



Yangzijiang Shipbuilding (Holdings) Ltd.
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MEDIA RELEASE – FOR IMMEDIATE RELEASE

Yangzijiang reports RMB774 million in earnings for 2Q2020

- **Group resumed operations at full capacity since April and all 16 vessels were delivered on schedule during the quarter. 1H2020 production was 15 days ahead of schedule**
- **Core shipbuilding revenue of RMB3.0 billion for 2Q2020 was comparable to the RMB3.1 billion for 2Q2019, with gross margin improving from 18% to 22%**
- **Gross profit of RMB1.3 billion was 6% higher year-on-year, although revenue was lower due to lower volume of trading activities**
- **Group secured new contracts for 15 vessels worth USD517 million in 1H2020; cautiously optimistic about the new order outlook**

SINGAPORE – 5 August 2020 – Yangzijiang Shipbuilding (Holdings) Ltd. (“Yangzijiang” or the “Group”), a globally-leading shipbuilding group based in China, and a Straits Times Index component company listed on the SGX Main Board, reported net profit attributable to shareholders of RMB774 million for the three months ended 30 June 2020 (“2Q2020”).

Financial Analysis

Group’s total revenue fell 32% year-on-year (“yoy”) to RMB4.8 billion in 2Q2020 primarily due to the lower revenue from trading business (RMB1.0 billion for 2Q2020 vs. RMB3.2 billion for 2Q2019 due to lower trading volume). Revenue from core shipbuilding was RMB3.0 billion for 2Q2020, compared to RMB3.1 billion for 2Q2019. 16 vessels were delivered in 2Q2020, compared to 18 vessels delivered in 2Q2019. Revenue from other shipbuilding businesses, which consist of shipping logistics & chartering and ship design services, was slightly higher at RMB180 million in 2Q2020 compared to RMB179 million for 2Q2019.

Financial Highlights	2Q2020	2Q2019	Change	1H2020	1H2019	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	4,768,253	7,032,934	(32)	8,265,321	13,324,050	(38)
Gross Profit	1,269,770	1,198,743	6	1,983,910	2,364,991	(16)
Gross Profit Margin	27%	17%	10 ppts*	24%	18%	6 ppts
Expenses**	297,807	264,813	12	528,747	421,559	25
Other Income	73,525	117,081	(37)	162,667	182,323	(11)
Other gains, net	21,271	245,884	(91)	28,792	163,500	(82)
Net Profit Attributable to Equity Holders	773,920	936,432	(17)	1,177,752	1,760,486	(33)
PATMI Margin	16%	13%	3 ppts	14%	13%	1 ppt

*Ppts: Percentage points

** Expenses include finance expenses and administrative expenses, which include impairment loss

The Group's debt investment at amortised costs increased from RMB14.4 billion at the end of 2019 to RMB16.0 billion as at 30 June 2020. Interest income derived from the investment segment increased from RMB528 million for 2Q2019 to RMB578 million for 2Q2020, despite the lower portfolio size in 2Q2020.

The Group's shipbuilding business registered a gross profit margin of 22% for 2Q2020, higher than the 18% for 2Q2019, mainly due to the resale of the 157,000DWT oil tanker at a higher gross profit margin in 2Q2020. Trading business contributed a gross profit of RMB13.5 million in 2Q2020 with a typical low gross profit margin of around 1%. Other shipbuilding related businesses such as shipping logistics & chartering and ship design services registered a gross profit margin of 20% for 2Q2020, lower than the 28% for 2Q2019, mainly due to lower charter rates. The combination of the above led to a higher gross profit margin of 27% at Group level for 2Q2020, compared to 17% for 2Q2019.

The Group delivered a net profit attributable to shareholders of RMB774 million in 2Q2020 compared to RMB936 million in 2Q2019. Fully diluted earnings per share was RMB19.75 cents for 2Q2020, compared to RMB23.73 cents for 2Q2019¹.

Balance Sheet (RMB'000)	30 Jun 2020	31 Dec 2019
Property, Plant and Equipment	5,617,859	5,678,063
Restricted Cash	26,321	17,049
Cash & Cash Equivalents	10,046,076	10,183,019
Debt Investment at Amortised Costs	16,013,010	14,428,382
Total Borrowing	5,647,231	5,032,932
Total Equity	32,391,674	32,054,525
Gross Gearing (Borrowings / Equity)	17.4%	15.7%
Net gearing*	Net cash	Net cash

* $[(\text{restricted cash} + \text{cash \& cash equivalents}) - \text{total borrowing}] / \text{total equity}$

¹ Based on the weighted average outstanding number of ordinary shares of 3,918,765,200 and 3,945,765,200 for 2Q2020 and 2Q2019 respectively

Group maintained a strong financial position with net cash as at 30 June 2020. Net asset value per share rose from RMB7.94 as at 31 December 2019 to RMB8.02 as at 30 June 2020.

REVIEW / OUTLOOK/ FUTURE PLANS

Since April 2020, the Group's operations have resumed to its full capacity, and it has fully made up for the lost time due to the temporary shutdown in February to early March. Vessel deliveries were on schedule, including several New Panamax dry bulkers completed and delivered by YAMIC. In July 2020, the Group delivered a 12,600TEU containership, the largest containership it has ever built in its history.

The COVID-19 pandemic has continued to spread around the world and grown in severity in many key economies in the past few months. This has weighed on the price of new vessels and charter rates, and further dampened shipowners' sentiment and the outlook for the shipbuilding industry. According to Clarksons Research, in 1H2020, a total of 314 new orders (17.6 million DWT) became effective globally, 62.7% lower (and 49.7% lower in DWT terms) compared to 1H2019. Global new shipbuilding orders for 1H2020 has declined to the lowest level since 1996 to 5.7 million CGT. Outstanding order book to fleet ratio also decreased further to 7.8% at the end of June 2020 compared to 9.4% at the beginning of 2020.

Despite the deteriorated market conditions, the Group's new order wins of USD517 million for 1H2020 was more than double that of 1H2019. These new orders for the 15 vessels included two 14,000TEU dual-fuel containerships and two 690FEU LNG-tank carriers. As at 30 June 2020, the Group had an outstanding order book of USD2.6 billion for 62 vessels², and was ranked No. 2 in China and No. 7 in the world by outstanding orderbook³. These orders will keep the Group's yard facilities at a healthy utilization rate till early 2022 and provide a stable revenue stream for at least the next 1.5 years.

“With the hard work of all at Yangzijiang, we delivered all vessels on time in the second quarter, and our production was 15 days ahead of schedule for 1H2020. Our customer base has grown to include more Chinese shipowners, and our shipbuilding portfolio has become more diversified with an increased focus on dual-fuel vessels and LNG-related vessels. We remain financially strong with a

² Out of the 62 vessels in the order book, one 29,800DWT self-loading carrier and seven 82,000DWT with a total contract value of USD234 million will be built and delivered by YAMIC, the Group's 51%-stake joint venture yard with its Japanese partners.

³ The ranking was based on data in CGT terms as of 18 July 2020.

net cash position, providing a vital condition for survival in an economic downturn.

In the seemingly darkest of times with weak sentiments and lack of visibility in the market, we will work closely with our customers to ensure successful deliveries and pull through the challenging period with them together. As the industry copes with the evolving dynamics in the pandemic, it's also an opportunity for it to change for the better in the process by developing and introducing more energy-efficient and environmental-friendly vessels. We remain committed to our long-term strategy of growing the capability in building these vessels for sustainable growth.”

---- Mr. Ren Letian (任乐天)

*Executive Chairman and Chief Executive Officer
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.

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