



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

## Corporate Presentation

August 2018

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## SECTION I

# COMPANY OVERVIEW

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 600 million DWT

Global top 10 by outstanding orderbook in the past few years. No.4 in the world\*

\* According to Clarksons, as of July 2018.



# 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**





# 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 orderbook



## Efficient

- Strong financial position
- Smooth production without financial constraint gives customer confidence

## Financial Strength

- Established management and operation system
- Economies of scale
- Cost and production efficiency over peers



## SECTION II

# FINANCIAL HIGHLIGHTS



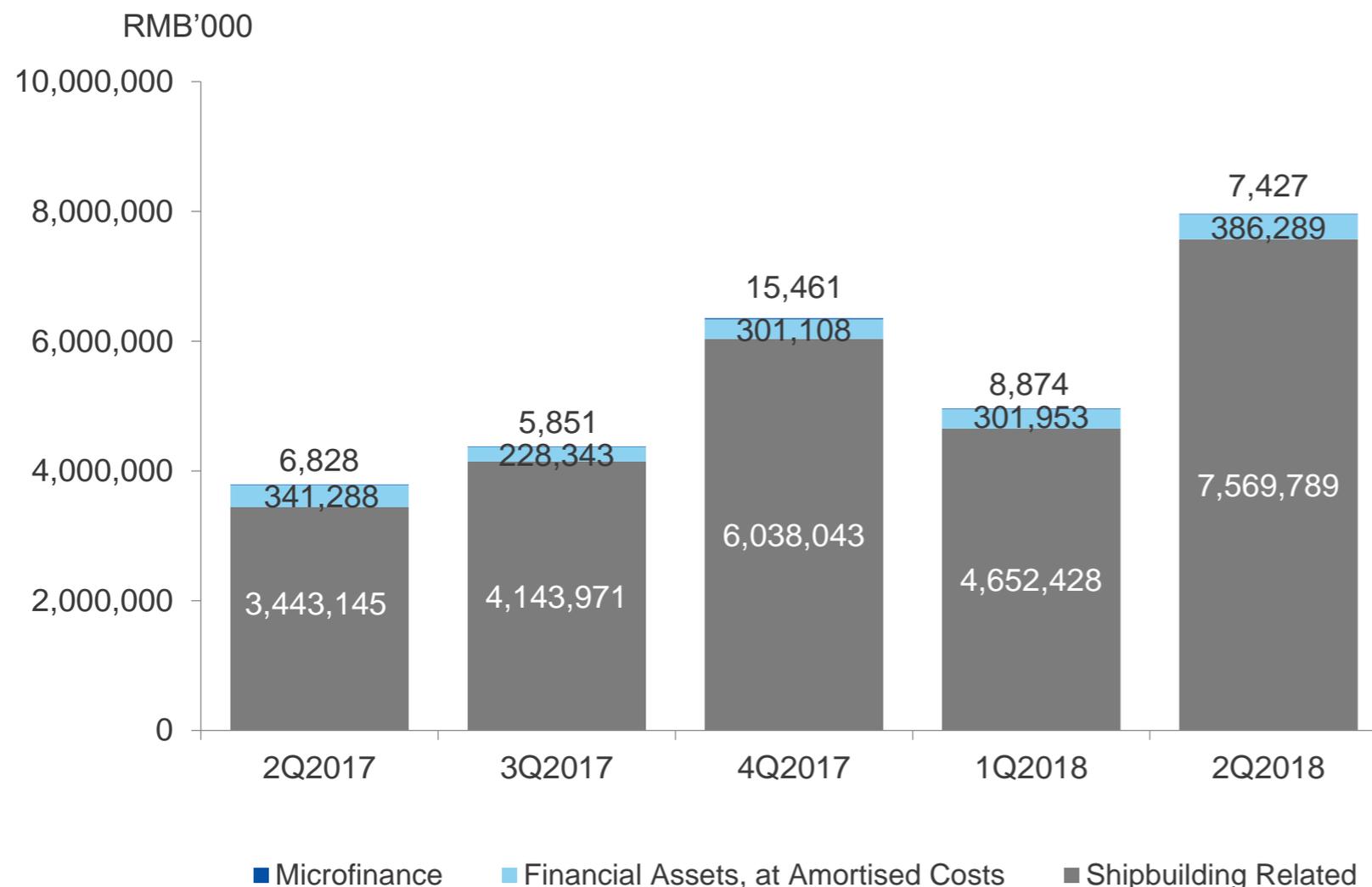
# Results Highlight – 2Q2018 YoY

Financial Highlights	2Q2018	2Q2017	Change	Comments
	RMB'000	RMB'000	%	
<b>Revenue</b>	7,963,505	3,791,261	110	20 vessels delivered vs. 4 in 2Q2017. More shipbuilding activities and higher revenue from shipbuilding due to progressive construction of more larger containerships, higher trading revenue and higher other shipbuilding related business
<b>Gross Profit</b>	1,561,783	804,835	94	Lower GP margin mainly due to relative lower investment income bearing high margins
<b>Gross Profit Margin</b>	<b>19.6%</b>	<b>21.2%</b>	-	
<b>Other Income</b>	84,521	49,992	69	Higher interest income and higher dividend income
<b>Other Gains</b>	212,181	188,608	12	Mainly comprise foreign exchange gains/losses and fair value change on financial assets, includes a gain on Huayuan Logistic Group acquisition
<b>Expenses #</b>	496,086	115,339	330	Significant increase due to impairment loss on trade and other receivables and financial assets, and higher finance costs due to a revaluation gain on USD borrowings in 2Q2017
<b>Net Profit Attributable to Equity Holders (PATMI)</b>	994,916	719,916	38	
<b>PATMI Margin</b>	<b>12.5%</b>	<b>19.0%</b>	-	

#: Includes Administrative and Finance Expenses



# Revenue Breakdown



Shipbuilding Related Revenue Breakdown (2Q2018)	Percentage (%)
Shipbuilding	69%
Trading	29%
Others*	2%
<b>Total</b>	<b>100%</b>

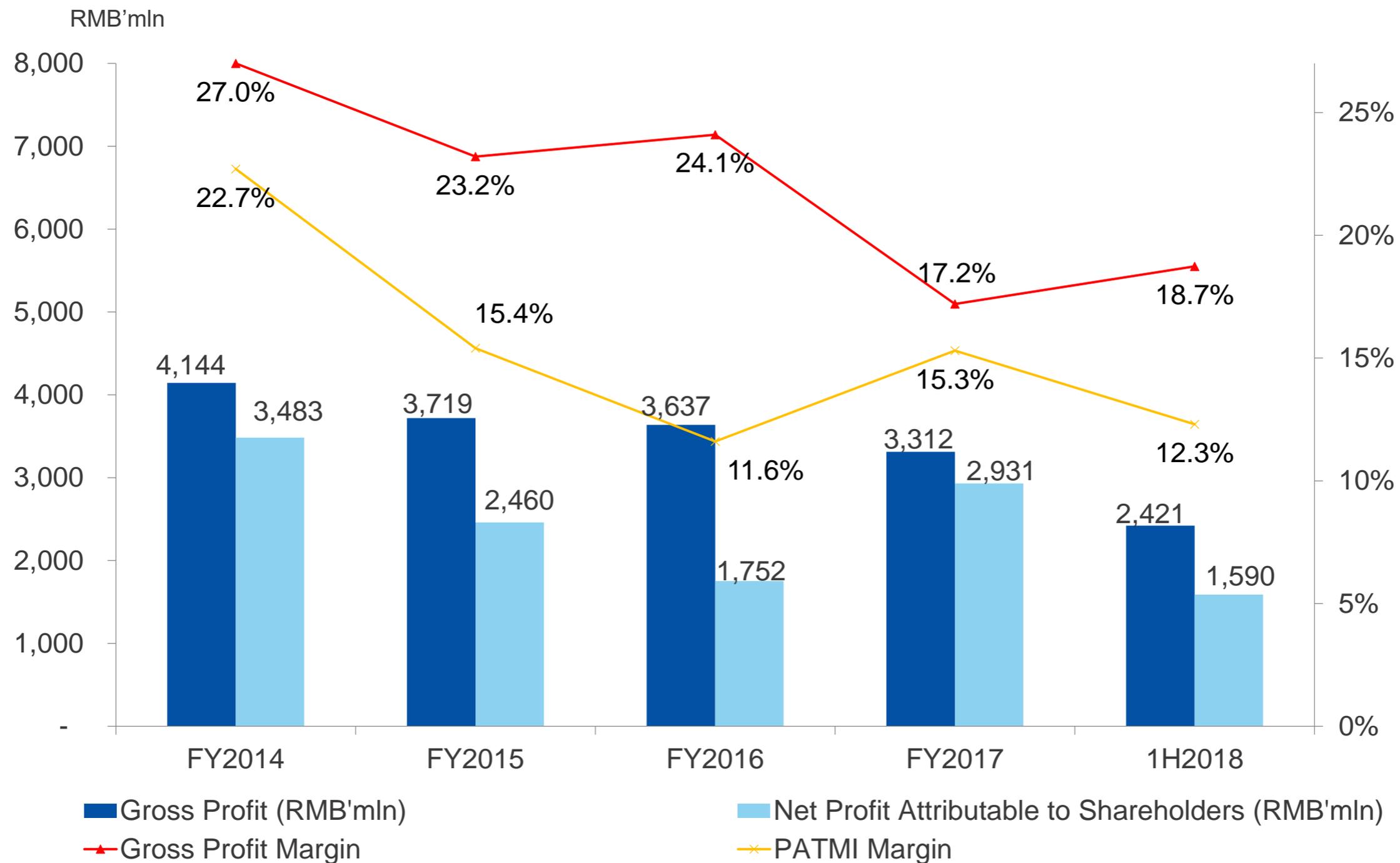
\* Includes revenue from shipping logistics and chartering, steel fabrication and ship design services etc.

RMB'000	Gross Profits		Gross Profit Margins	
	2Q2018	2Q2017	2Q2018	2Q2017
Shipbuilding Related	1,185,347	473,432	16%	14%
Financial Assets, at Amortised Costs	369,049	324,638	96%	95%
Micro Finance	7,387	6,765	99%	99%



# Profitability Trend

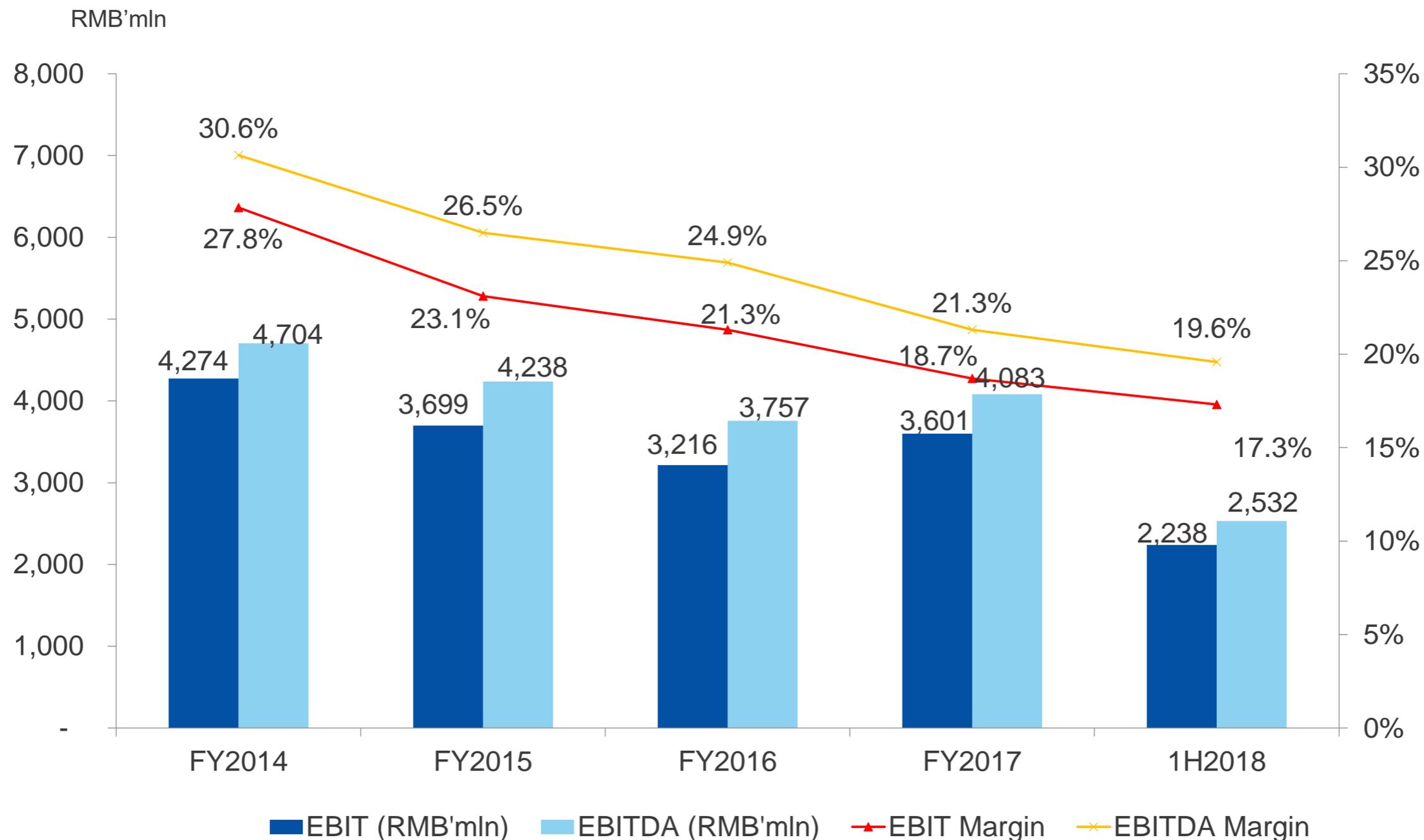
## Gross Profit and Net Profit Attributable to Shareholders





# Profitability Trend

## EBIT AND EBITDA





# Results Highlight – Balance Sheet

Financial Highlights	30 Jun 2018	31 Dec 2017
	RMB'000	RMB'000
Property, Plant and Equipment	5,202,038	4,820,729
Restricted Cash	16,018	29,405
Cash & Cash Equivalents	7,893,916	6,195,431
Financial Assets, at Amortised Costs <sup>1</sup>	11,943,948	11,978,869
Total Debt	3,770,931	4,890,746
Total Equity	27,521,936	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)	671.98	652.20

<sup>1</sup>According to new accounting standards, the Group has reclassified the Held-to-Maturity investment as “Financial Assets, at Amortised Costs” on balance sheet.

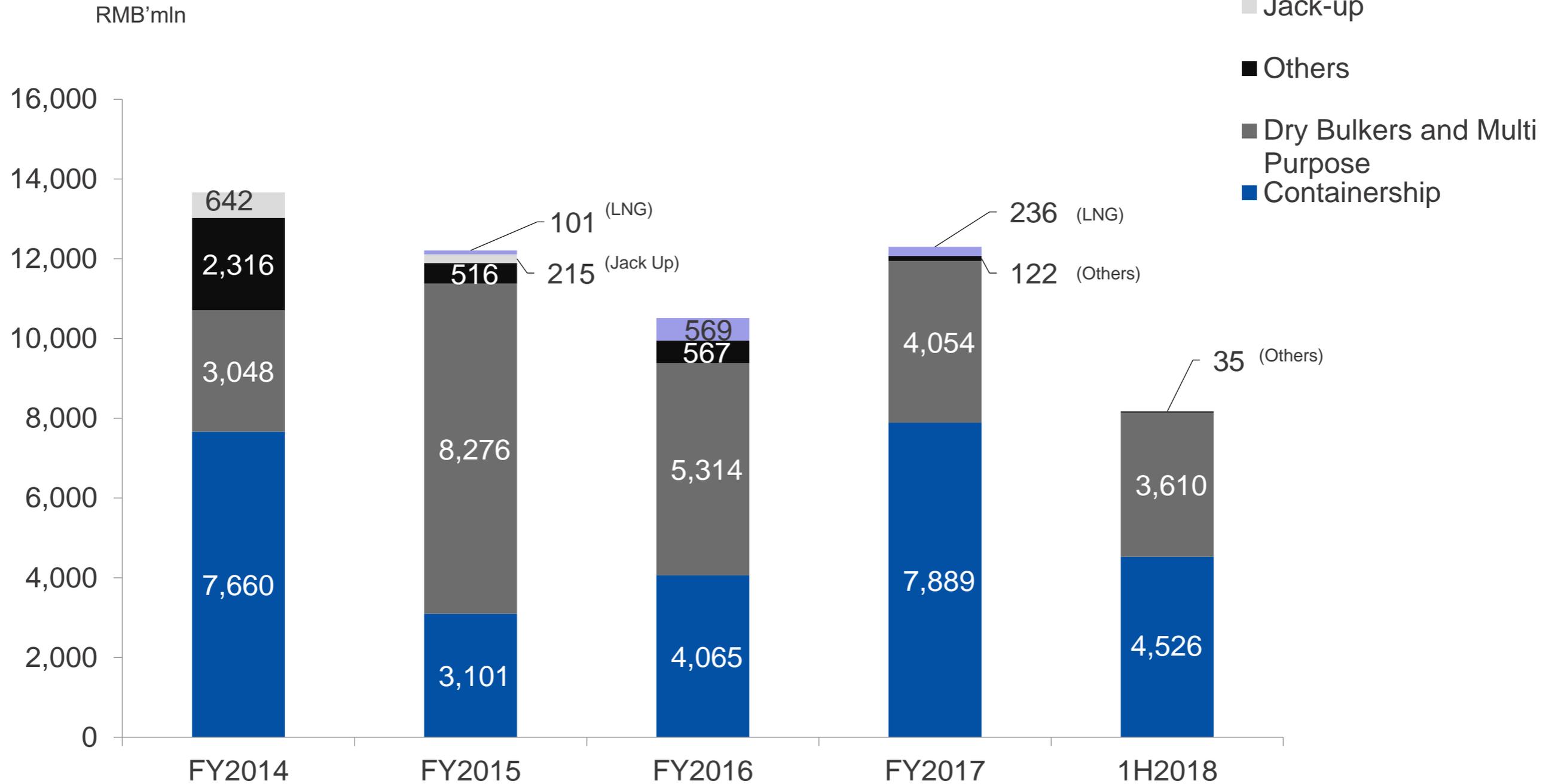


## **SECTION III SEGMENTAL REVIEW**

**Shipbuilding &  
Related Segments**

# Revenue Trend

## Shipbuilding Revenue Breakdown





# Strong Order Book

Total:110 Vessels; 4.04 million CGT @ US\$ 3.99 billion  
30 Containerships, 1.38 million CGT @ US\$ 1.27 billion  
77 Bulk Carriers, 2.59 million CGT @ US\$ 2.62 billion  
3 Oil Tankers, 0.07 million CGT @ US\$ 0.10 billion

## Containerships

- 1,668TEU x 4 vessels
- 1,800TEU x 9 vessels
- 2,200TEU x 3 vessels
- 2,400TEU x 4 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 3 vessels
- 45,000DWT x 6 vessels
- 62,000DWT x 5 vessels
- 82,000DWT x 34 vessels
- 83,500DWT x 4 vessels
- 180,000DWT x 5 vessels
- 208,000DWT x 14 vessels
- 400,000DWT x 4 vessels

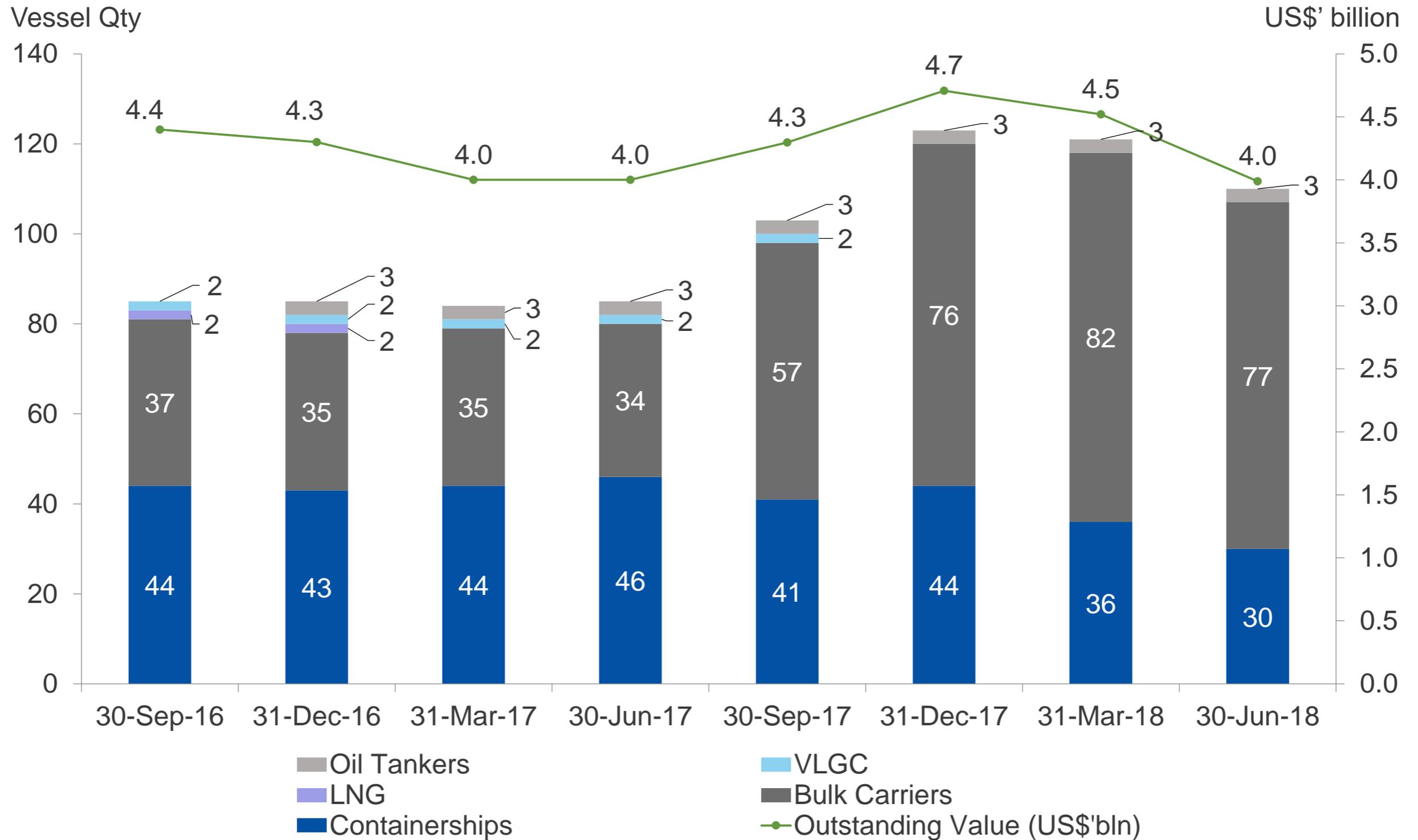
## Oil Tankers

- 39,000CT x 3 vessels

Note: Order book is as at 30  
June 2018



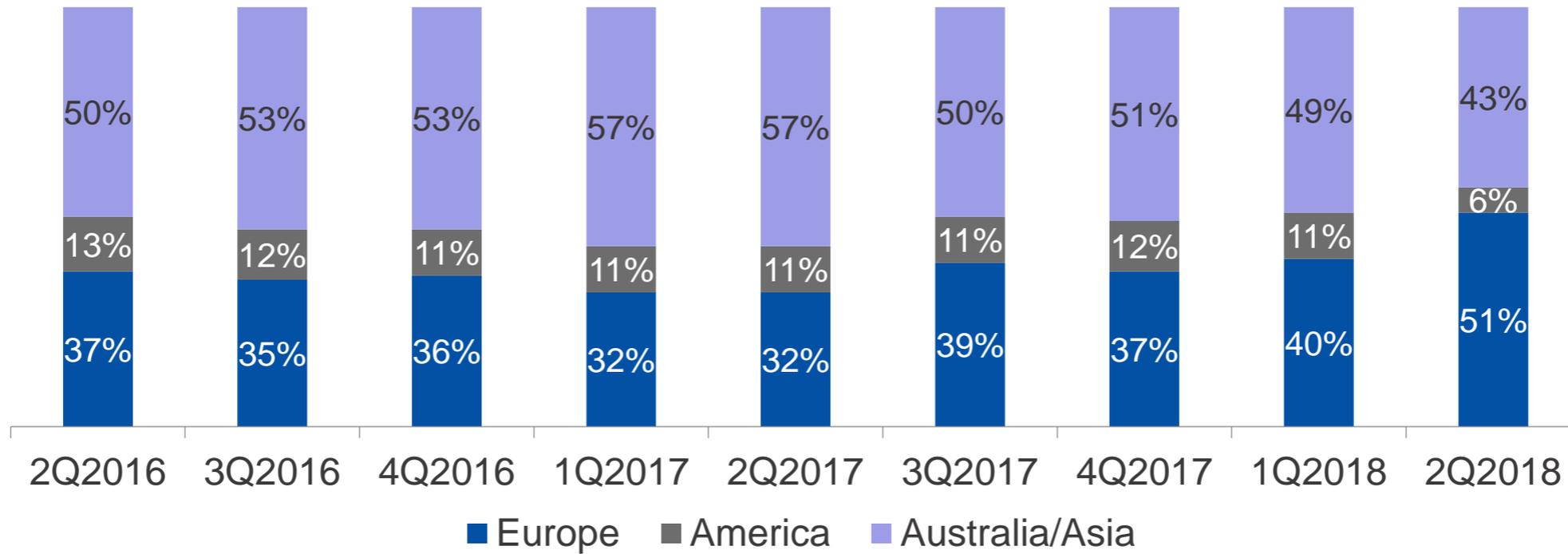
# Historical Order Book





# Order Book Customer Profile

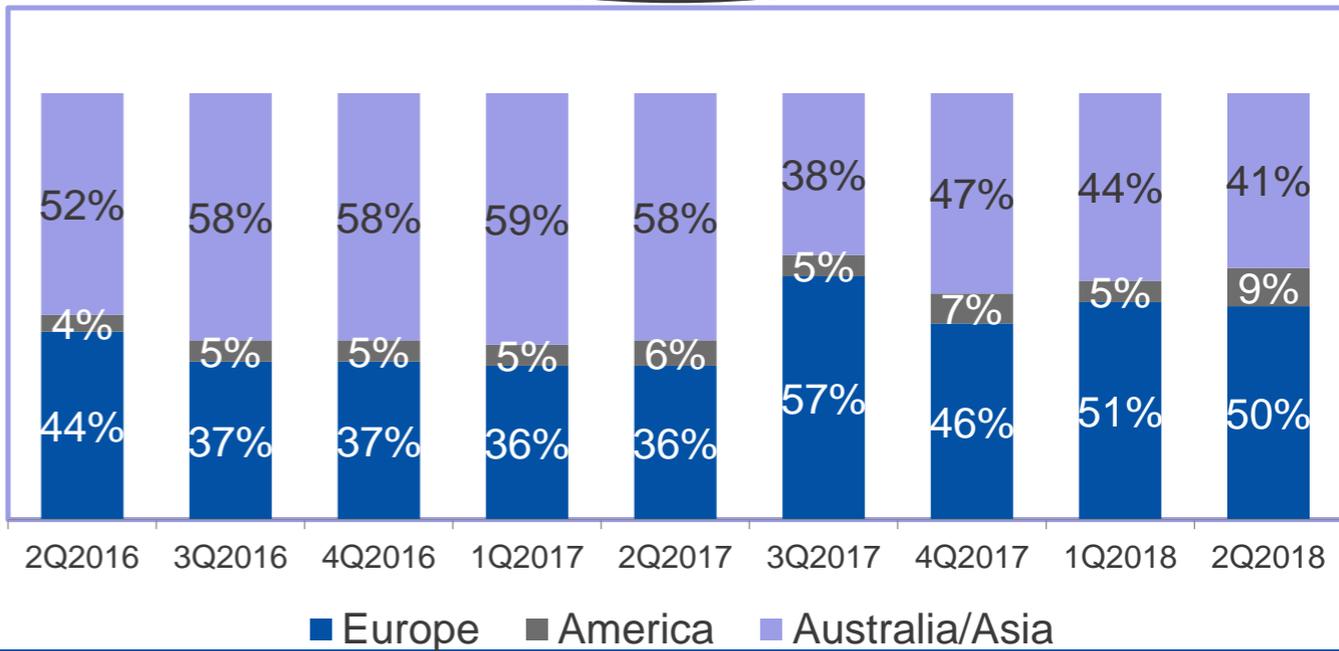
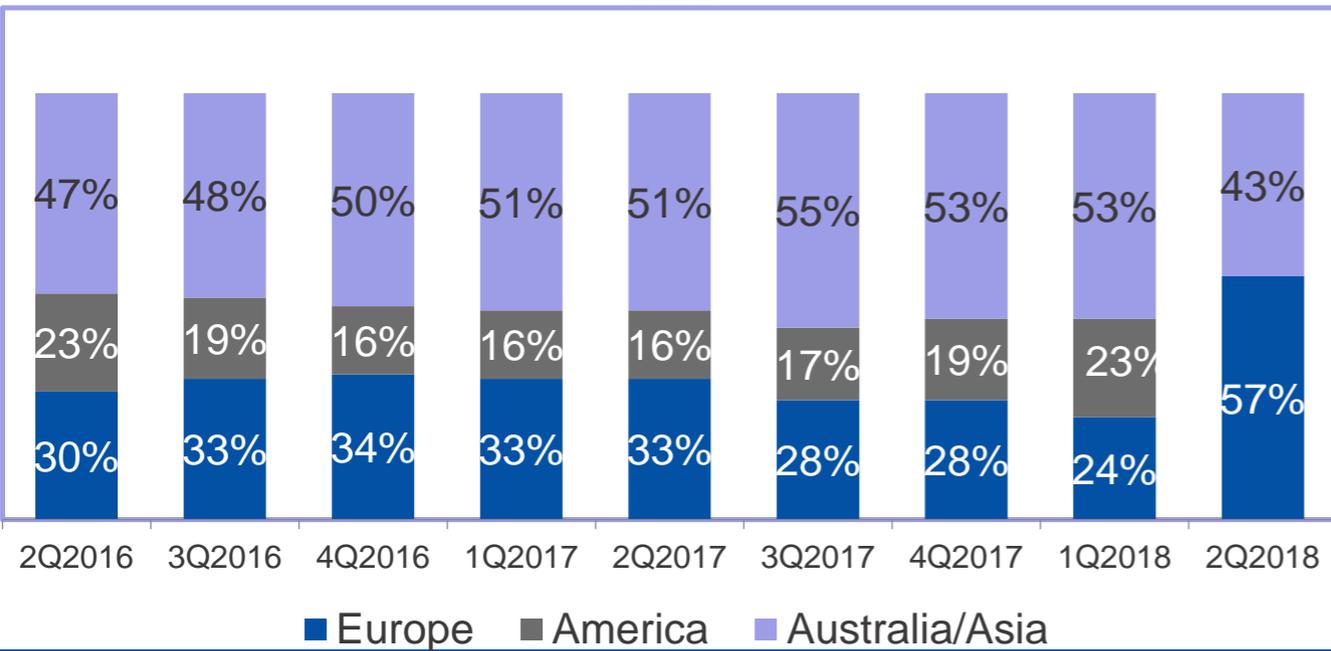
Figures are stated as at 30 Jun 2018



3 Oil Tanker orders are from Asia

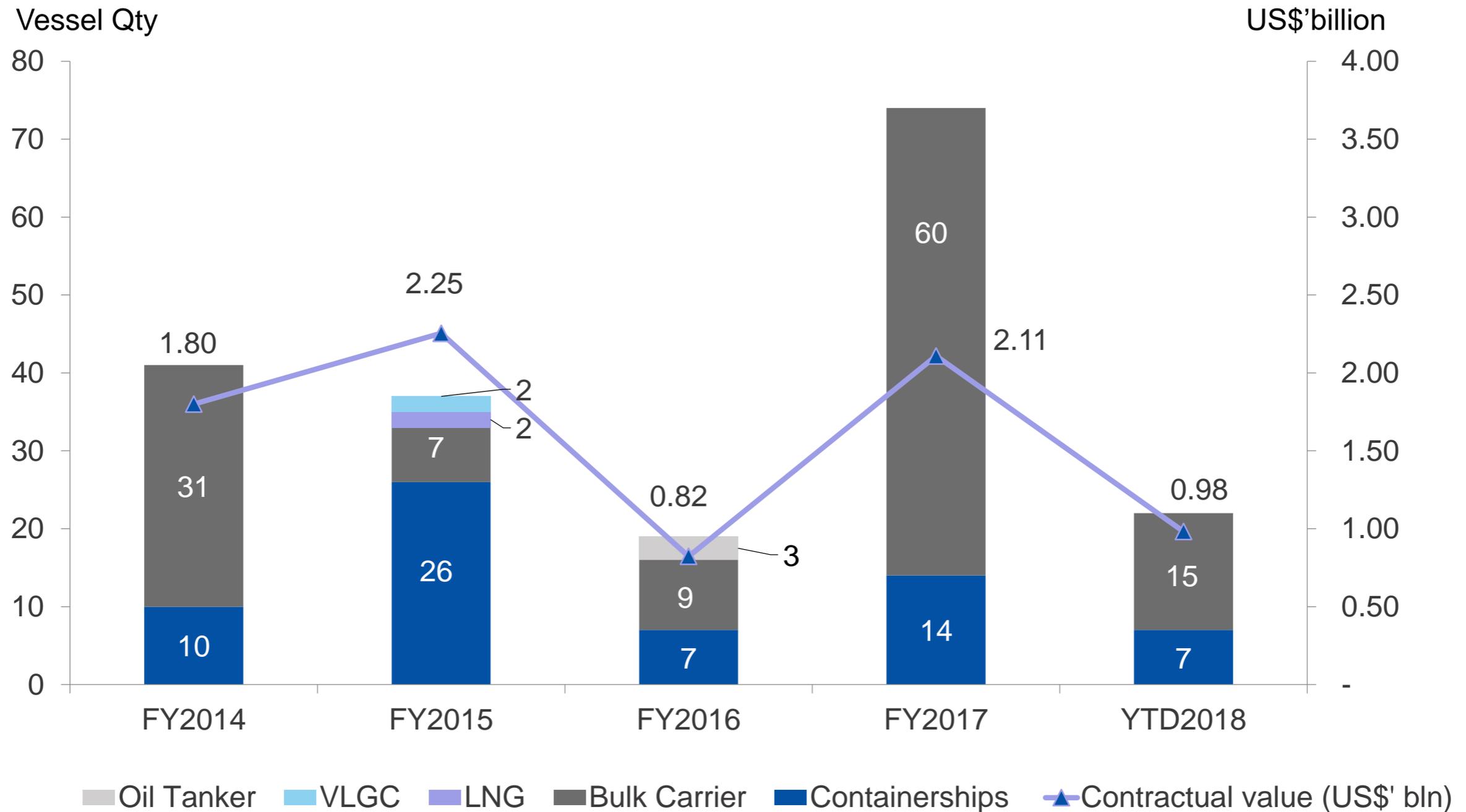
**Containerships**

**Bulk Carriers**



# Order-Winning Momentum

## New contracts secured in terms of vessel quantity and contract value





# Shipping and Chartering

- **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**



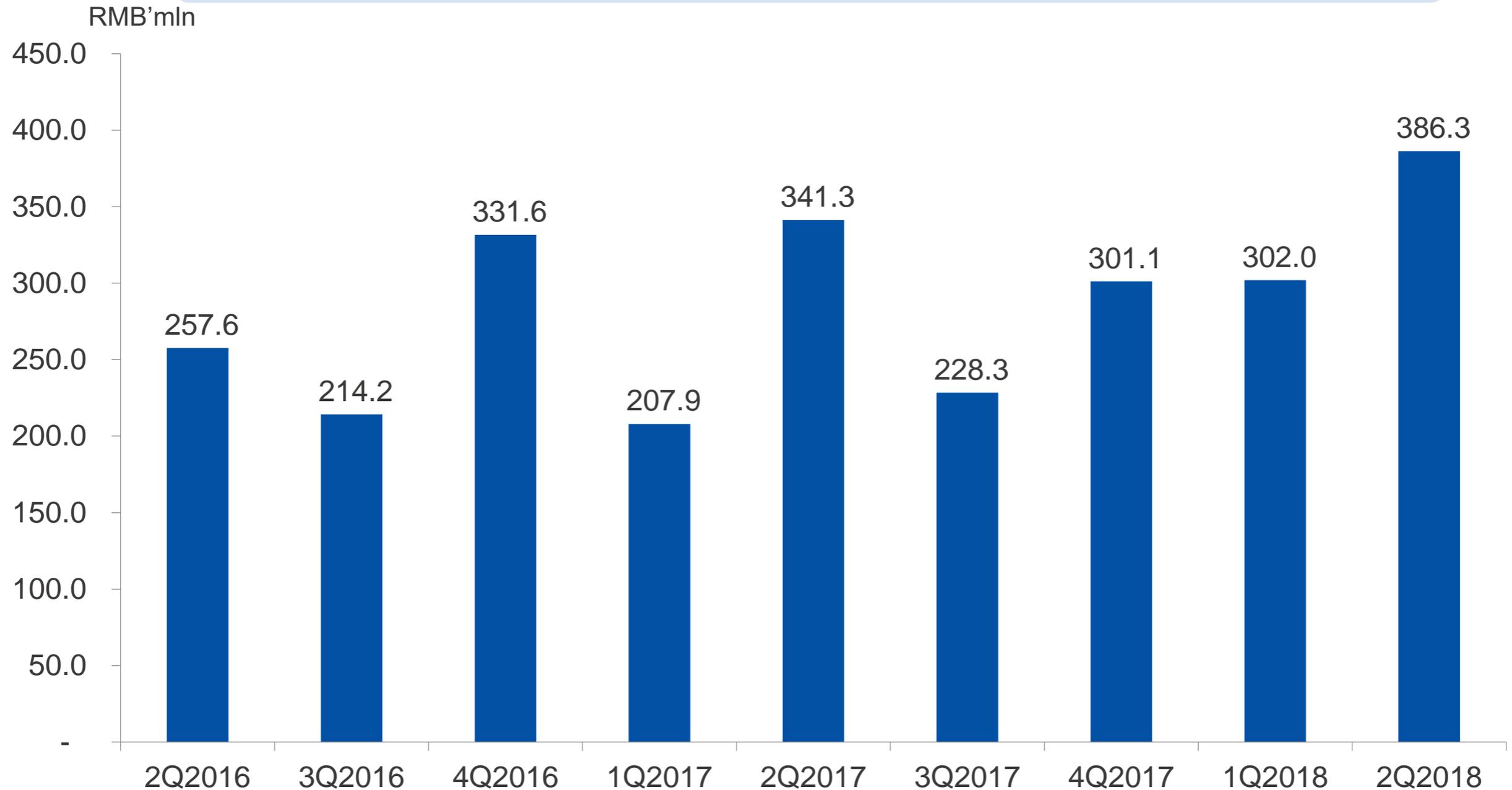
## **SECTION III SEGMENTAL REVIEW**

### **Financial Investments**

# Interest Income Trend – Financial Assets, at Amortised Costs

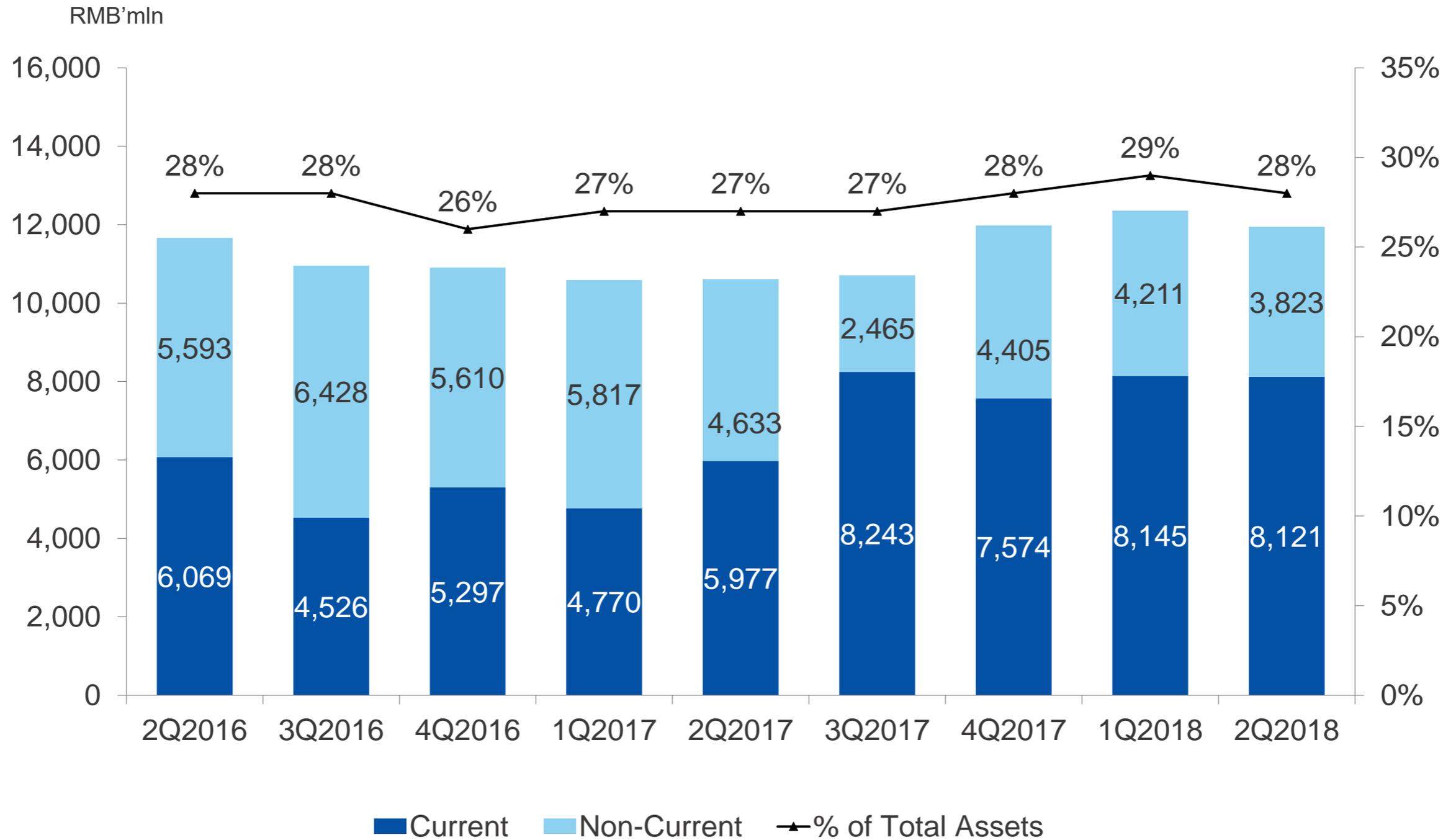


Total interest income generated over the last decade was RMB 9.8 billion compared to outstanding balance of RMB 11.9 billion



Source: Company Data

# Financial Assets, at Amortised Costs



Source: Company Data

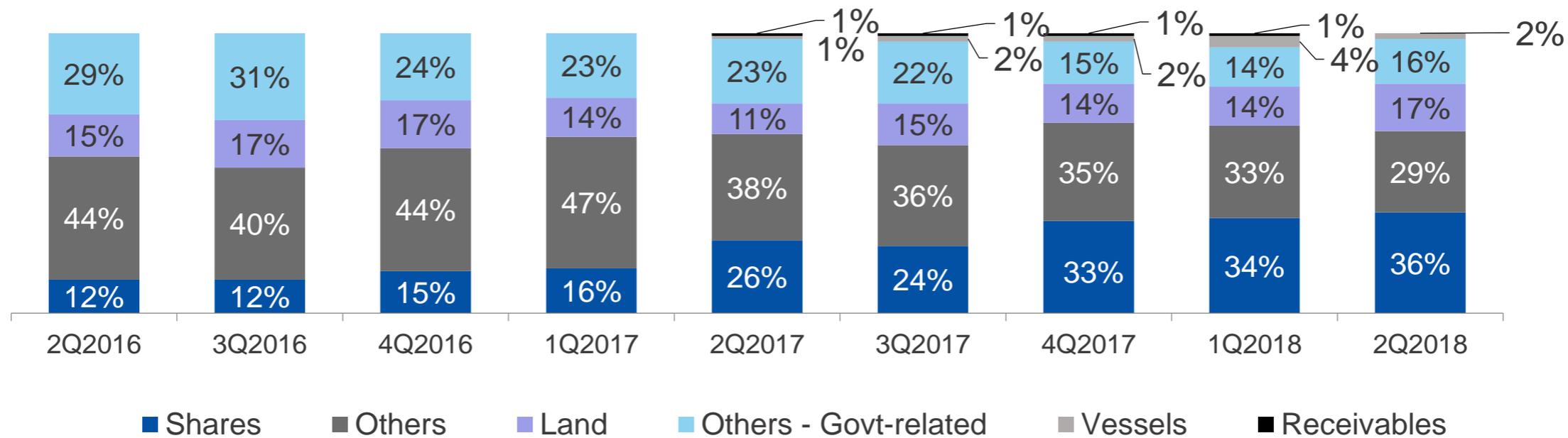
# Financial Assets, at Amortised Costs – Investment Process



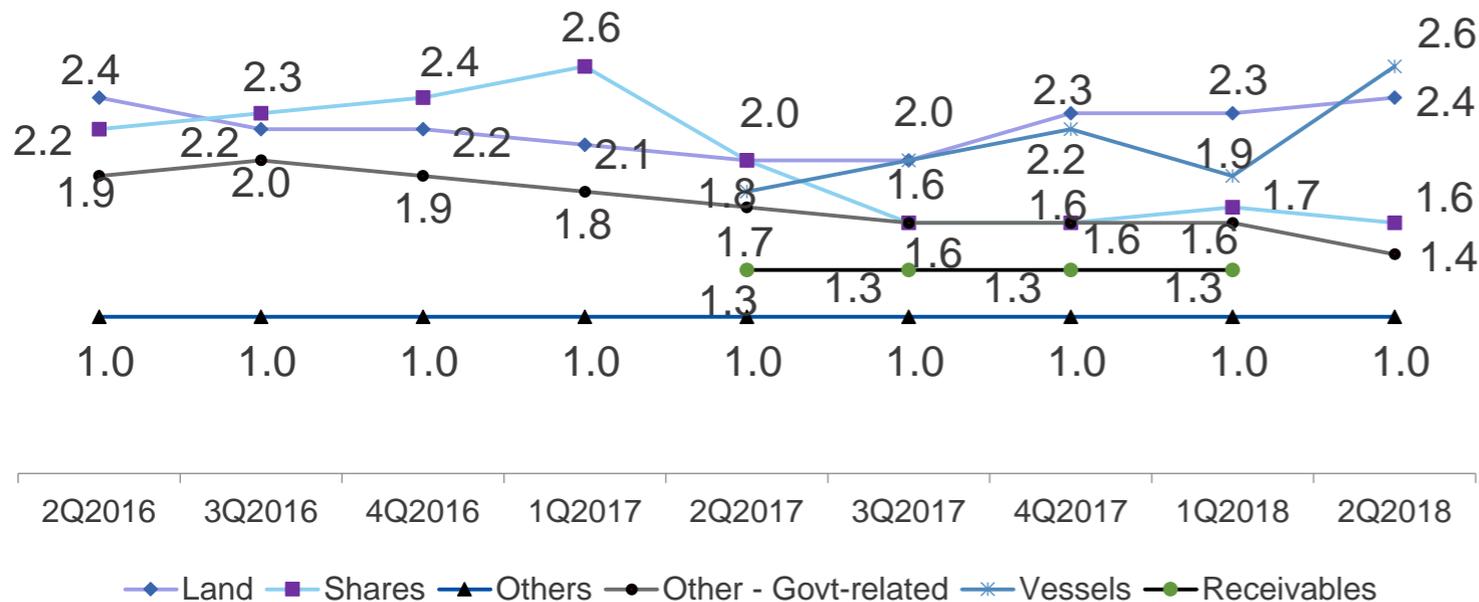
- **Team**
  - A team of 40 people, consisting of professionals with extensive experience with banking, legal and auditing backgrounds
- **Due Diligence**
  - Team will conduct thorough due diligence based on the product proposal
  - Vote by investment committee
  - Legal review and opinion
  - Project 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

# Financial Assets, at Amortised Costs

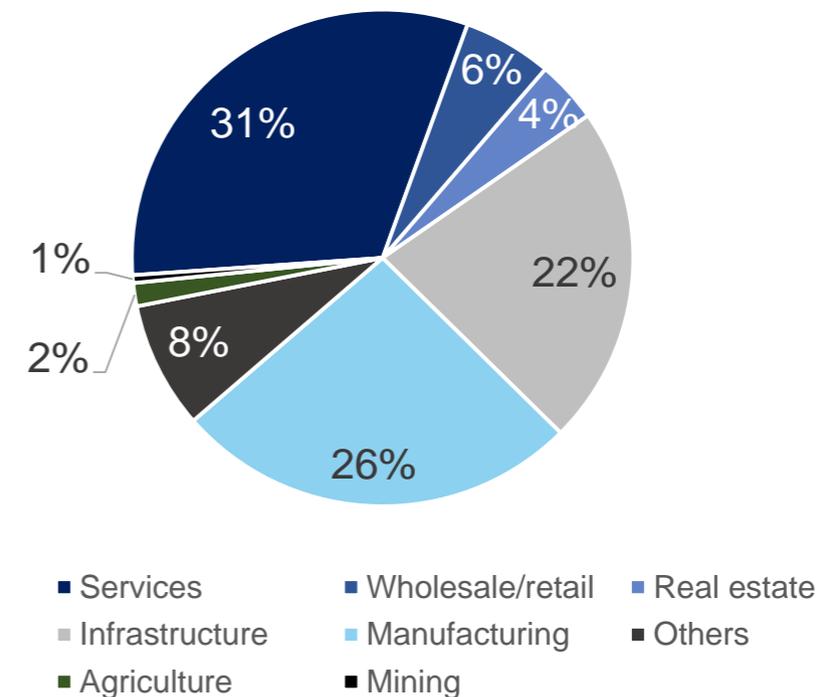
## Breakdown of Investment Amount for which collaterals are secured (%)



## Coverage Ratio



## Breakdown of Borrowers (2Q2018)





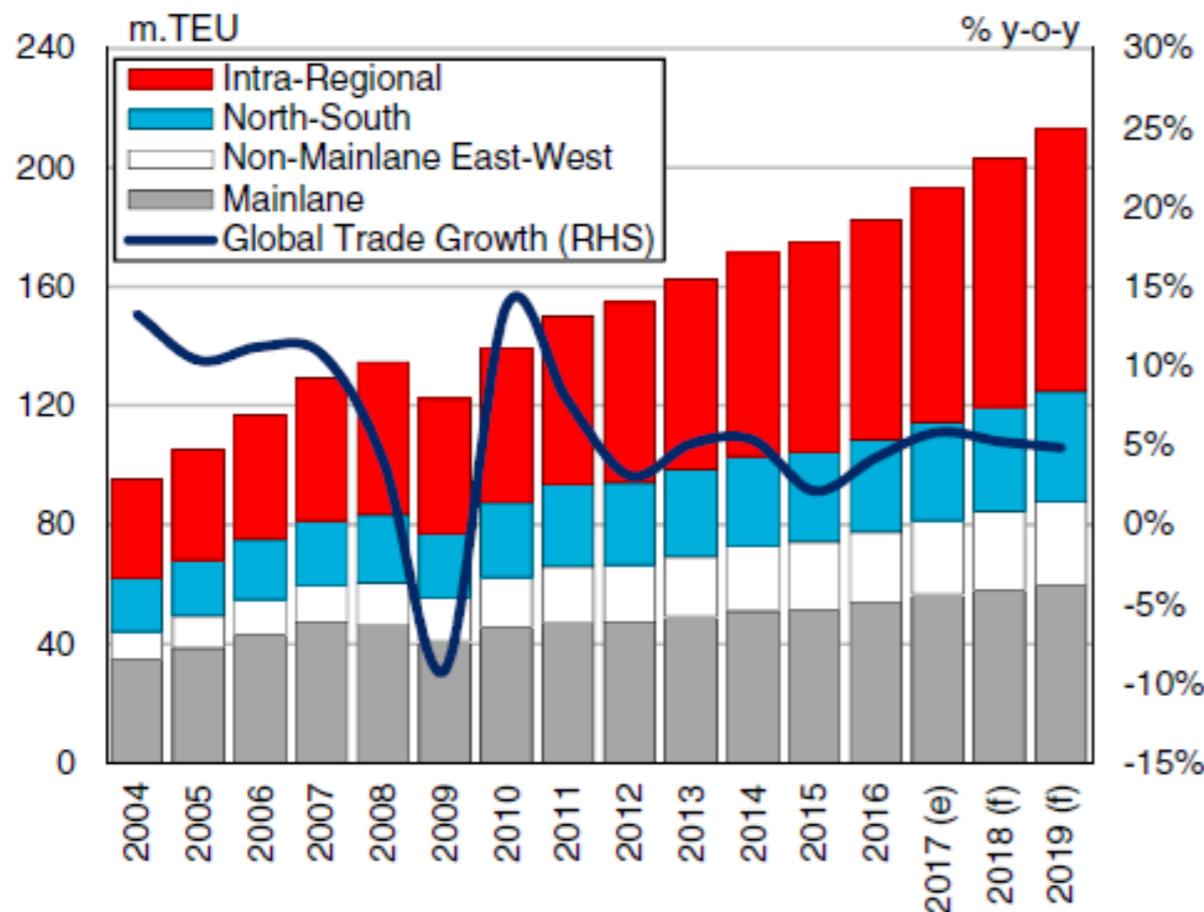
## **SECTION IV**

# **TRENDS & STRATEGIES**

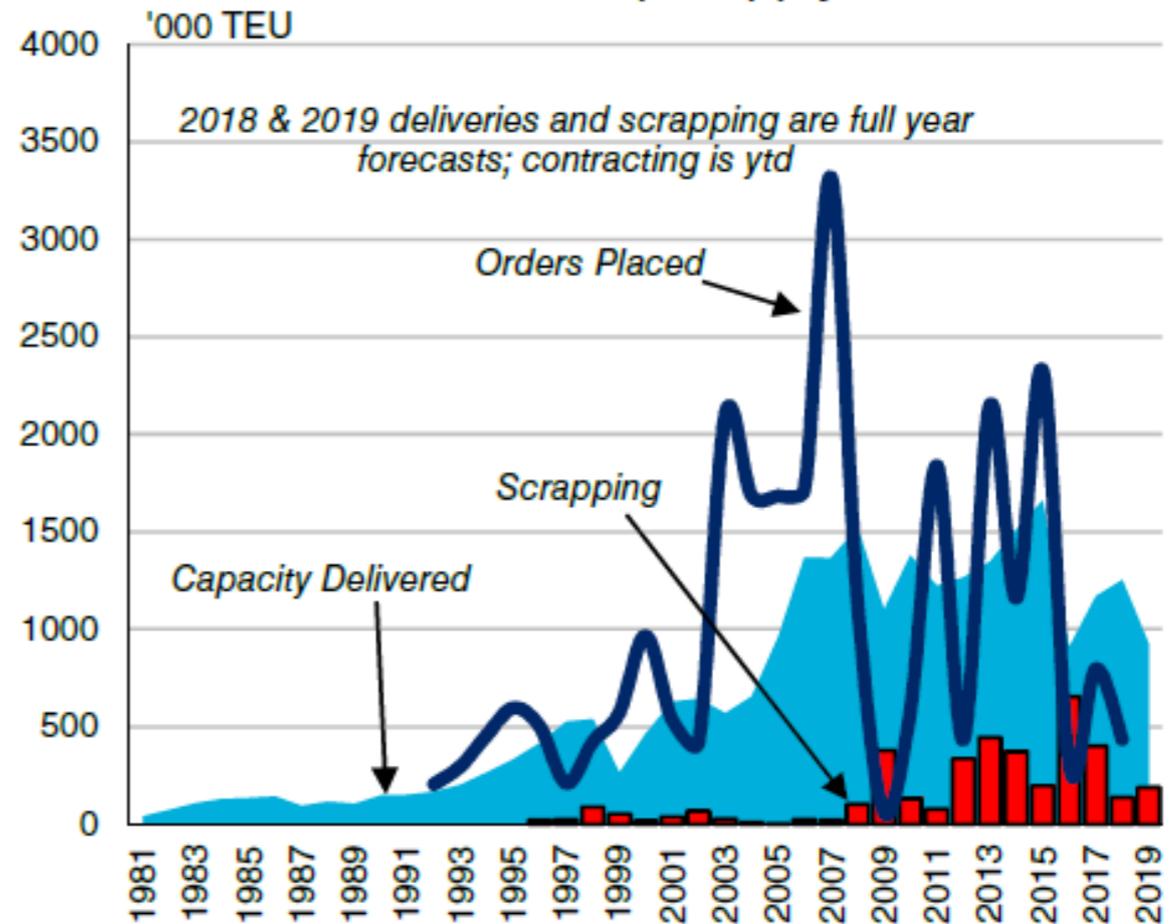
# Containership Outlook

- 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”.

Seaborne Container Trade



Containership Supply

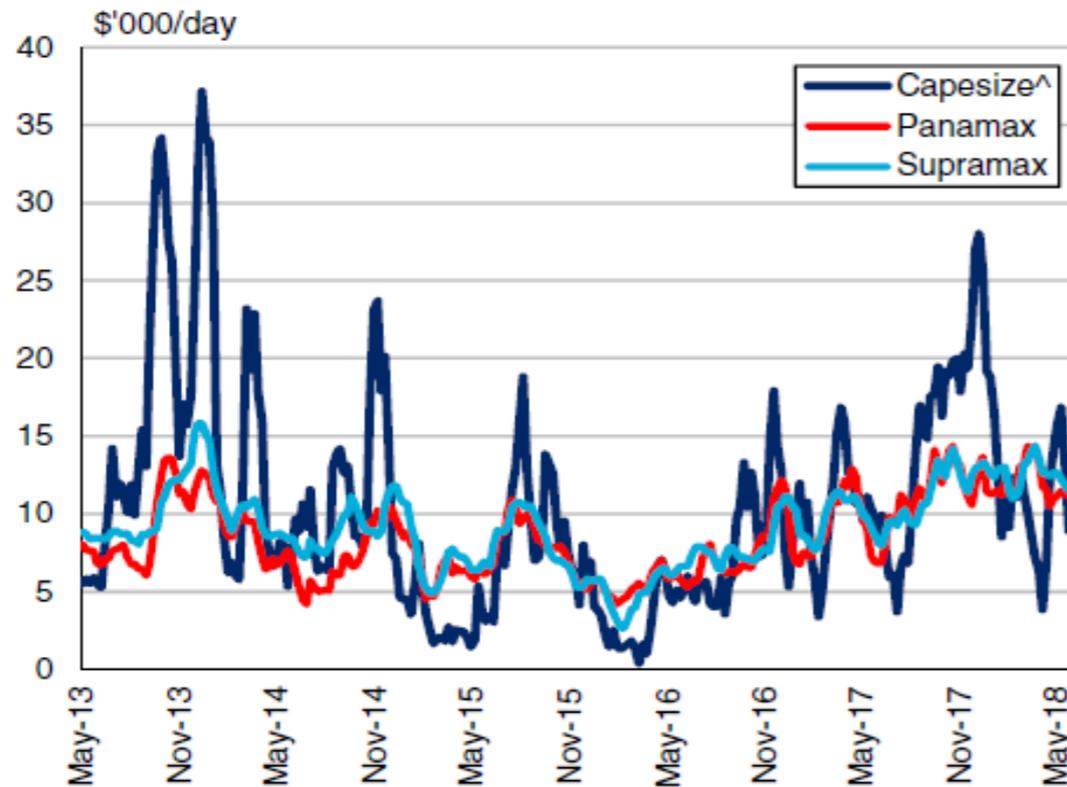


Source: Clarksons Research, June 2018

# Dry Bulker Outlook

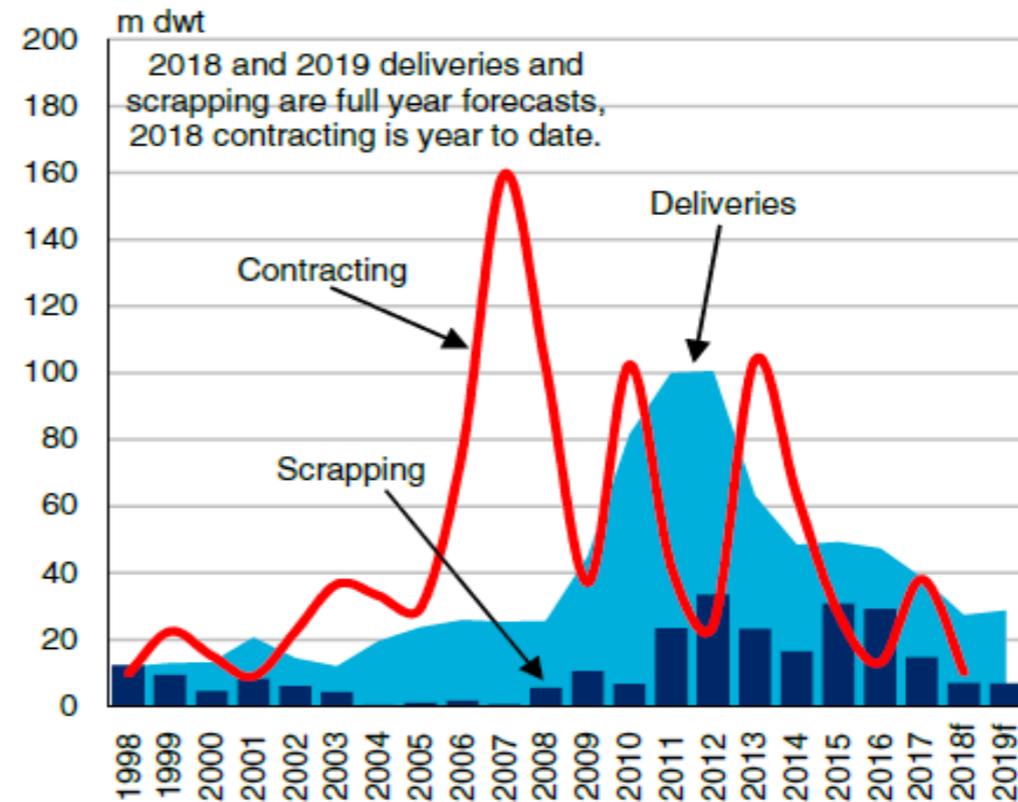
- Global seaborne dry bulk trade is projected to grow by around **3.4%** in terms of tonne-miles, with strong **demand from China for iron ore and coal**, as well as the relaxation of import restrictions at a number of ports in China. (Clarksons Research)
- Clarksons estimates that the volume of the 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.

### Bulker Spot Earnings



Earnings based on standard vessel and voyage assumptions.

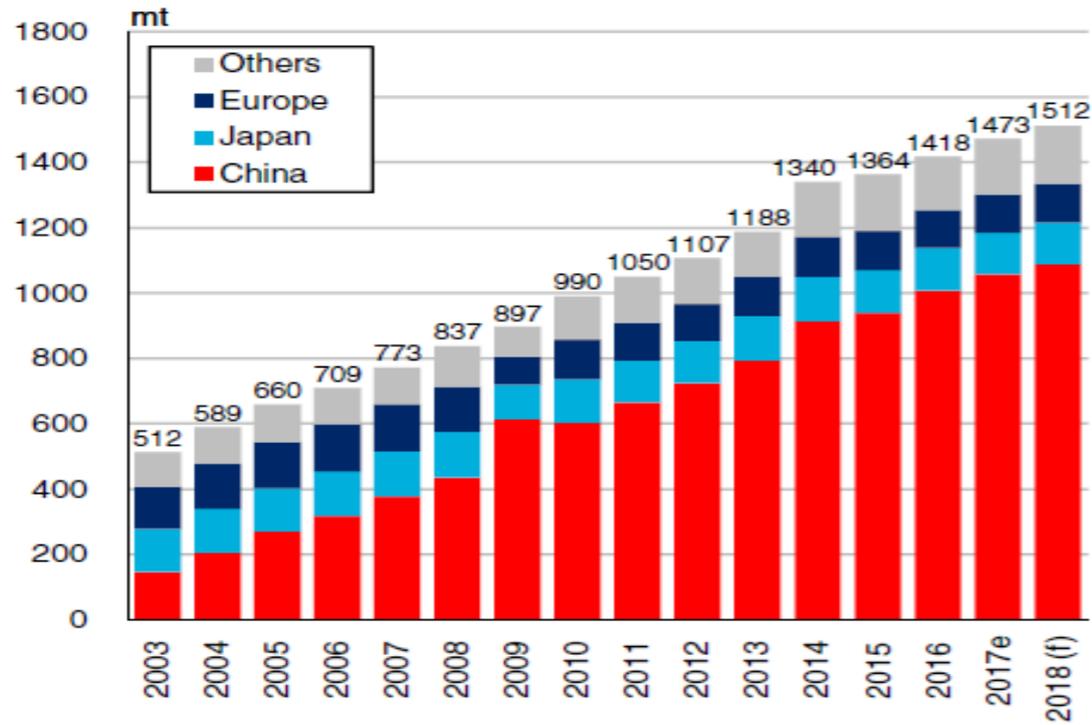
### Bulker Supply



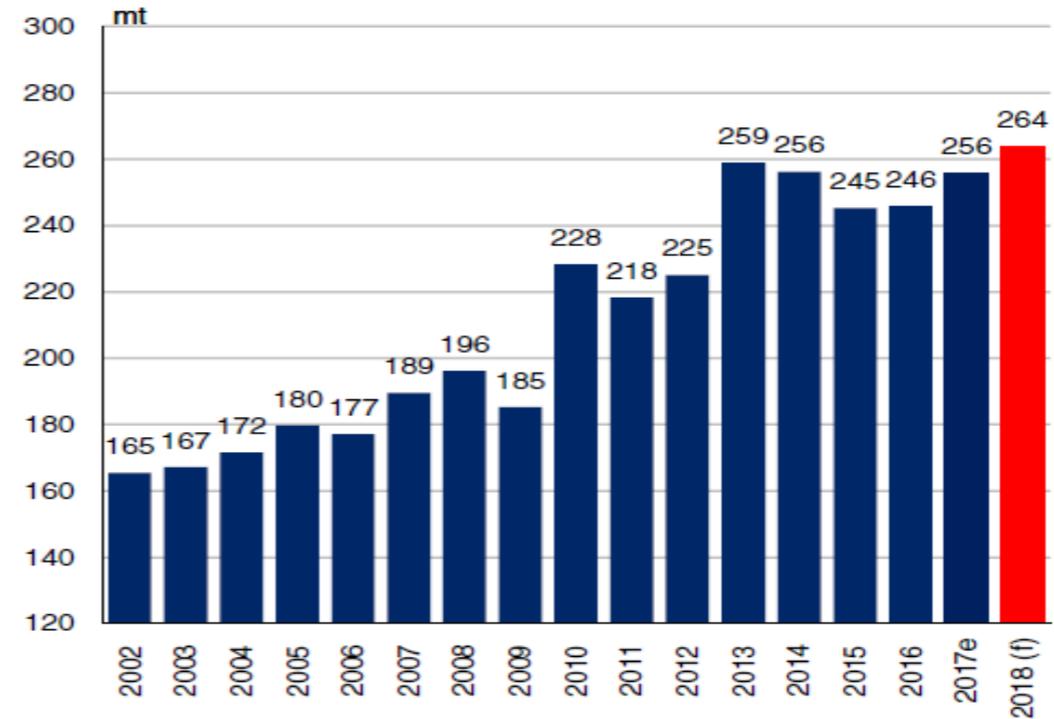


# Dry Bulk Trades Expected to Grow

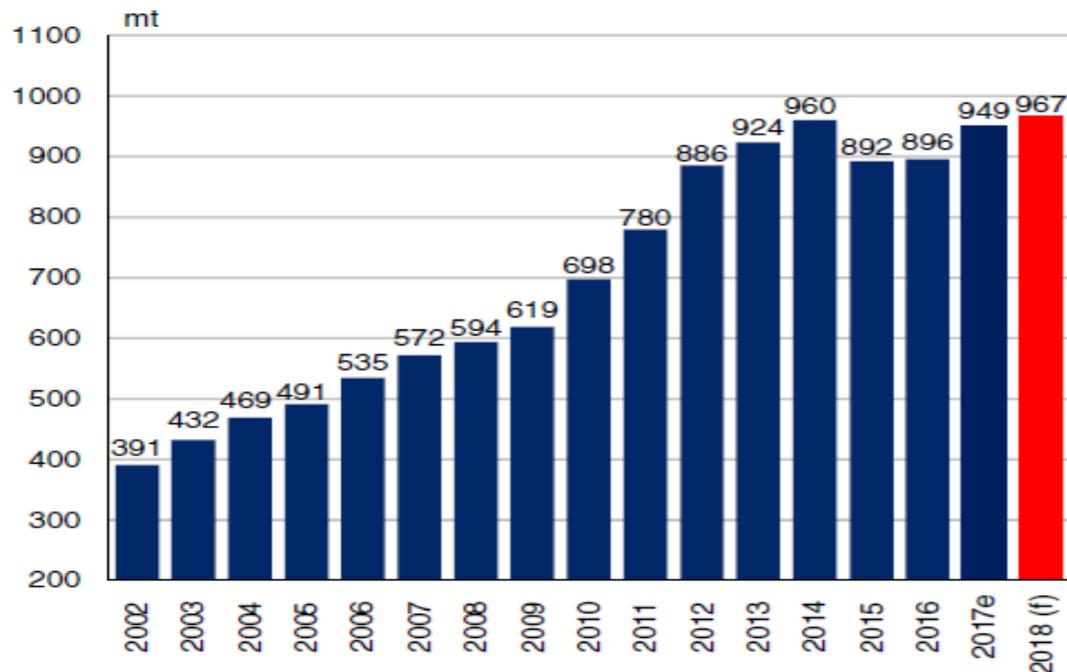
### Seaborne Iron Ore Imports



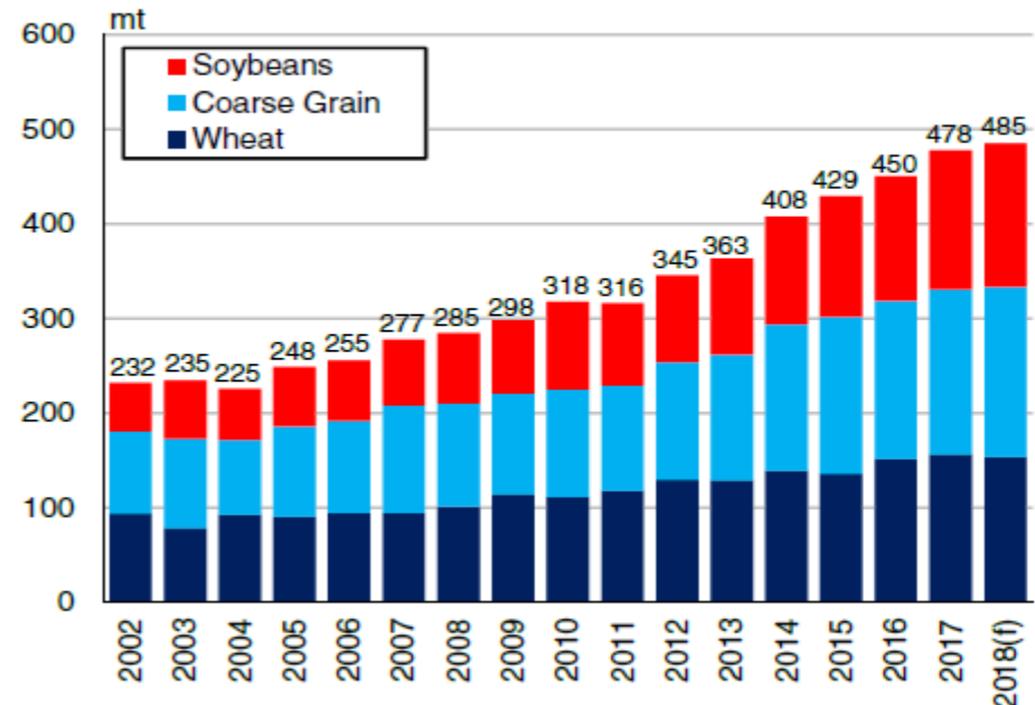
### Global Seaborne Coking Coal Trade



### Global Seaborne Thermal Coal Trade



### Global Seaborne Grain Trade

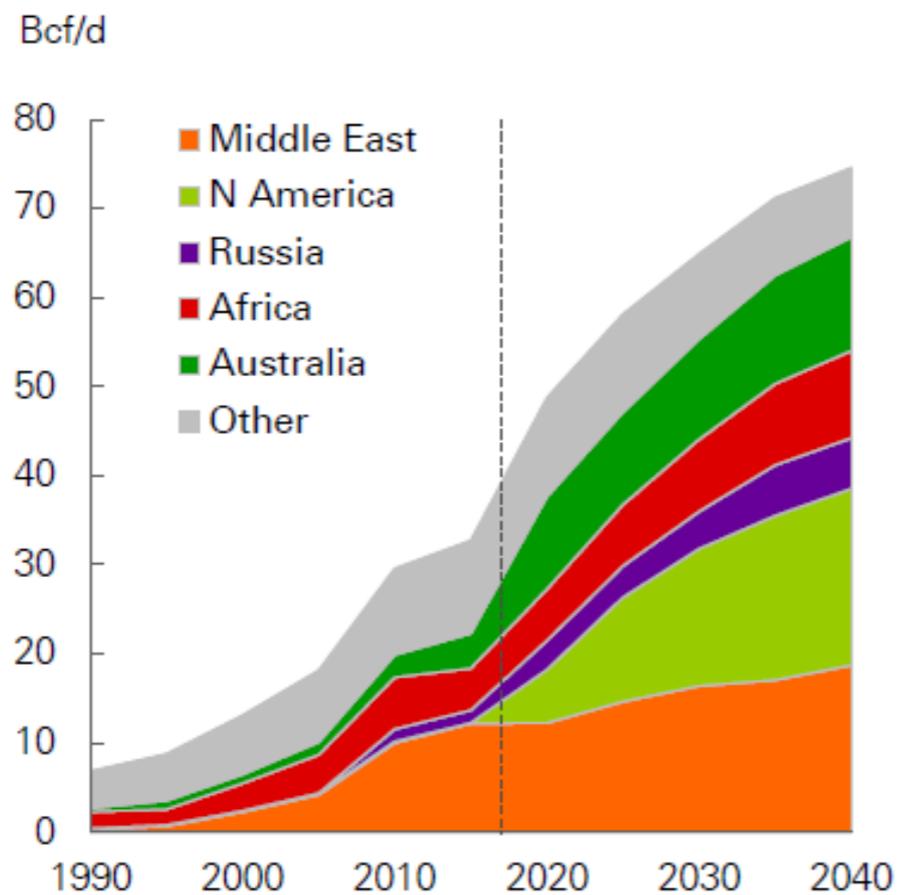


Source: Clarksons Research, June 2018

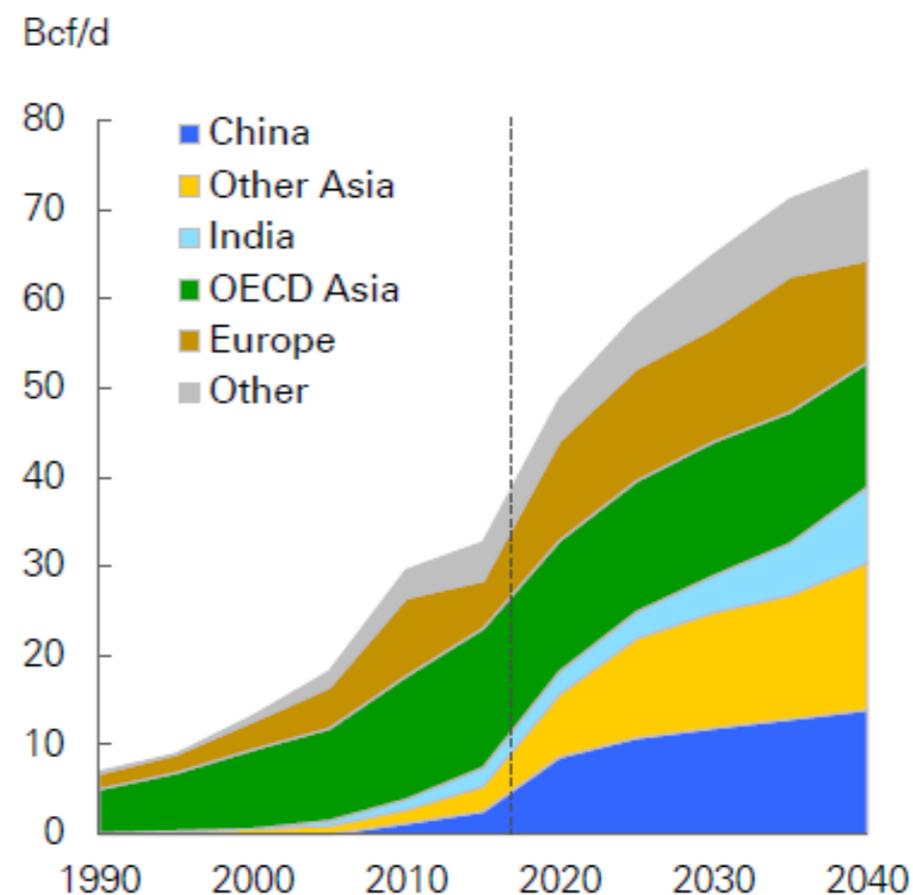
# LNG Carrier Outlook

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.

LNG exports



LNG imports



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 the capability and grow the business

**Clean Energy Vessels**



Enhance R&D and develop new vessels to cater to long-term demand



## SECTION V

# SOCIAL RESPONSIBILITY



# 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 Foundation primarily funds a charity for improving elderly service facilities; finances technological innovation, helps in disaster rescue and helps poor people
- Jiangyin Yuanlin Rehabilitation Centre Project set up and in progress (*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



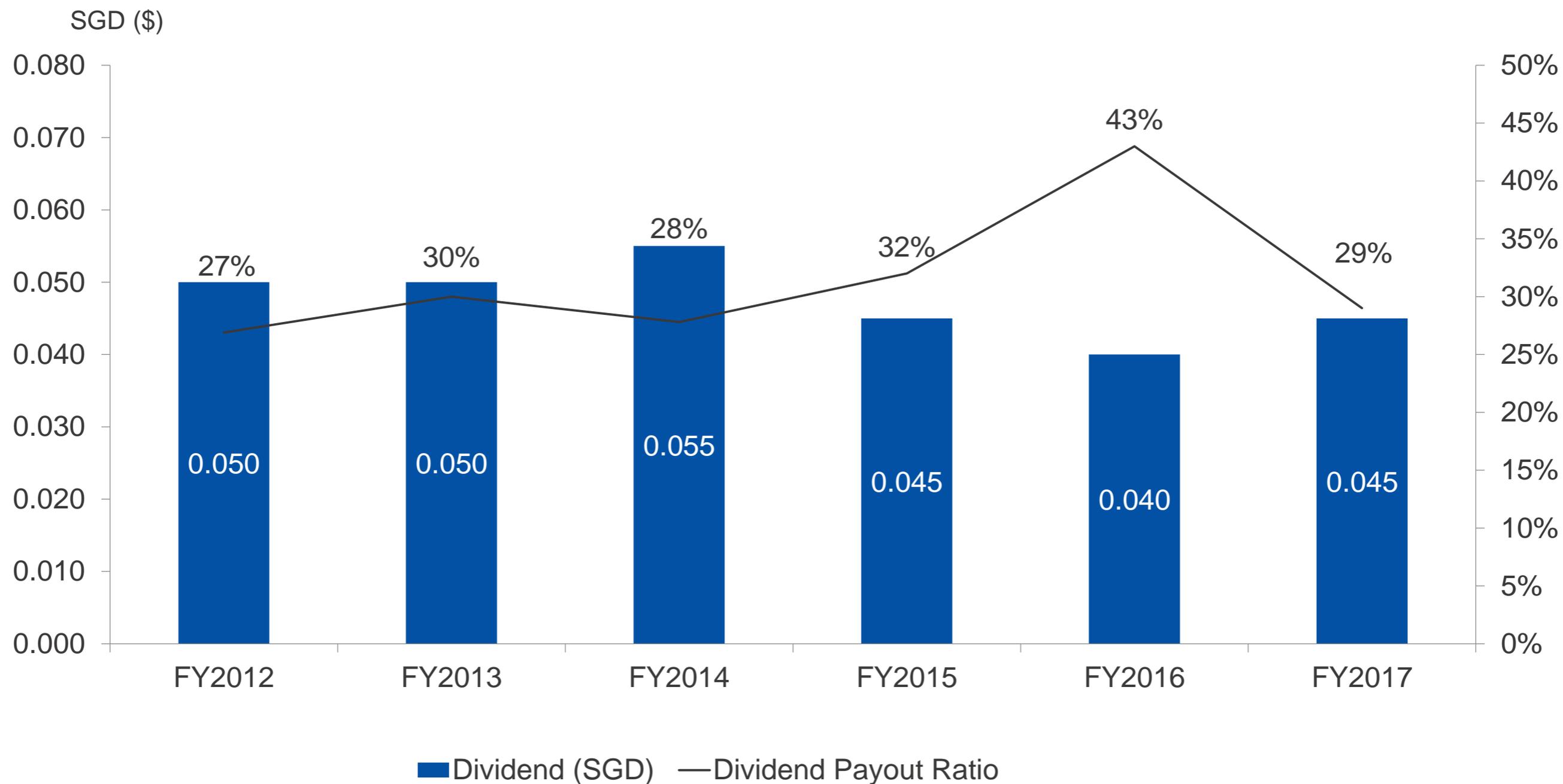
# Share Buyback

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
<b>Total</b>	<b>23,072,800</b>	<b>20,869,713</b>



# Dividend Summary

## Dividend and dividend payout ratio





# 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	187,288,156	22/6/2017	4.75
5	VANGUARD GROUP	74,897,287	30/6/2018	1.90
6	SCHRODERS PLC	24,407,800	31/06/2018	0.62
7	NORGES BANK	24,083,076	31/12/2017	0.61
8	GOVERNMENT PENSION INV FUND JP	19,401,710	31/03/2018	0.49
<b>Total</b>		<b>2,032,295,094</b>		<b>51.52</b>

Source: Bloomberg, as of August 7, 2018



# Stock Performance



Source: Bloomberg, as of August 7, 2018



Thank You

Q&A

For more information,  
please contact:

**Financial PR Pte Ltd**

Investor Relations

Romil Singh / Reyna Mei

[romil@financialpr.com.sg](mailto:romil@financialpr.com.sg)

[reyna@financialpr.com.sg](mailto:reyna@financialpr.com.sg)

Tel: (65) 6438 2990

Fax: (65) 6438 0064