



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

Corporate Presentation

November 2018

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



SECTION I

COMPANY OVERVIEW

3

Introduction




江苏扬子鑫福造船有限公司

- Established in 1956 and listed on SGX-Main board since April 2007
- STI constituent stock and 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.4 in the world*

* According to Clarksons, as of October 2018.


4

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
- 51%-stake joint venture with Mitsui E&S and Mitsui & Co to grow the business

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

Strategically Located Yards



江苏新扬子造船有限公司
Jiangsu Xinyang Shipbuilding Co., Ltd.

地址	江苏省泰兴市
主要产品	集装箱船、散货船、油轮、LNG船、特种船
产能	100万载重吨/年
总资产	100亿元
员工人数	10,000人

江苏新扬子造船有限公司
Jiangsu Xinyang Shipbuilding Co., Ltd.

地址	江苏省靖江市
主要产品	集装箱船、散货船、油轮、LNG船、特种船
产能	100万载重吨/年
总资产	100亿元
员工人数	10,000人

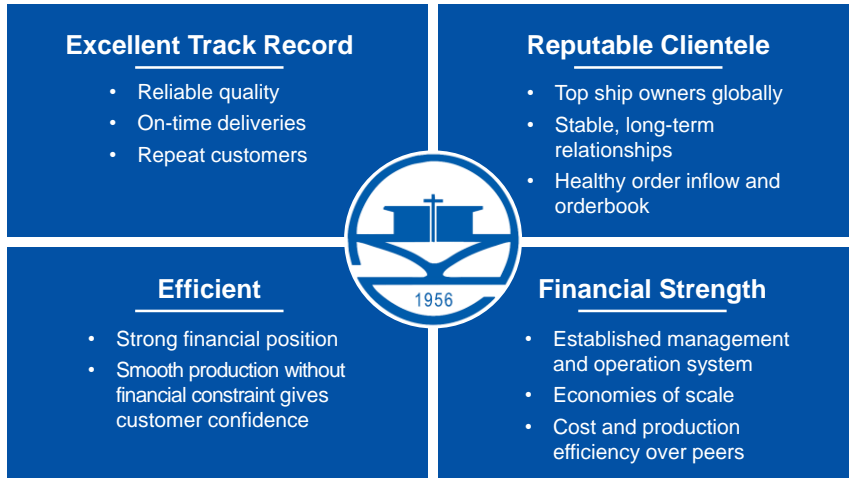
江苏新扬子造船有限公司
Jiangsu Xinyang Shipbuilding Co., Ltd.

地址	江苏省江阴市
主要产品	集装箱船、散货船、油轮、LNG船、特种船
产能	100万载重吨/年
总资产	100亿元
员工人数	10,000人

江苏新扬子造船有限公司
Jiangsu Xinyang Shipbuilding Co., Ltd.

地址	江苏省太仓市
主要产品	集装箱船、散货船、油轮、LNG船、特种船
产能	100万载重吨/年
总资产	100亿元
员工人数	10,000人

Competitive Strengths



SECTION II

FINANCIAL HIGHLIGHTS

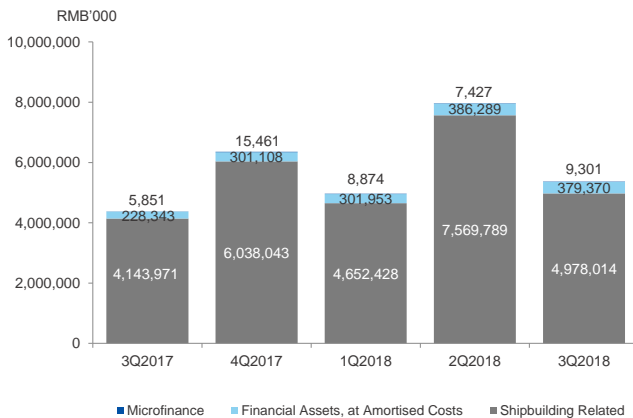
Results Highlight – 3Q2018 YoY

Financial Highlights	3Q2018	3Q2017	Change	Comments
	RMB'000	RMB'000	%	
Revenue	5,366,685	4,378,165	23	6 vessels delivered vs. 9 in 3Q2017. Lower shipbuilding deliveries, compensated by higher trading revenue and higher other shipbuilding related revenue. Core shipbuilding revenue only marginally lower at RMB2.7 billion in 3Q2018 compared to RMB2.8 billion in 3Q2017 supported by the construction and delivery of large and higher value vessels this quarter
Gross Profit	1,001,636	673,584	49	Higher GP margin mainly due to strengthened USD against RMB and reversal of previous provided expected losses on construction contracts
Gross Profit Margin	18.7%	15.4%	-	
Other Income	109,099	57,697	89	Higher interest income and higher dividend income
Other Gains, net	284,491	309,302	(8)	Mainly comprise a gain on disposal of financial assets, foreign exchange gains and subsidy income
Expenses #	471,260	113,949	314	Significant increase due to impairment loss on financial assets, at amortised costs, and higher finance costs due to a revaluation loss on SGD borrowings
Net Profit Attributable to Equity Holders (PATMI)	778,629	865,996	(10)	
PATMI Margin	14.5%	19.8%	-	

#: Includes Administrative and Finance Expenses

9

Revenue Breakdown



Shipbuilding Related Revenue Breakdown (3Q2018)	Percentage (%)
Shipbuilding	54%
Trading	43%
Others*	3%
Total	100%

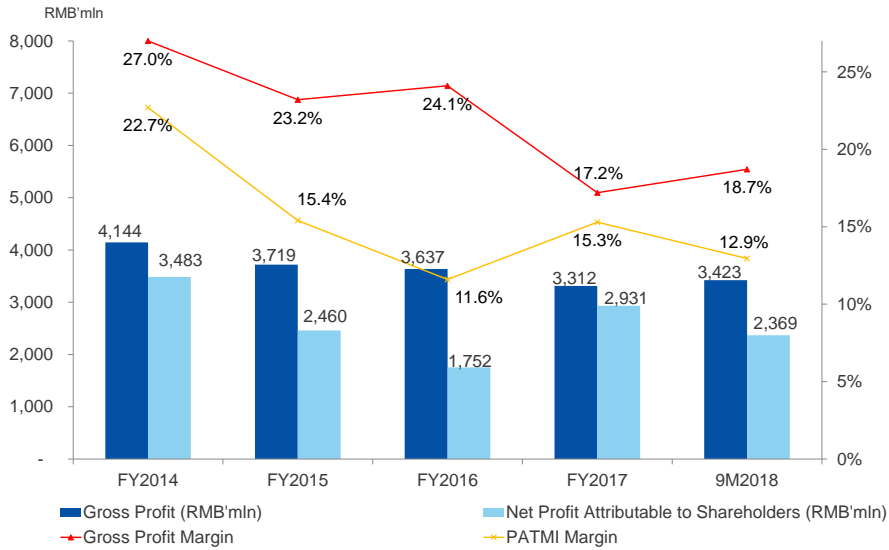
* Includes revenue from shipping logistics and chartering, steel fabrication and ship design services etc.

RMB'000	Gross Profits		Gross Profit Margins	
	3Q2018	3Q2017	3Q2018	3Q2017
Shipbuilding Related	628,349	449,903	13%	11%
Financial Assets, at Amortised Costs	364,059	217,858	96%	95%
Micro Finance	9,228	5,823	99%	100%

10

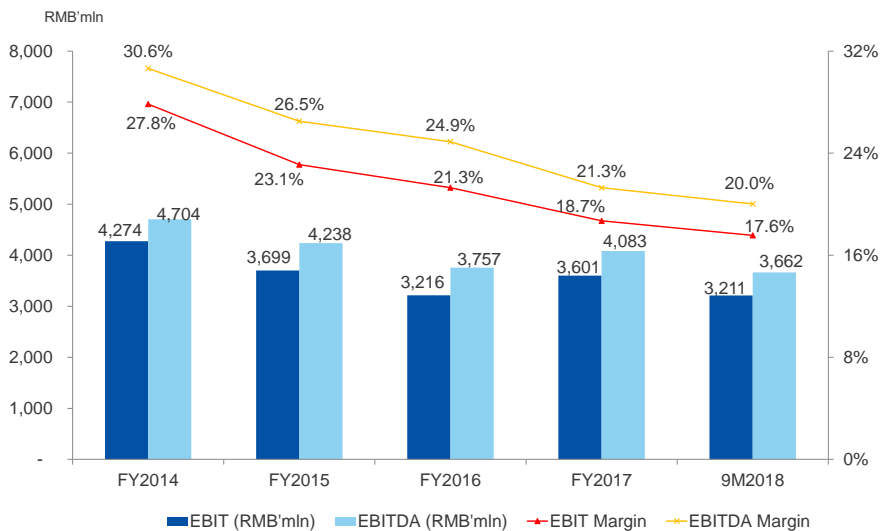
Profitability Trend

Gross Profit and Net Profit Attributable to Shareholders



Profitability Trend

EBIT AND EBITDA



Results Highlight – Balance Sheet

Financial Highlights	30 Sep 2018	31 Dec 2017
	RMB'000	RMB'000
Property, Plant and Equipment	5,160,503	4,820,729
Restricted Cash	11,068	29,405
Cash & Cash Equivalents	7,675,218	6,195,431
Financial Assets, at Amortised Costs ¹	13,287,536	11,978,869
Total Debt	3,823,772	4,890,746
Total Equity	28,231,100	26,516,697
Gross Gearing	13.5%	18.4%
Net Gearing (including Restricted Cash)	Net Cash	Net Cash
Net Asset Value per Ordinary Share (RMB cents)	692.90	652.20

¹According to new accounting standards, the Group has reclassified the "Held-to-Maturity investment" as "Financial Assets, at Amortised Costs" on the balance sheet.

13



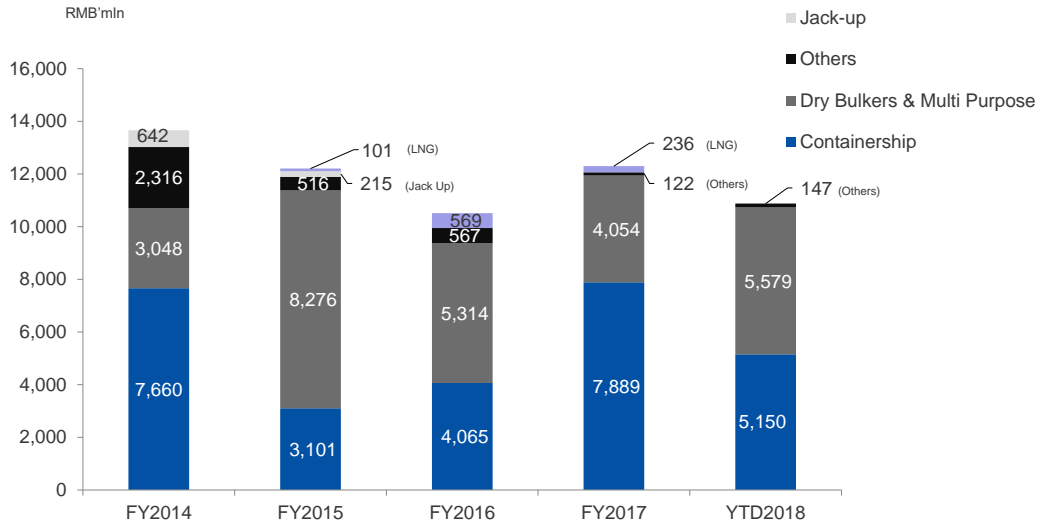
SECTION III SEGMENTAL REVIEW

Shipbuilding &
Related Segments

14

Revenue Trend

Shipbuilding Revenue Breakdown



Strong Order Book

Total:111 Vessels, 4.07 million CGT @ US\$ 4.03 billion
 30 Containerships, 1.40 million CGT @ US\$ 1.29 billion
 78 Bulk Carriers, 2.60 million CGT @ US\$ 2.64 billion
 3 Oil Tankers, 0.07 million CGT @ US\$ 0.10 billion

Containerships

- 1,668TEU x 3 vessels
- 1,800TEU x 8 vessels
- 2,200TEU x 3 vessels
- 2,400TEU x 6 vessels
- 2,700TEU x 1 vessel
- 11,800TEU x 4 vessels
- 12,690TEU x 5 vessels

Bulk Carriers

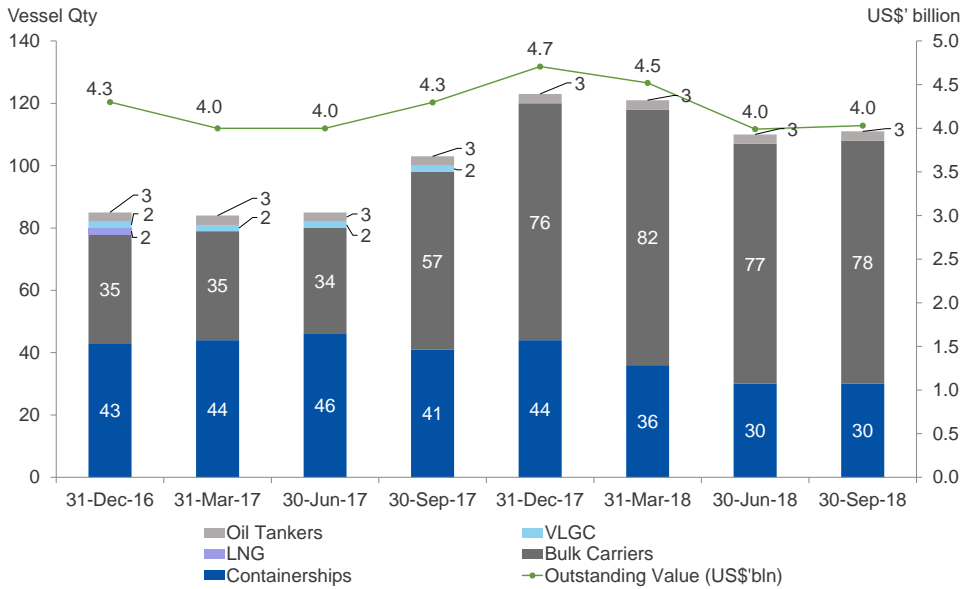
- 6,500DWT x 1 vessel
- 29,800DWT x 1 vessel
- 39,000DWT x 2 vessels
- 45,000DWT x 6 vessels
- 62,000DWT x 5 vessels
- 82,000DWT x 35 vessels
- 83,500DWT x 5 vessels
- 180,000DWT x 6 vessels
- 208,000DWT x 14 vessels
- 400,000DWT x 3 vessels

Oil Tankers

- 39,000CT x 3 vessels

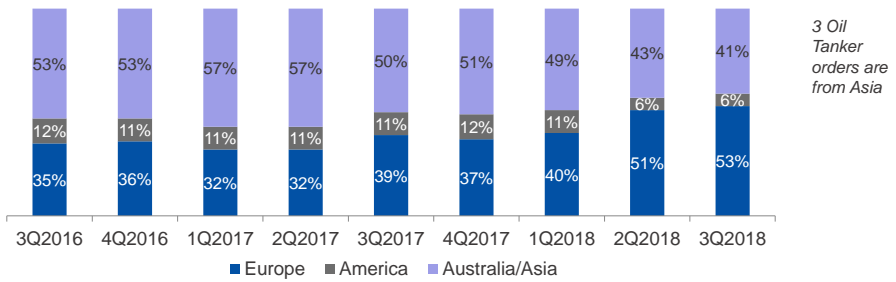
Note: Order book is as at 30 September 2018

Historical Order Book



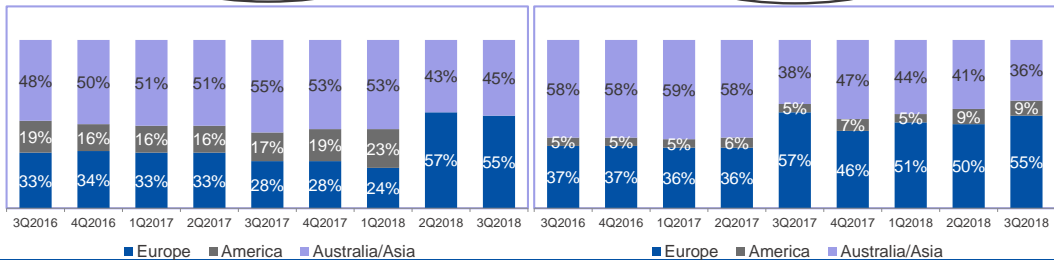
Order Book Customer Profile

Figures are stated as at 30 Sep 2018



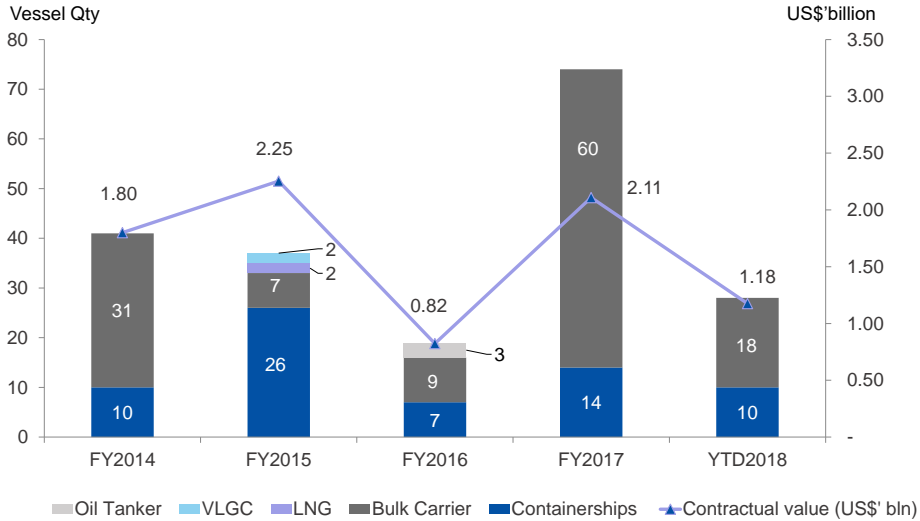
Containerships

Bulk Carriers



Order-Winning Momentum

New contracts secured in terms of vessel quantity and contract value



19

Shipping and Chartering

- The idea:
 - Leveraging on shipbuilding facilities, build and manage vessels and generate revenue
 - To balance utilization
 - A ready fleet to better meet shipowners' demand
 - Based on forward planning, build vessels and sell the vessels when valuation picks up on the market
 - **The current order book (slide 16) are all for external customers**

- Current fleet includes:
 - 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

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

- The strategy / plan for the business depends on the conditions of the shipbuilding market

20



SECTION III SEGMENTAL REVIEW

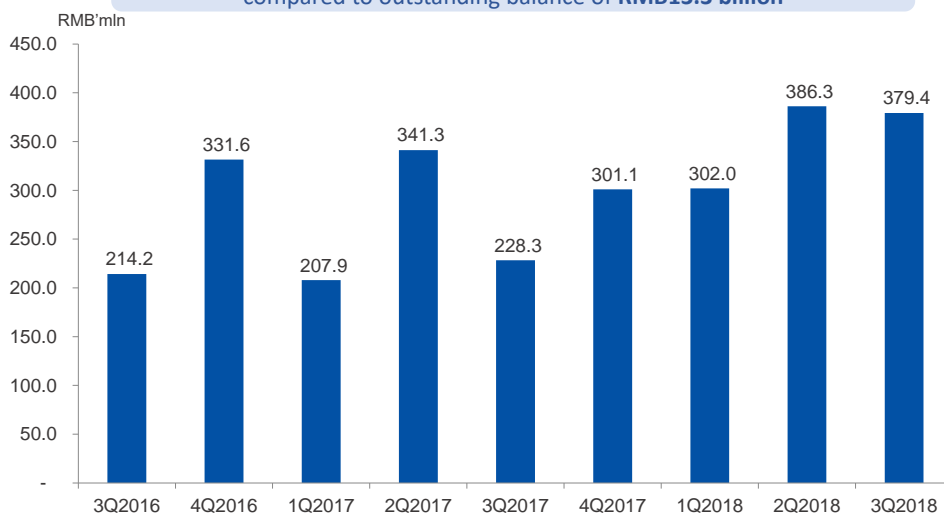
Financial Investments

21

Interest Income Trend – Financial Assets, at Amortised Costs



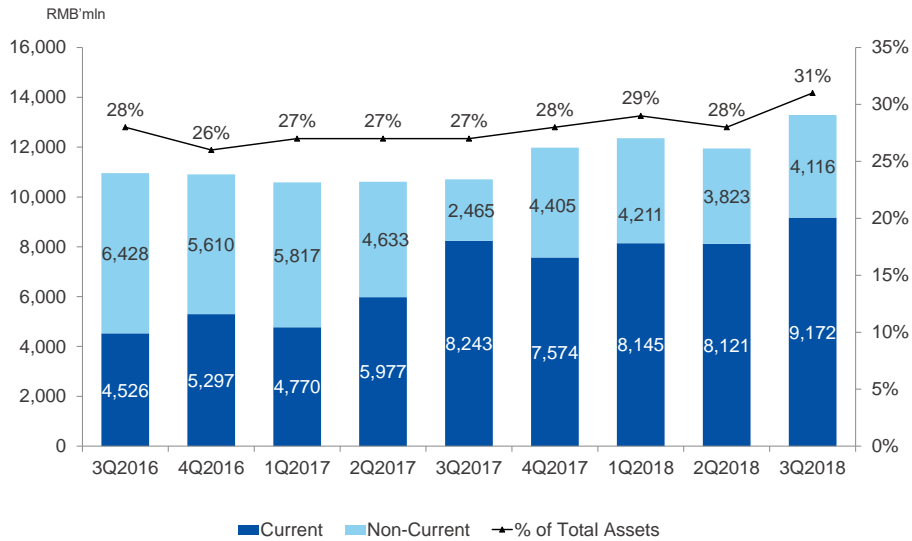
Total interest income generated over the last decade was **RMB10.2 billion** compared to outstanding balance of **RMB13.3 billion**



Source: Company Data

22

Financial Assets, at Amortised Costs



Source: Company Data

23

Financial Assets, at Amortised Costs

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

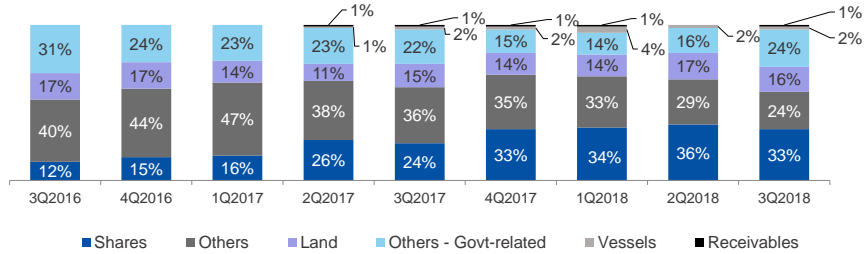
Current Strategy

- 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

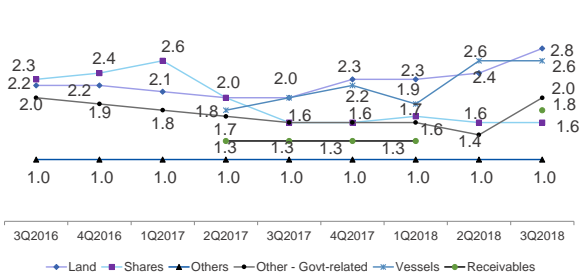
24

Financial Assets, at Amortised Costs

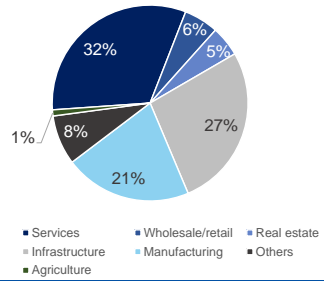
Breakdown of Investment Amount for which collaterals are secured (%)



Coverage Ratio



Breakdown of Borrowers (3Q2018)

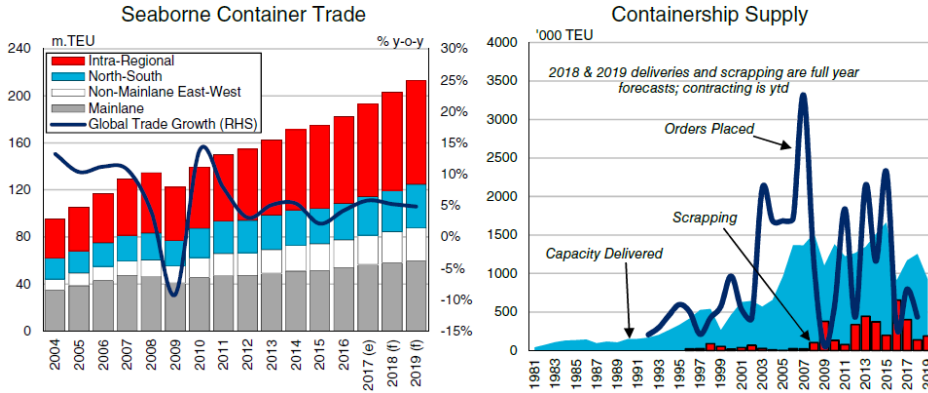


SECTION IV

TRENDS & STRATEGIES

Containership Outlook

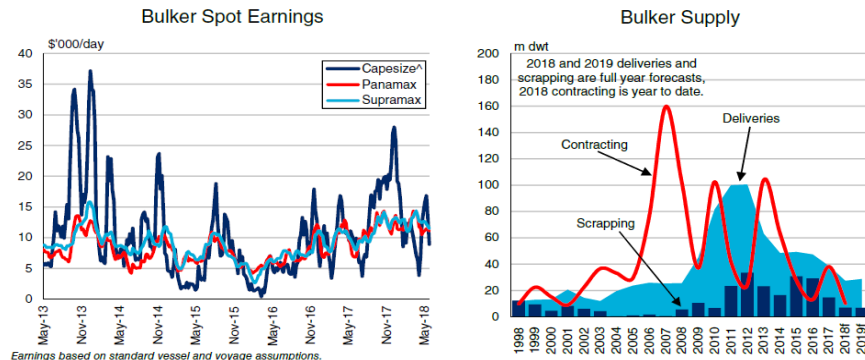
- Global seaborne container trade is expected to **grow 5.3%** in 2018 (taking into consideration the risk posed from further escalation of China-US trade disputes) (Clarksons Research)
- Fleet capacity is expected to **grow at a similar pace** in 2018
- Global orderbook to fleet ratio stood at a **historically low** level of 12% at the start of June 2018
- The outlook for the containership sector **remains positive**, and “the fundamentals look set to remain supportive of further market improvements in 2018-19”.



Source: Clarksons Research, June 2018

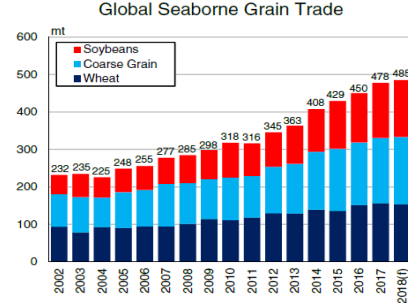
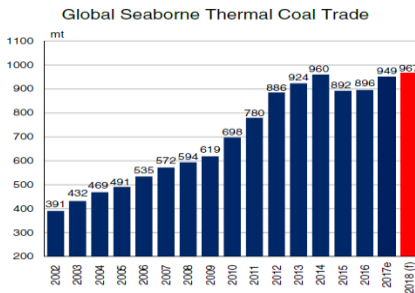
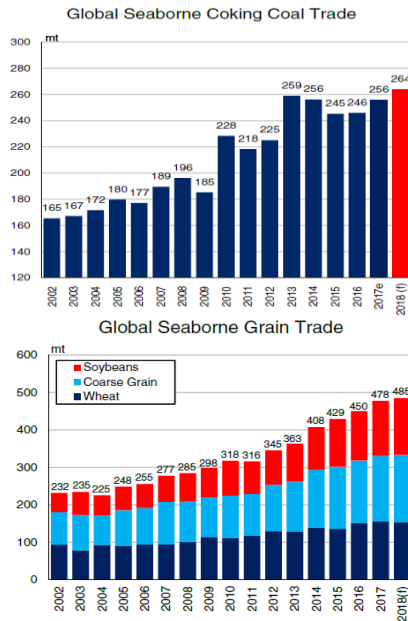
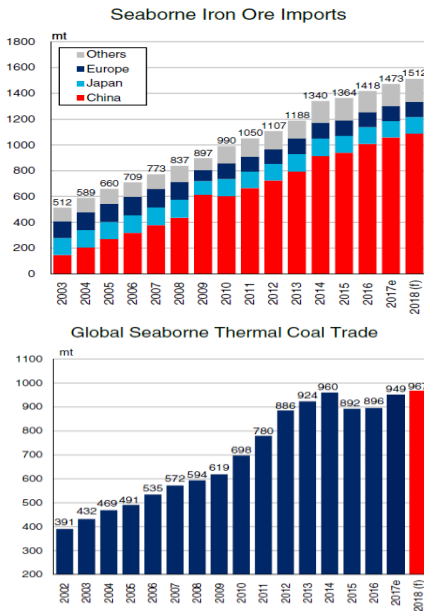
Dry Bulker Outlook

- Global seaborne dry bulk trade is projected to grow by around **3.4%** in terms of tonne-miles, with strong **demand from China for iron ore and coal**, as well as the relaxation of import restrictions at a number of ports in China. (Clarksons Research)
- Clarksons estimates that the volume of the dry bulk trade which has been or could be impacted by the implemented and potential tariffs on trade between the US and its major trade partners (including China and the EU) **only represents around 1%** of global seaborne dry bulk trade.
- Bulk carrier fleet is “projected to expand at a relatively subdued rate of **2.5%** in both 2018 and 2019”, potential for fleet growth gradually catching up with the shipping demand growth.



Source: Clarksons Research, June 2018

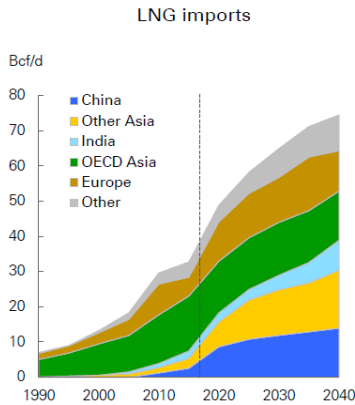
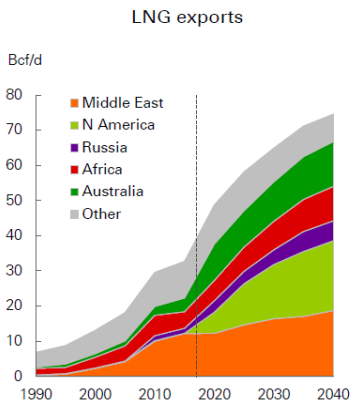
Dry Bulk Trades Expected to Grow



Source: Clarksons Research, June 2018

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.



Source: BP Energy Outlook, 2018

Business Strategy - Shipbuilding

- Containerships** ▶ Remains as a key category in portfolio, especially large-size and bulk orders
- Dry Bulk Carriers** ▶ Focus on large-size carriers, multi-purpose and tailored vessels
- LNG Carriers** ▶ Build up production base in Taicang, get ready for JV's production expected in 1H2019
- Clean Energy Vessels** ▶ Enhance R&D and develop new vessels to cater to long-term demand

31



SECTION V

SOCIAL RESPONSIBILITY

32

A Responsible Corporate Citizen

- 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

A Responsible Corporate Citizen

- Group Executive Chairman, Mr. Ren Yuanlin believe 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 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

35

Share Buyback

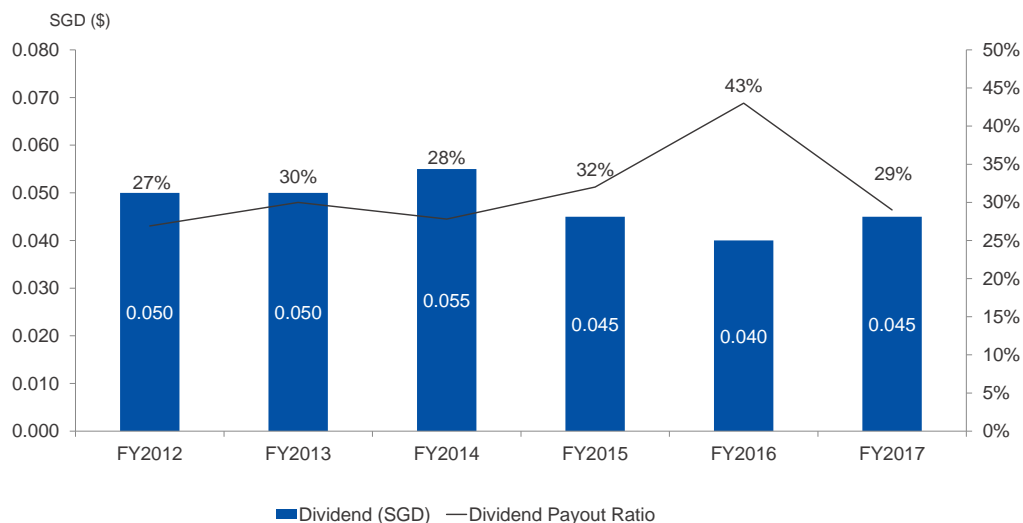


Date	No. of Shares	Share Consideration (SGD)
30 May 2018	5,000,000	4,521,500
11 June 2018	1,000,000	975,000
13 June 2018	2,158,400	2,108,541
19 June 2018	1,000,000	920,000
27 June 2018	2,000,000	1,840,000
28 June 2018	2,000,000	1,800,000
3 July 2018	2,000,000	1,760,000
6 July 2018	2,000,000	1,720,000
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

36

Dividend Summary

Dividend and dividend payout ratio



37

Top Shareholders

No.	Holder Name	Position	Filing Date	%
1	YANGZI INTERNATIONAL	1,002,845,825	25/9/2017	25.42
2	LIDO POINT INVESTMENTS LTD	394,134,000	25/9/2017	9.99
3	HONGKONG HENGYUAN INVESTMENT	305,237,240	15/3/2017	7.74
4	BLACKROCK	240,750,109	24/10/2018	6.10
5	VANGUARD GROUP	75,600,350	30/9/2018	1.92
6	PRUDENTIAL FINANCIAL INC	26,360,200	30/9/2018	0.67
7	NORGES BANK	24,083,076	31/12/2017	0.61
8	SCHRODERS PLC	19,765,800	30/09/2018	0.50
9	GOVT PENSION INVS FUND JAPAN	19,401,710	31/3/2018	0.49
Total		2,108,178,310		53.44

Source: Bloomberg, as of November 6, 2018

38

Stock Performance



Source: Bloomberg, as of November 7, 2018

Thank You

Q&A

For more information,
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