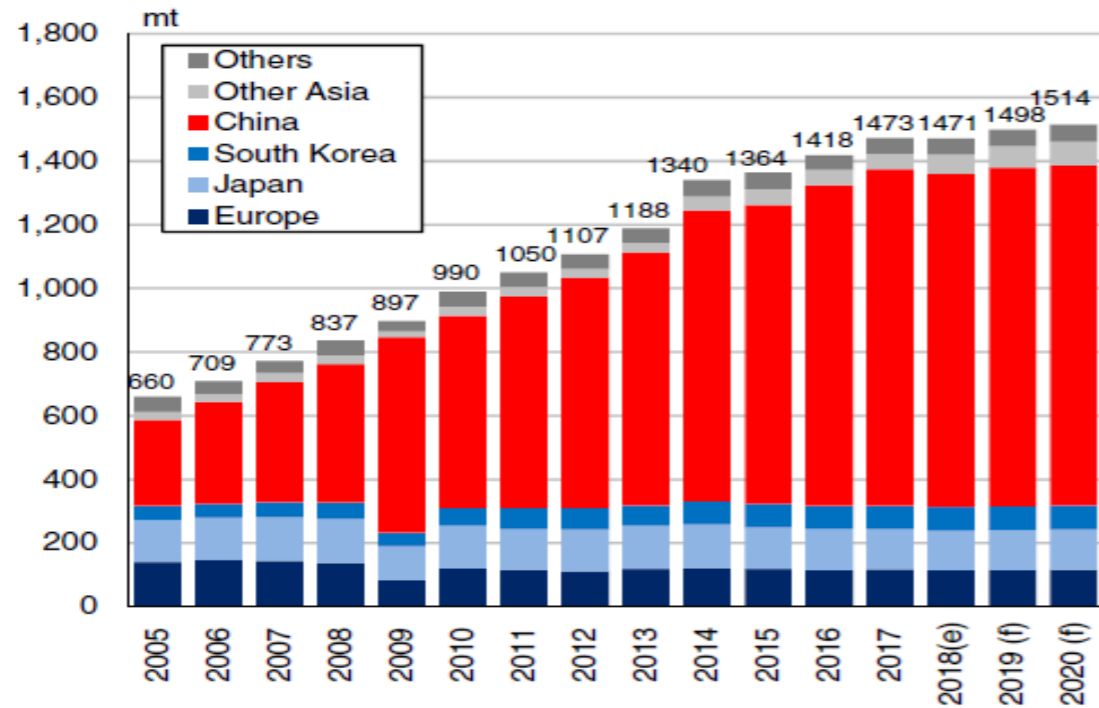


* 2019 and 2020 deliveries and demolition totals are full year forecasts.

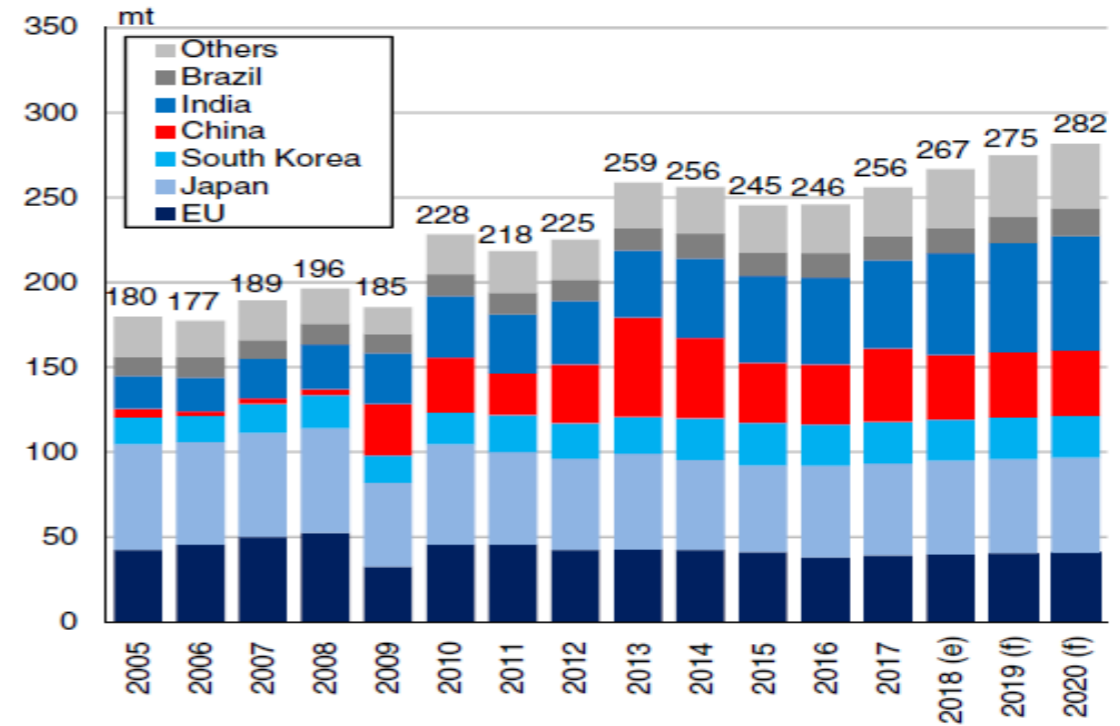


Dry Bulk Trades Expected to Grow

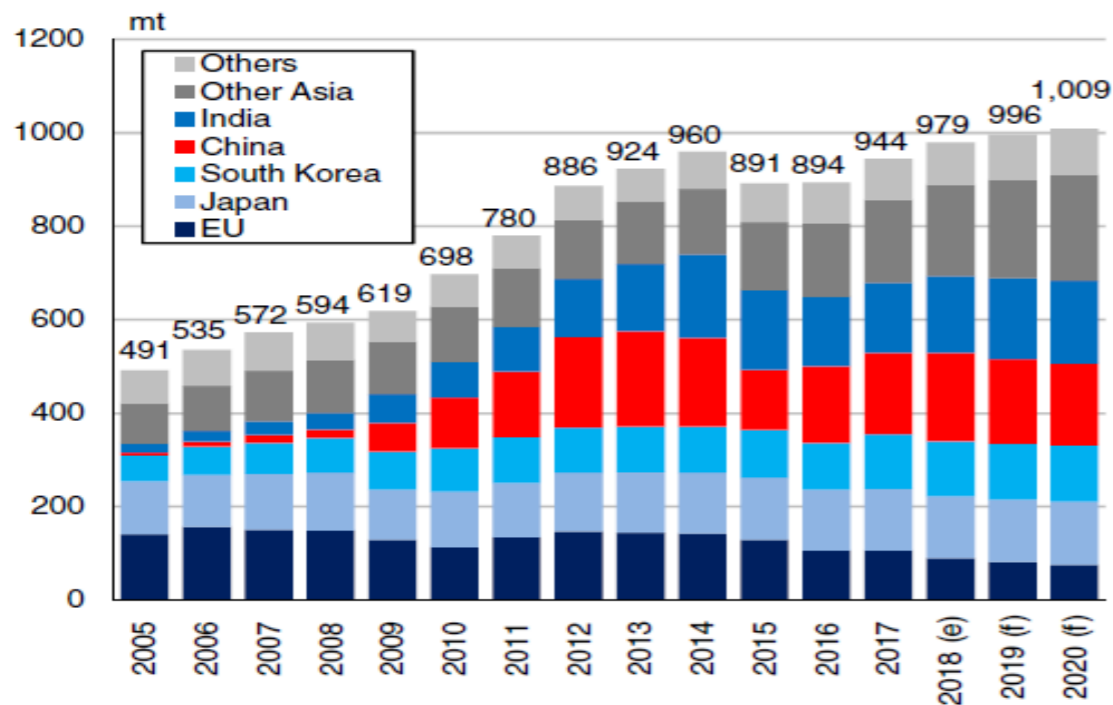
Seaborne Iron Ore Imports



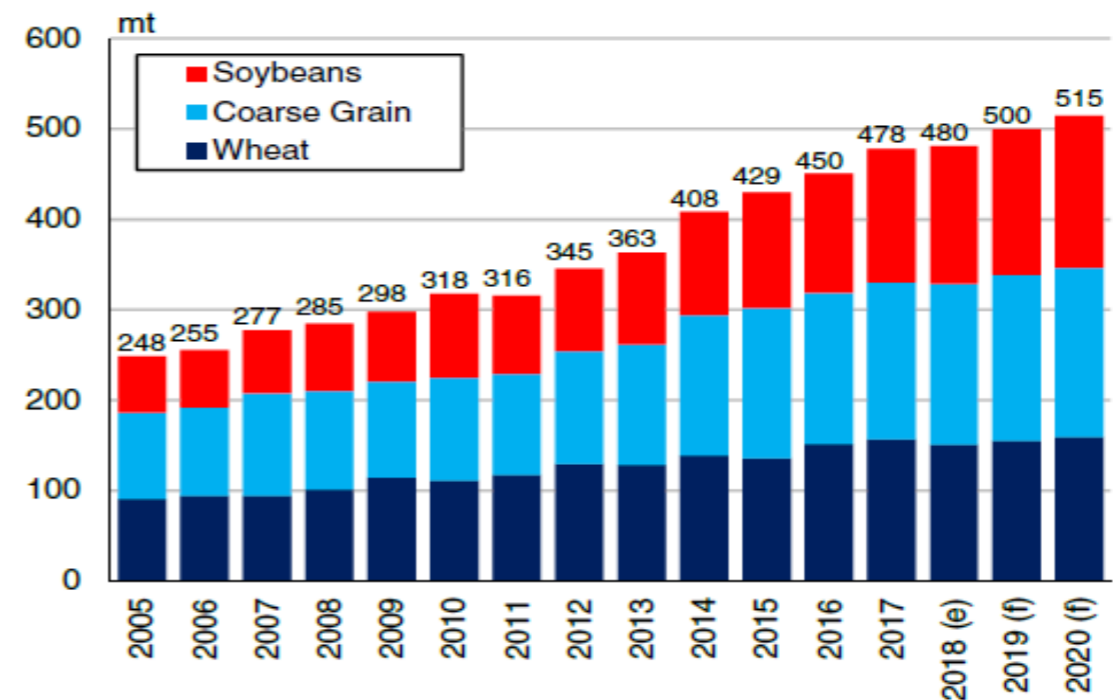
Seaborne Coking Coal Imports



Global Seaborne Thermal Coal Imports



Global Seaborne Grain Trade

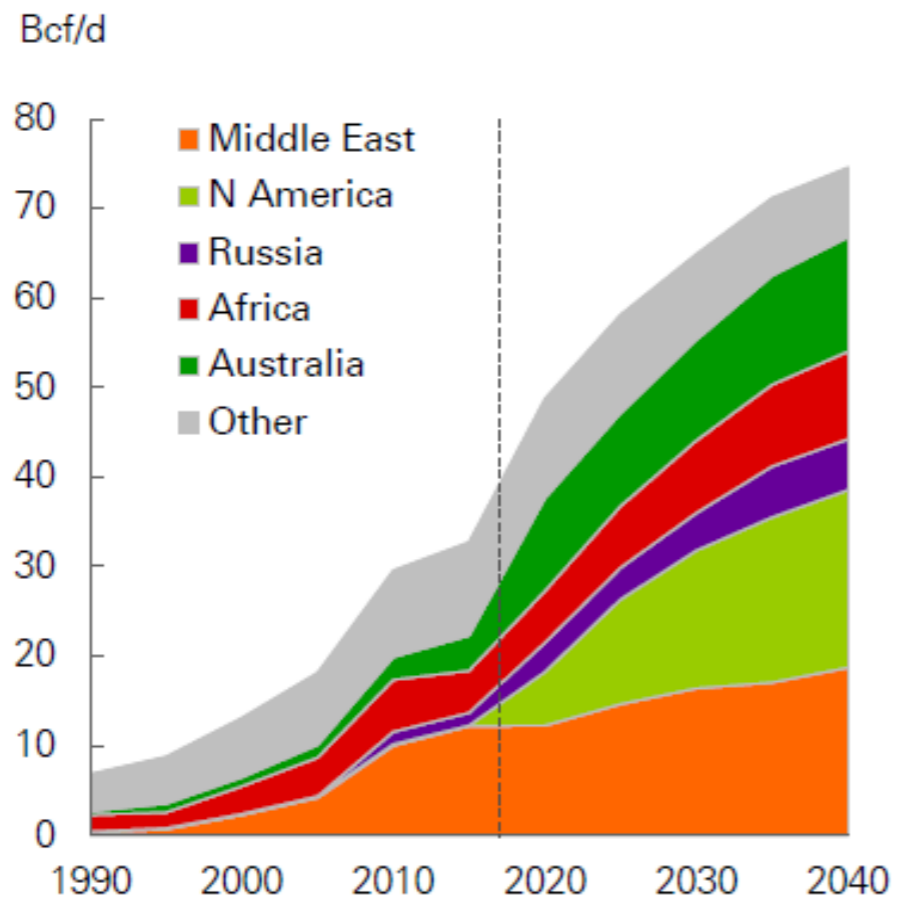


Source: Clarksons Research, January 2019

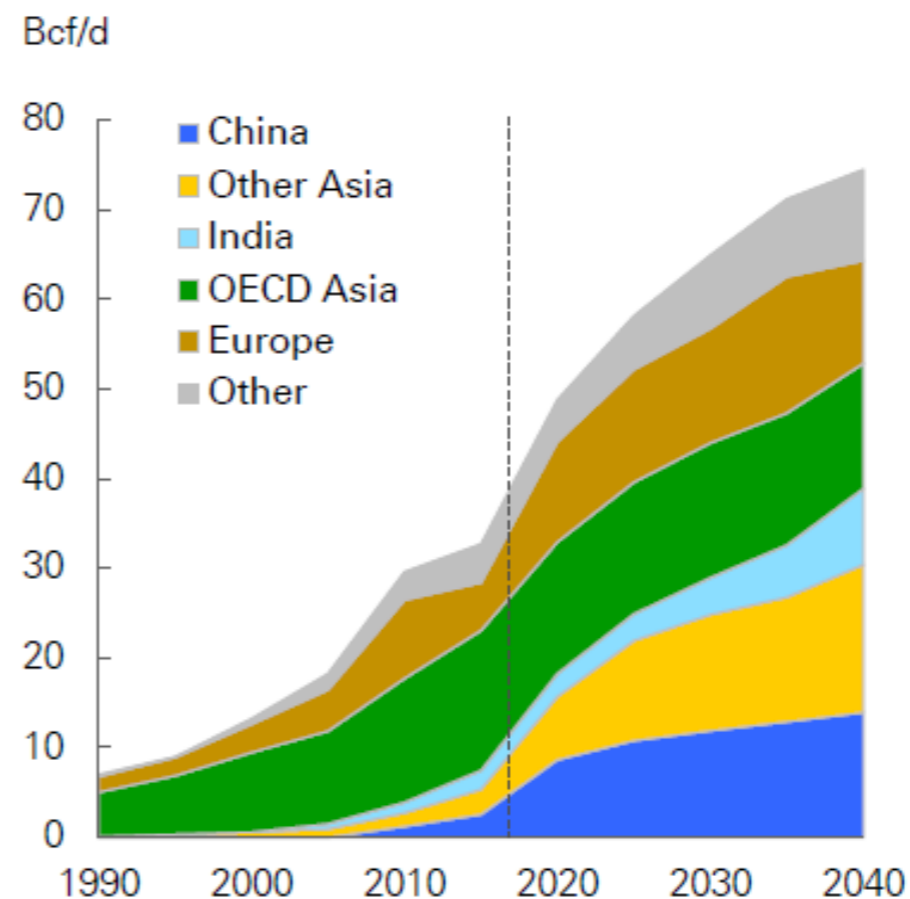
LNG Carrier Outlook

LNG demand will primarily come from China, India, other Asian countries and Europe, while supply comes from the Middle East, US and Australia. LNG shipping demand will remain strong, and the size of the LNG carrier fleet is expected to catch up in the next few years.

LNG exports



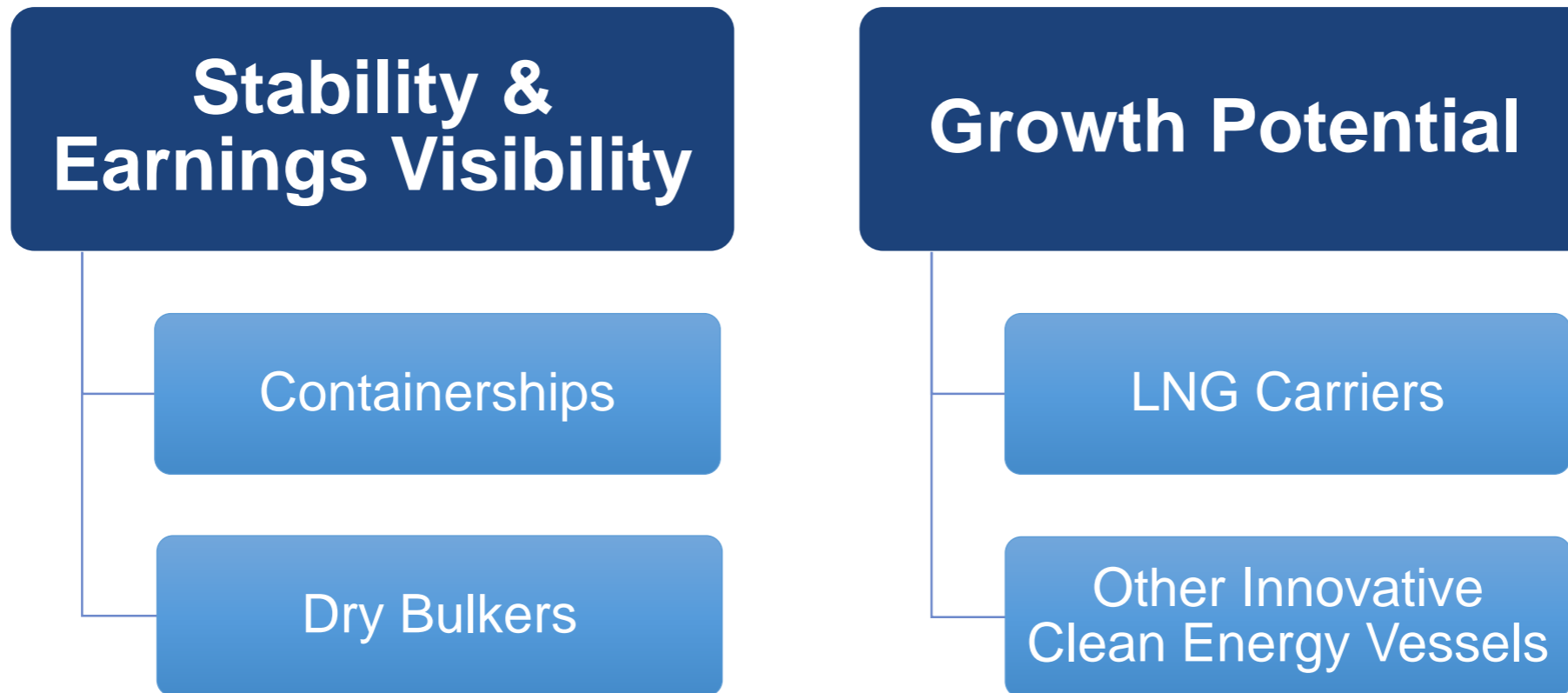
LNG imports



Source: BP Energy Outlook, 2018



Business Strategy



Growing the LNG carrier business

- **Set up joint-venture with Mitsui E&S Shipbuilding Co., Ltd. and Mitsui & Co., Ltd. of Japan in October 2018**
- **Yangzijiang holds 51% stake in the JV**
- **Based at Taicang yard in Jiangsu, China**
- **Getting facilities ready for LNG carrier construction**



SECTION V

SOCIAL RESPONSIBILITY

Corporate Responsibility

- Continuous efforts in building up R&D capabilities in the **design and development of green vessels**
 - Group is ISO9001 qualified by the China Classification Society
 - Quality management system is BV ISO9002 and CCS ISO2000 certified
 - Vessels are CCS, ABS, BV, NK, GL, LR, DNV and RINA certified
- 32% employees possess a diploma-level or higher certification. **R&D headcount accounts for 16%** of our total staff
- Environmental management system **ISO14001 and CSQA certified**
- Compliant with national and international standards on emissions, such as wastewater, waste gas, solid waste, dust, and noise generated in the production process
- Group won the **SIAS Most Transparent Company** Award 3 times in a row from 2010 to 2012
- **“Shipbuilding & Repair Yard Award”** of Seatrade Maritime Awards Asia 2015
- A FORTUNE China 500 company

Corporate Responsibility

- Group Executive Chairman, Mr. Ren Yuanlin believes in returning to the society. Over the years, the Group and Mr. Ren have given **hundreds of millions of RMB** to society for various purposes
- The Yuanlin Foundation primarily funds a charity for improving elderly service facilities; finances technological innovation, helps in disaster rescue and helps poor people. The Foundation has funded the operations for 20031 cataract patients, and the cataract project has received the highest charity recognition by the Jiansu provincial government Jiangyin Yuanlin Rehabilitation Centre Project set up and in progress (*Artist's impression as shown below*)
- Jiangyin Yuanlin Rehabilitation Centre in final stage of construction (Artist's impression as shown below).
- Mr. Ren was listed as one of the Asian Philanthropist by Forbes in 2015. He donates the dividends from his one billion Yangzijiang shares to the Yuanlin Charity Foundation, which he founded in 2011





SECTION VI

STOCK INFORMATION



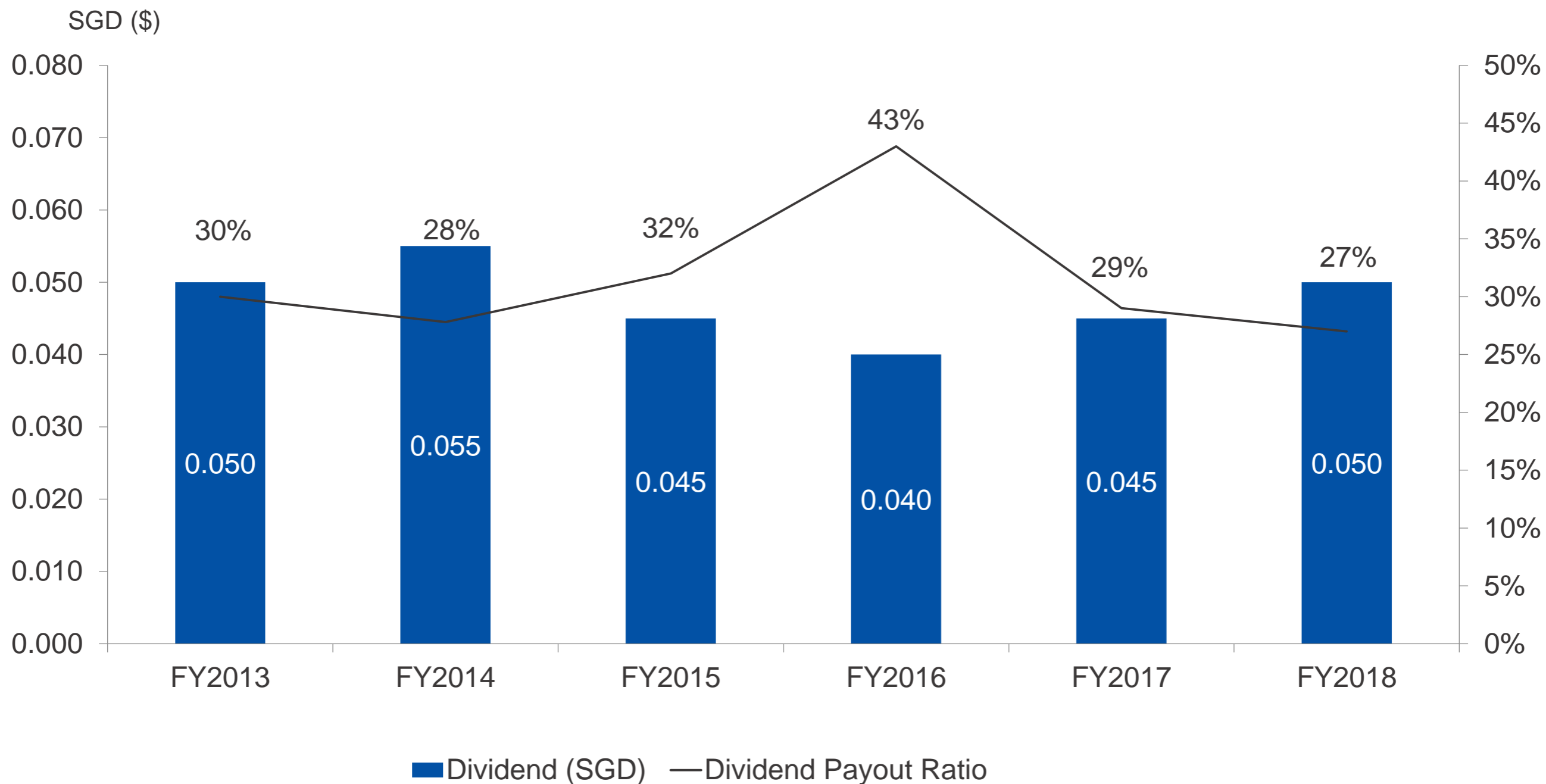
Share Buyback

Date	No. of Shares	Share Consideration (SGD)
30 May 2018	5,000,000	4,521,500
11 June 2018	1,000,000	975,000
13 June 2018	2,158,400	2,108,541
19 June 2018	1,000,000	920,000
27 June 2018	2,000,000	1,840,000
28 June 2018	2,000,000	1,800,000
3 July 2018	2,000,000	1,760,000
6 July 2018	2,000,000	1,720,000
11 July 2018	3,000,000	2,700,000
16 July 2018	914,400	804,672
17 July 2018	2,000,000	1,720,000
Total	23,072,800	20,869,713



Dividend Summary

Dividend and dividend payout ratio





Top Shareholders

No.	Holder Name	Position	Filing Date	%
1	YANGZI INTERNATIONAL	1,002,845,825	15/03/2018	25.42
2	LIDO POINT INVESTMENTS LTD	394,134,000	15/03/2018	9.99
3	HONGKONG HENGYUAN INVESTMENT	286,073,390	15/03/2018	7.25
4	BLACKROCK	195,107,017	12/12/2018	4.94
5	VANGUARD GROUP	78,194,979	31/01/2019	1.98
6	AMERIPRISE FINANCIAL INC	40,214,700	31/01/2019	1.02
7	MERIAN GLOBAL INVESTORS HOLDINGS	35,032,100	31/12/2018	0.89
8	PRUDENTIAL FINANCIAL INC	34,574,000	27/02/2019	0.88
9	NORGES BANK	24,083,076	31/03/2017	0.61
Total		2,090,259,087		52.98

Source: Bloomberg, as of February 28, 2019



Stock Performance



Source: Bloomberg, as of February 28, 2019



Thank You

Q&A

For more information,
please contact:

Financial PR Pte Ltd

Investor Relations

Romil Singh / Reyna Mei

romil@financialpr.com.sg

reyna@financialpr.com.sg

Tel: (65) 6438 2990

Fax: (65) 6438 0064