



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



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Corporate Presentation

August 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 order book
No. 1 in China and No.5 in the world*

* According to Clarksons, as of 15 July 2019



Business Overview

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



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
- Set up JV and acquire stakes to build up the design, construction, shipping and terminal capabilities



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
- Financially self sufficient in a capital-intensive industry



SECTION II

FINANCIAL HIGHLIGHTS



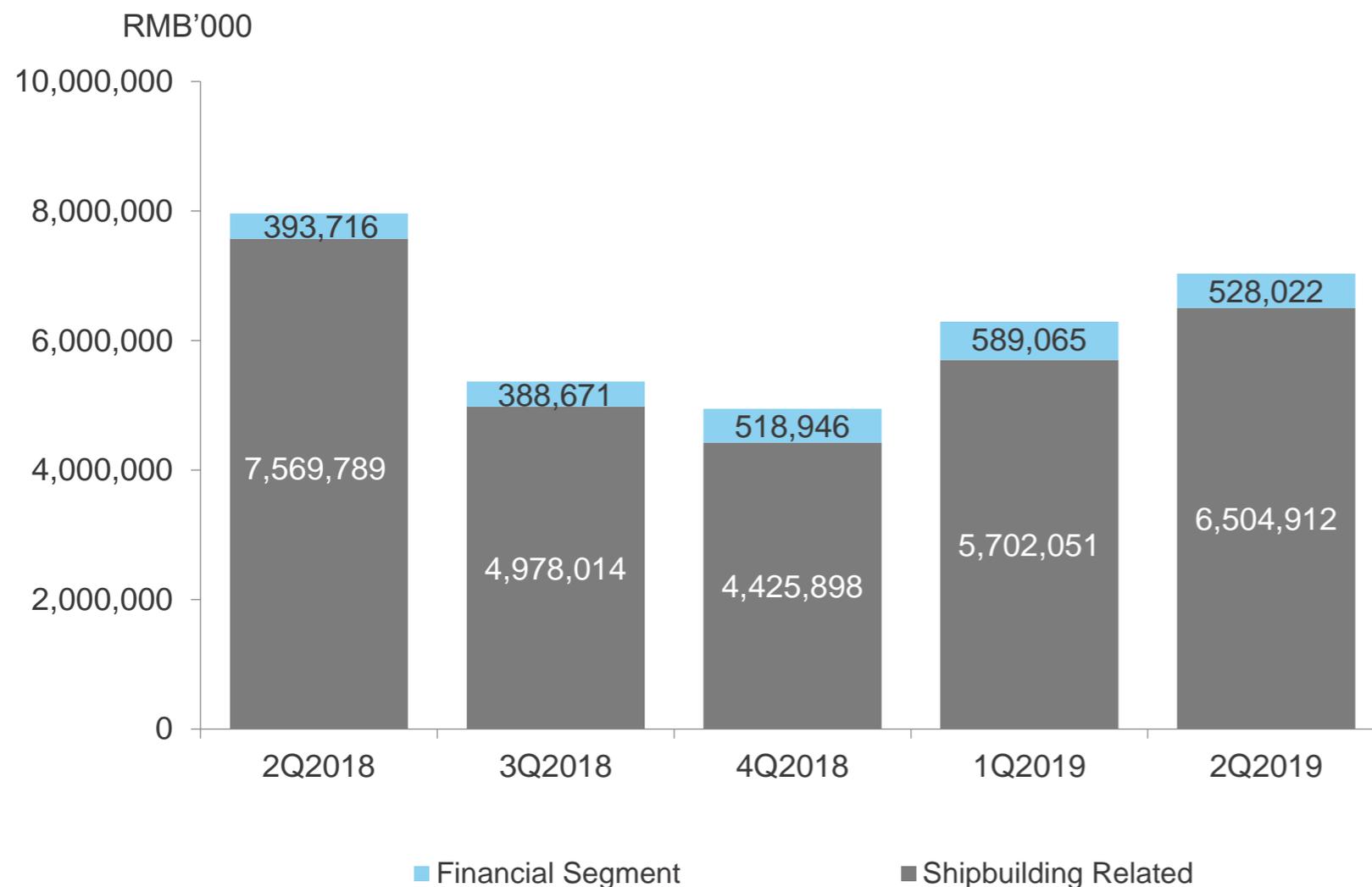
Results Highlight – Income Statement

Financial Highlights	2Q2019	2Q2018	Change	Comments
	RMB'000	RMB'000	%	
Revenue	7,032,934	7,963,505	(12)	18 vessels delivered in 2Q2019 vs. 20 in 2Q2018. Lower revenue from core shipbuilding and higher revenue from trading and other shipbuilding related businesses
Gross Profit	1,198,743	1,561,783	(23)	Core shipbuilding GP 18% in 2Q2019 vs. 21% in 2Q2018.
Gross Profit Margin	17.0%	19.6%	-	
Other Income	117,081	84,521	39	Higher interest income
Other Gains, net	245,884	212,181	16	Foreign exchange gain of RMB91 million and subsidy income of RMB140 million, offset by some fair value loss on derivative instruments and financial assets
Expenses #	264,813	496,086	(47)	Lower additional provision of impairment loss on debt investment at amortised costs, lower administrative expenses and higher finance costs
Net Profit Attributable to Equity Holders (PATMI)	936,432	994,916	(6)	
PATMI Margin	13.3%	12.5%	-	

#: Expenses include finance expenses and administrative expenses, which include impairment loss



Revenue Breakdown



Shipbuilding Related Revenue Breakdown (2Q2019)	Percentage (%)
Shipbuilding	47%
Trading	50%
Others*	3%
Total	100%

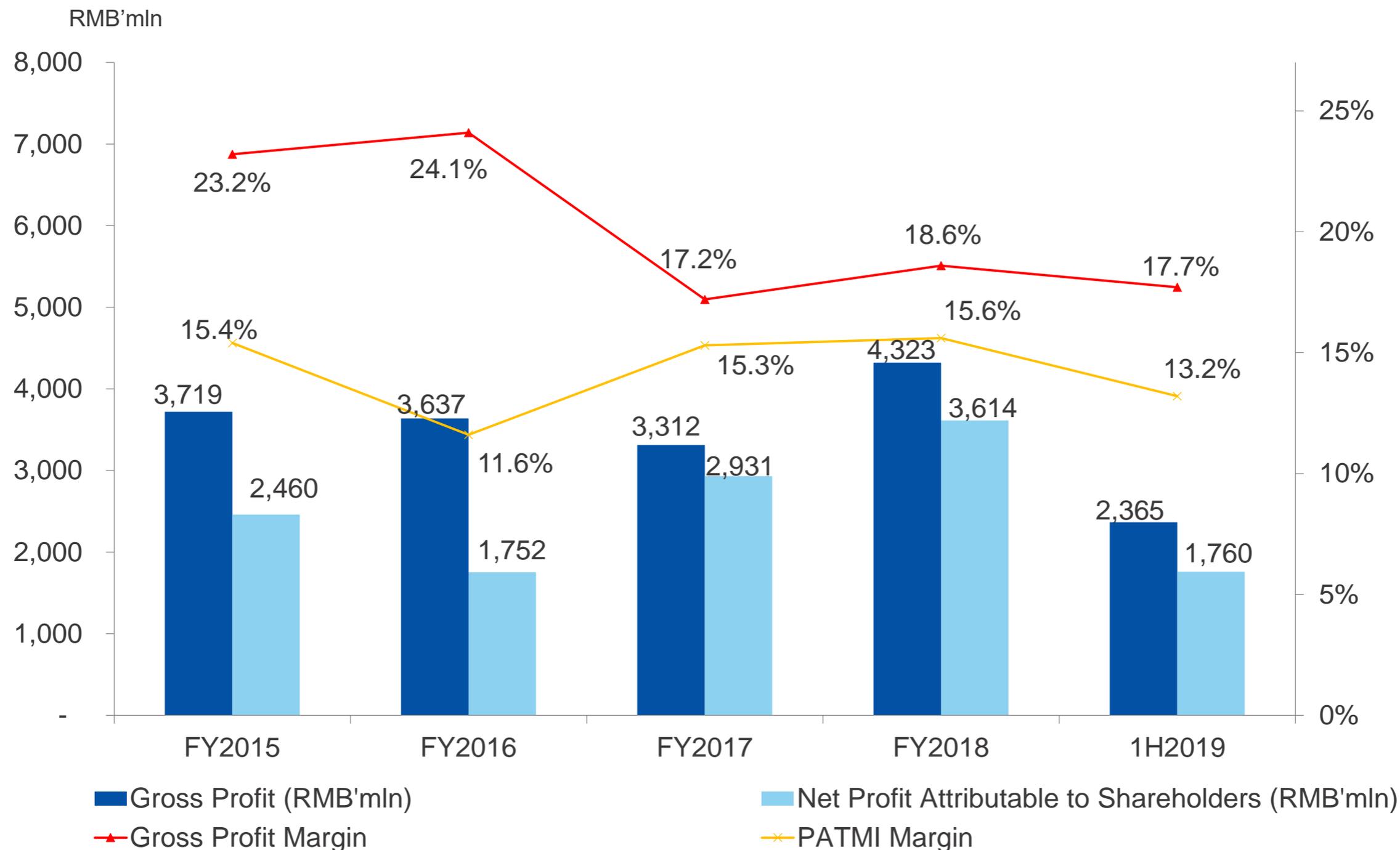
* Includes revenue from shipping logistics and chartering, steel fabrication and ship design services etc.

RMB'000	Gross Profits		Gross Profit Margins	
	2Q2019	2Q2018	2Q2019	2Q2018
Shipbuilding Related	695,033	1,185,347	11%	16%
Financial Segment	503,710	376,436	95%	96%



Profitability Trend

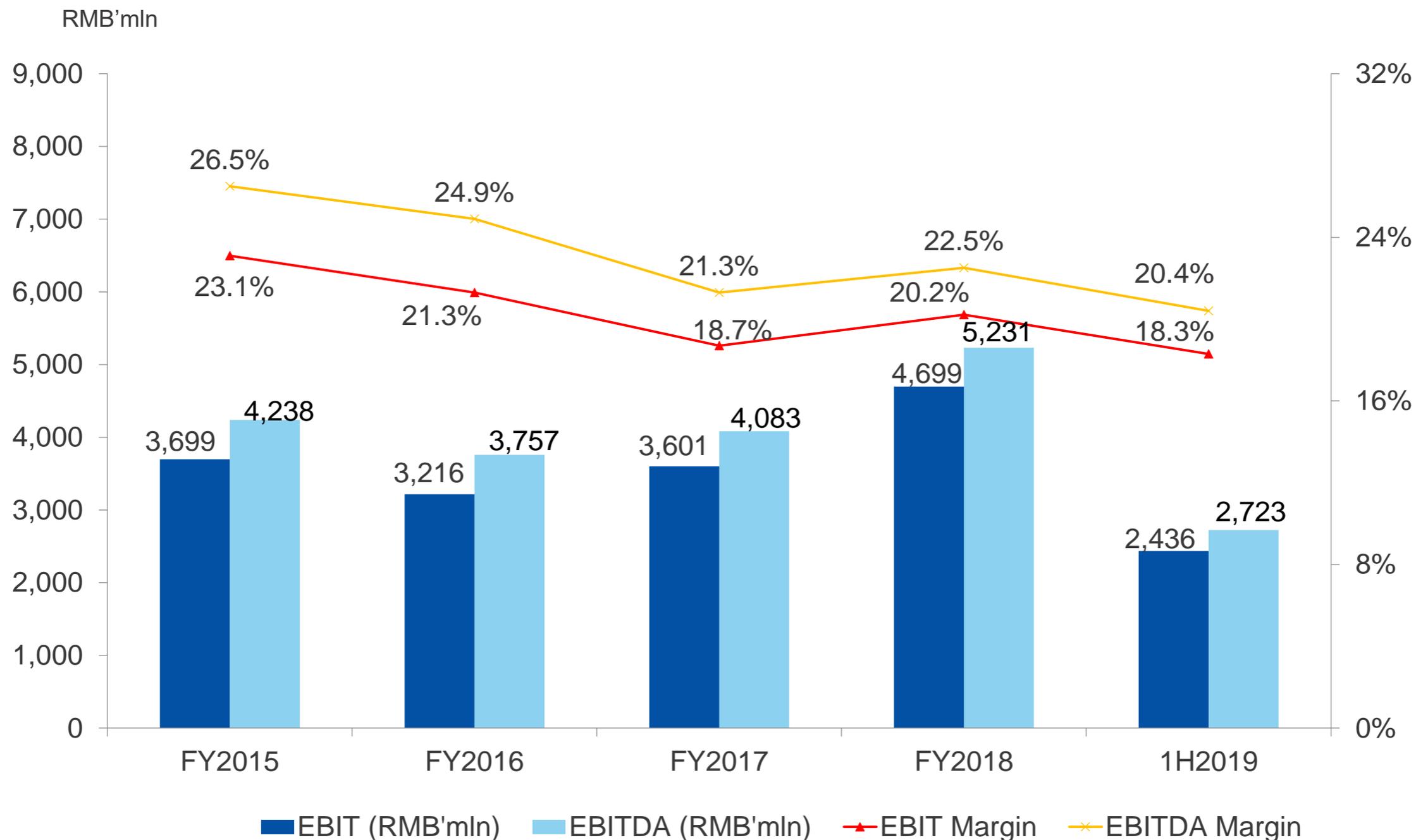
Gross Profit and Net Profit Attributable to Shareholders





Profitability Trend

EBIT AND EBITDA





Results Highlight – Balance Sheet

Financial Highlights	30 Jun 2019	31 Dec 2018
	RMB'000	RMB'000
Property, Plant and Equipment	5,251,193	5,162,755
Restricted Cash	17,815	208,756
Cash & Cash Equivalents	4,108,414	6,594,143
Debt Investments at Amortised Costs	18,787,483	14,810,376
Total Debt	5,234,732	4,043,981
Total Equity	30,423,653	29,580,257
Gross Gearing	17.2%	13.7%
Net Gearing (including Restricted Cash)	3.6%	Net Cash
Net Asset Value per Ordinary Share (RMB cents)	751.92	731.91



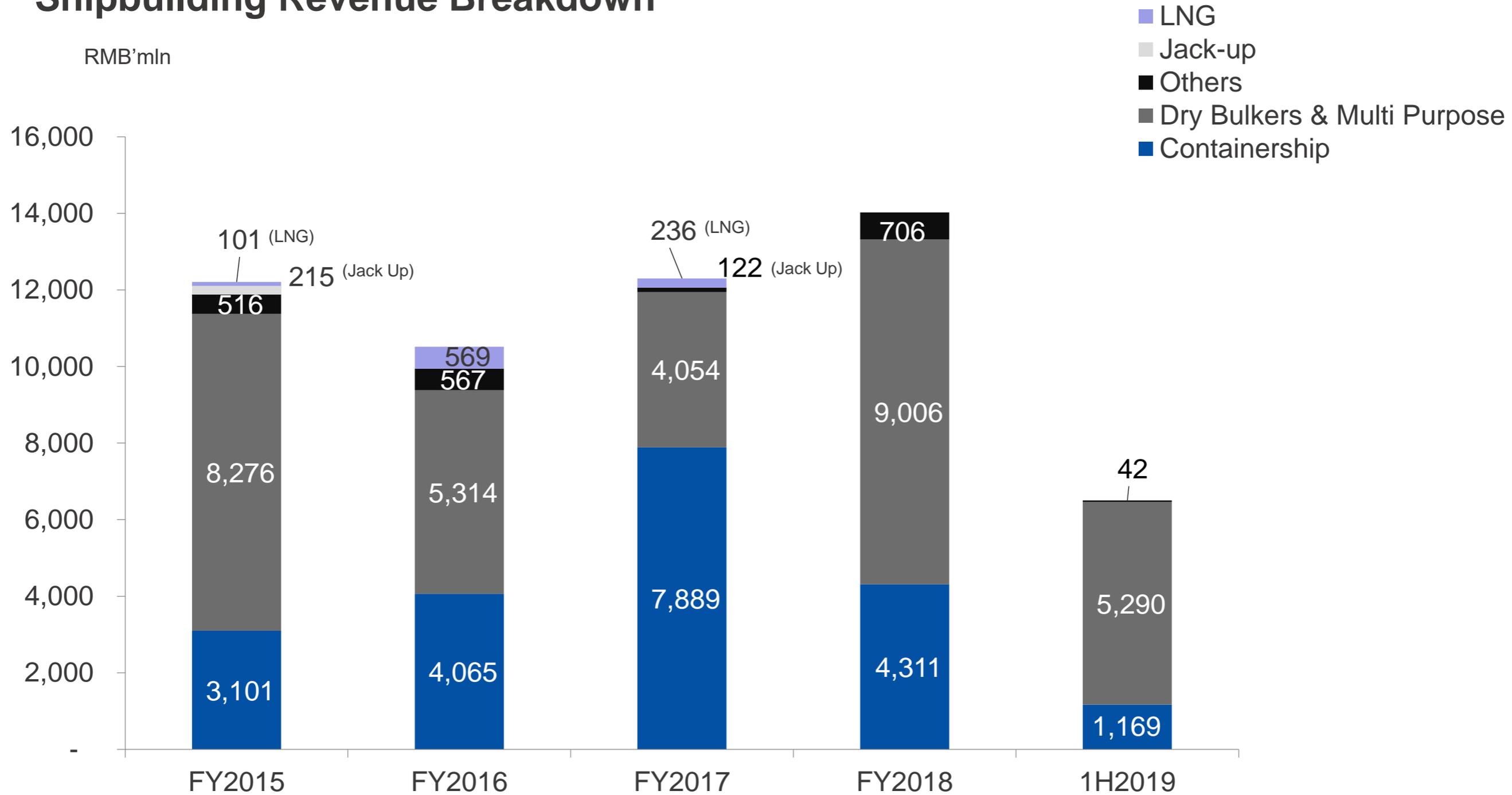
SECTION III SEGMENTAL REVIEW

**Shipbuilding &
Related Segments**



Revenue Trend

Shipbuilding Revenue Breakdown



Overview of Order Book

85 vessels

3.07 million CGT

US\$3.06 billion contract value

Delivery: 2019 - 2021

Containerships

27 units

Total CGT – 1.04 million

Total value – US\$0.99 billion

- 1,668TEU x 2 vessels
- 1,800TEU x 7 vessels
- 2,200TEU x 3 vessels
- 2,400TEU x 6 vessels
- 2,700TEU x 4 vessels
- 12,690TEU x 5 vessels

Bulk Carriers

57 units

Total CGT – 2.00 million

Total value – US\$2.03 billion

- 29,800DWT x 1 vessel
- 45,000DWT x 6 vessels
- 62,000DWT x 2 vessels
- 82,000DWT x 21 vessels
- 83,500DWT x 7 vessels
- 180,000DWT x 5 vessels
- 208,000DWT x 15 vessels

Oil Tankers

1 units

Total CGT – 0.04 million

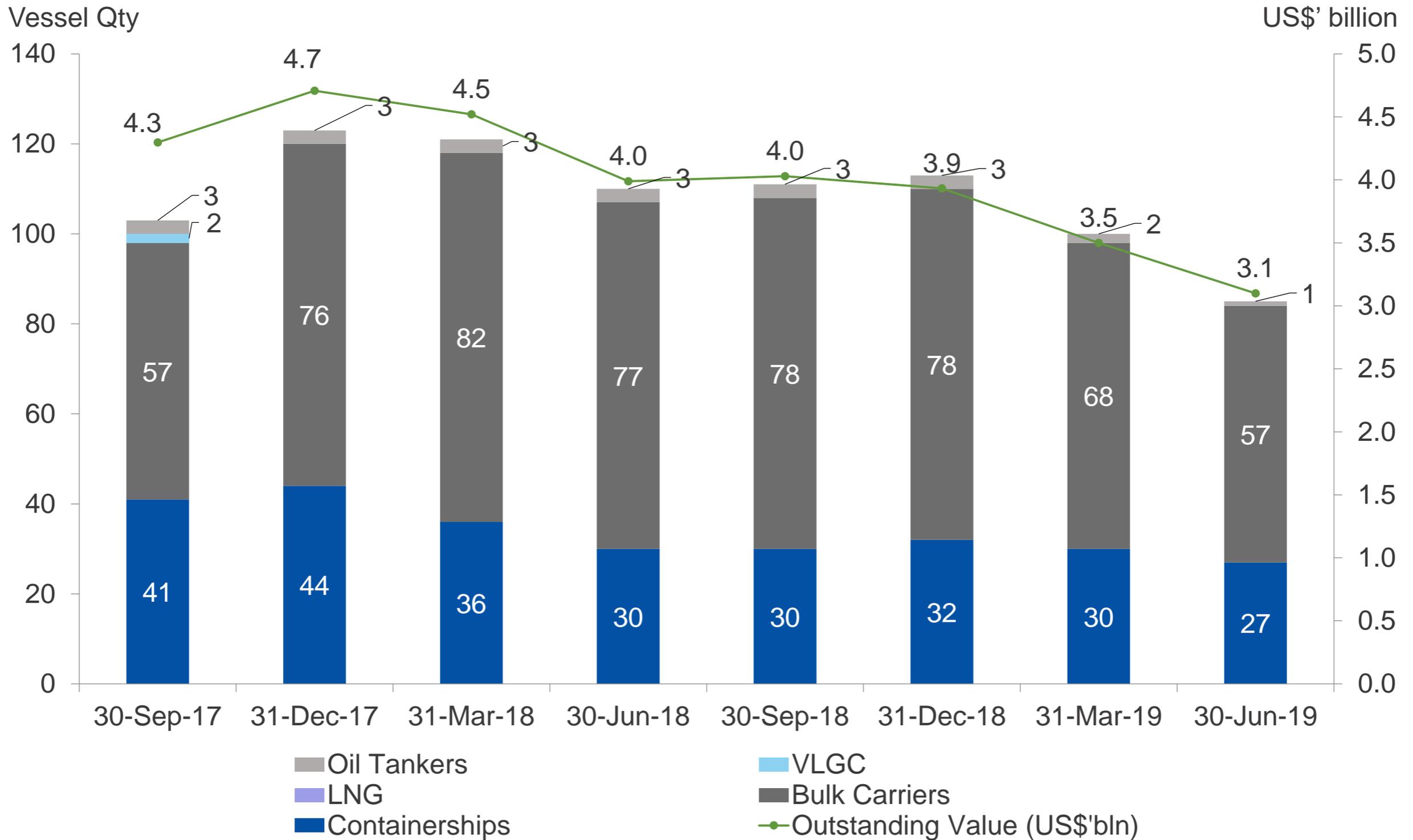
Total value – US\$0.05 billion

- 157,000CT x 1 vessel

Note: Order book is as at 30 June 2019



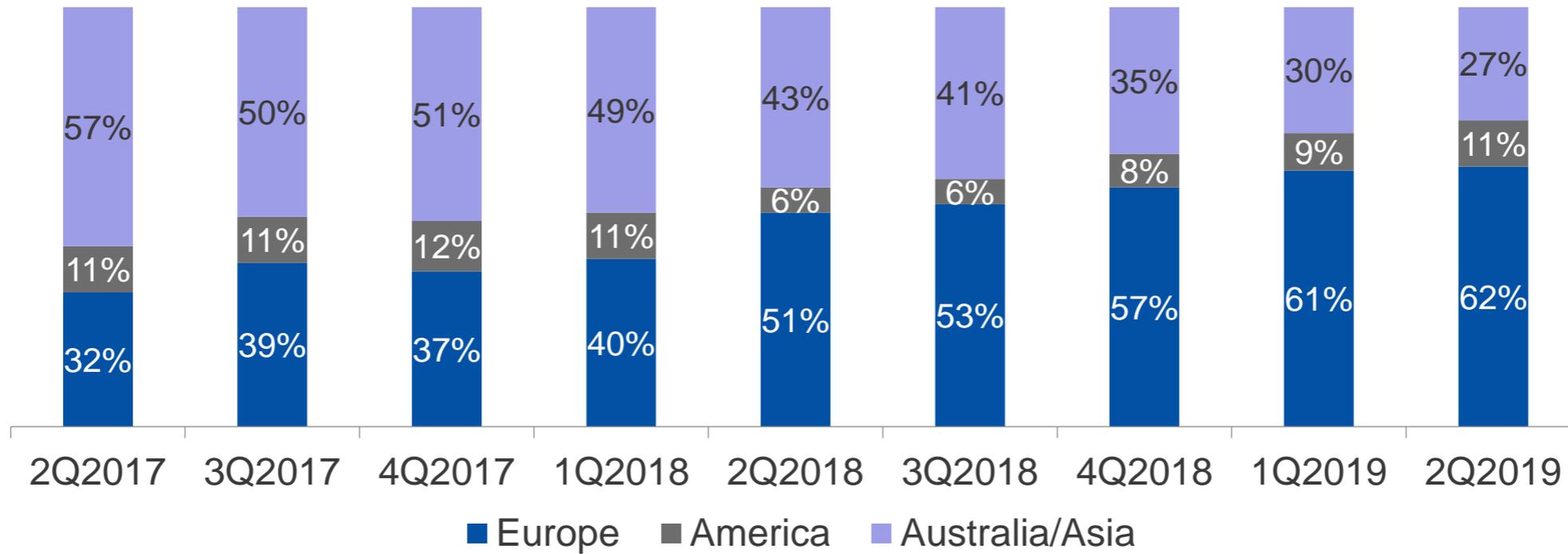
Historical Order Book





Order Book Customer Profile

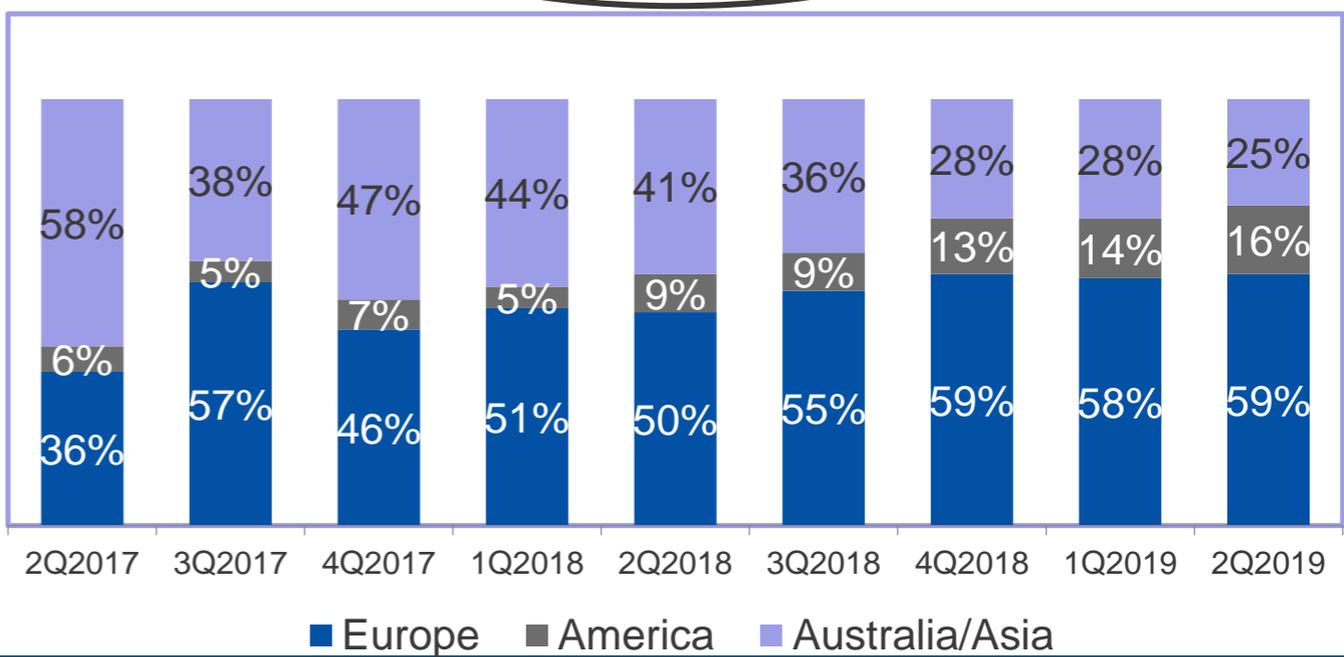
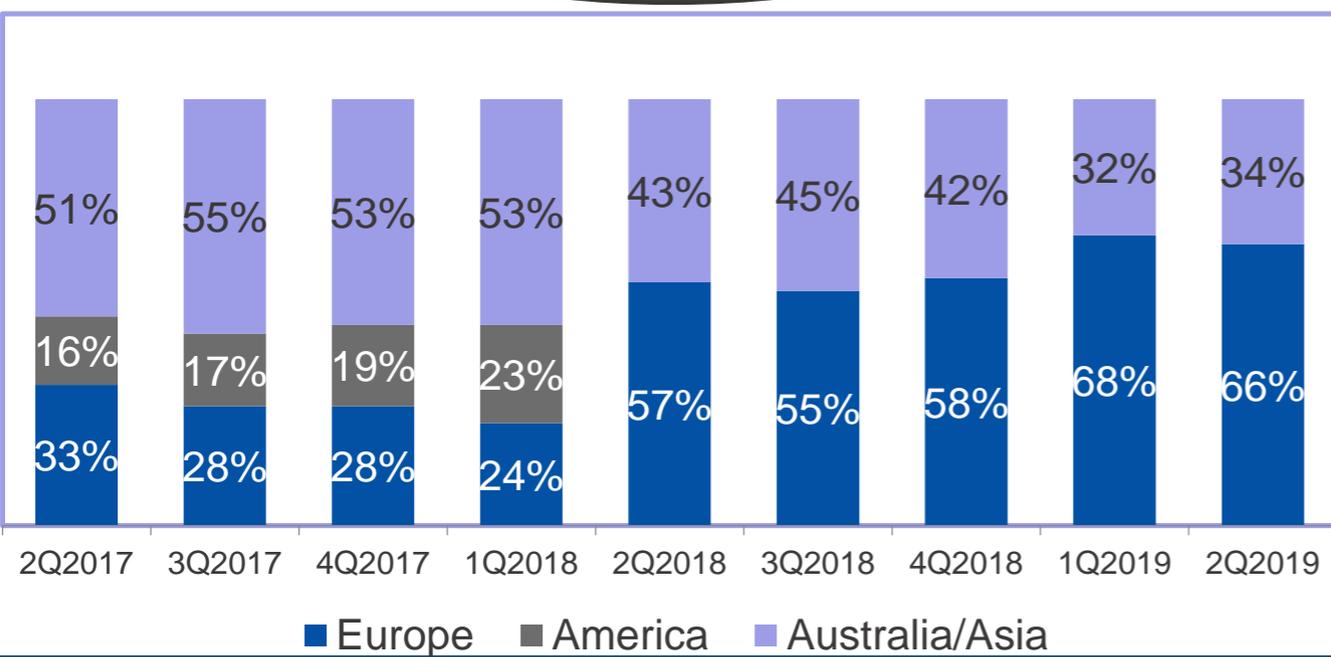
Figures are stated as at 30 Jun 2019



Oil Tankers
1 order from Asia and 1 from Europe

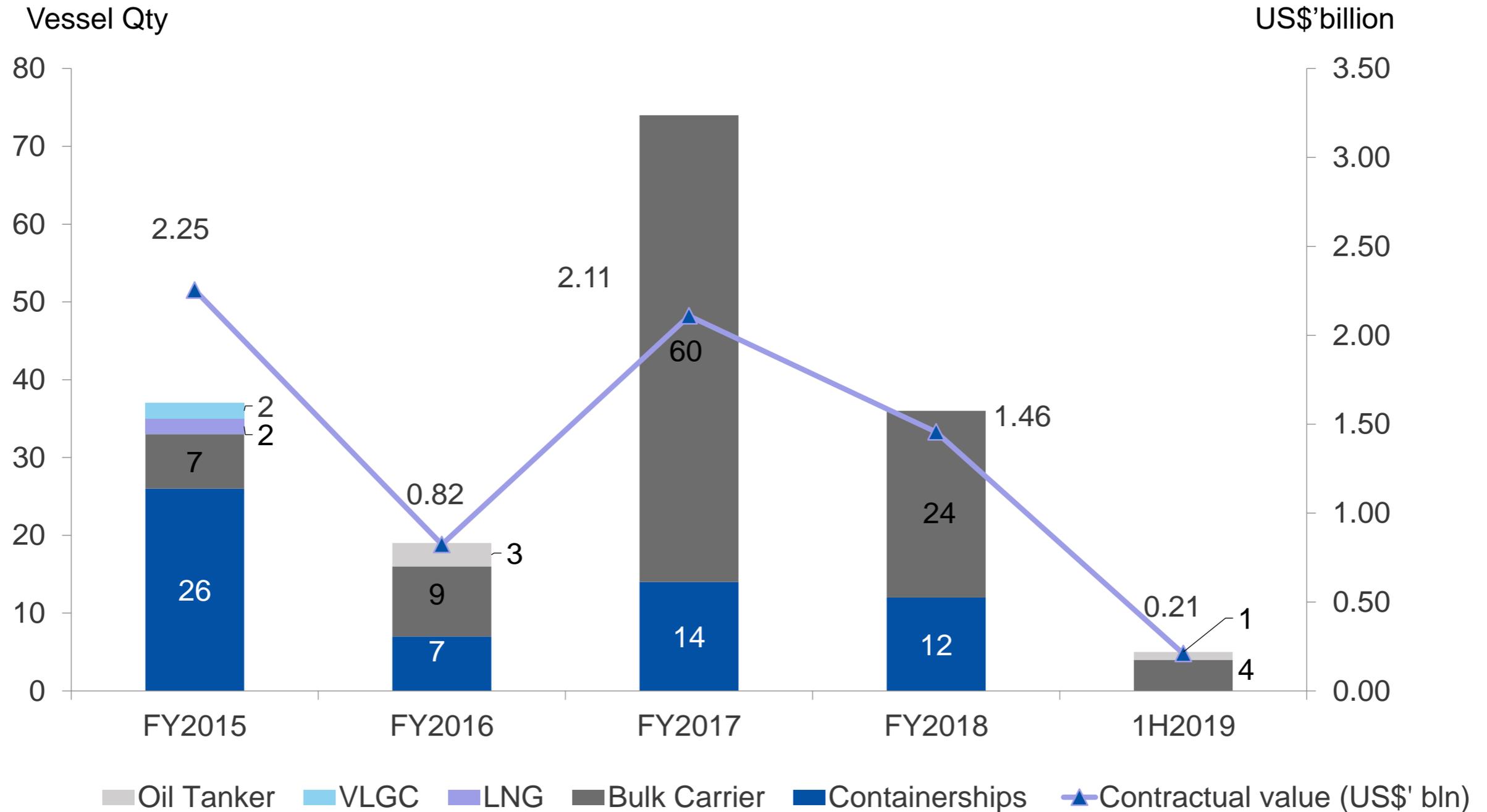
Containerships

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 16) are all for external customers**

Current fleet

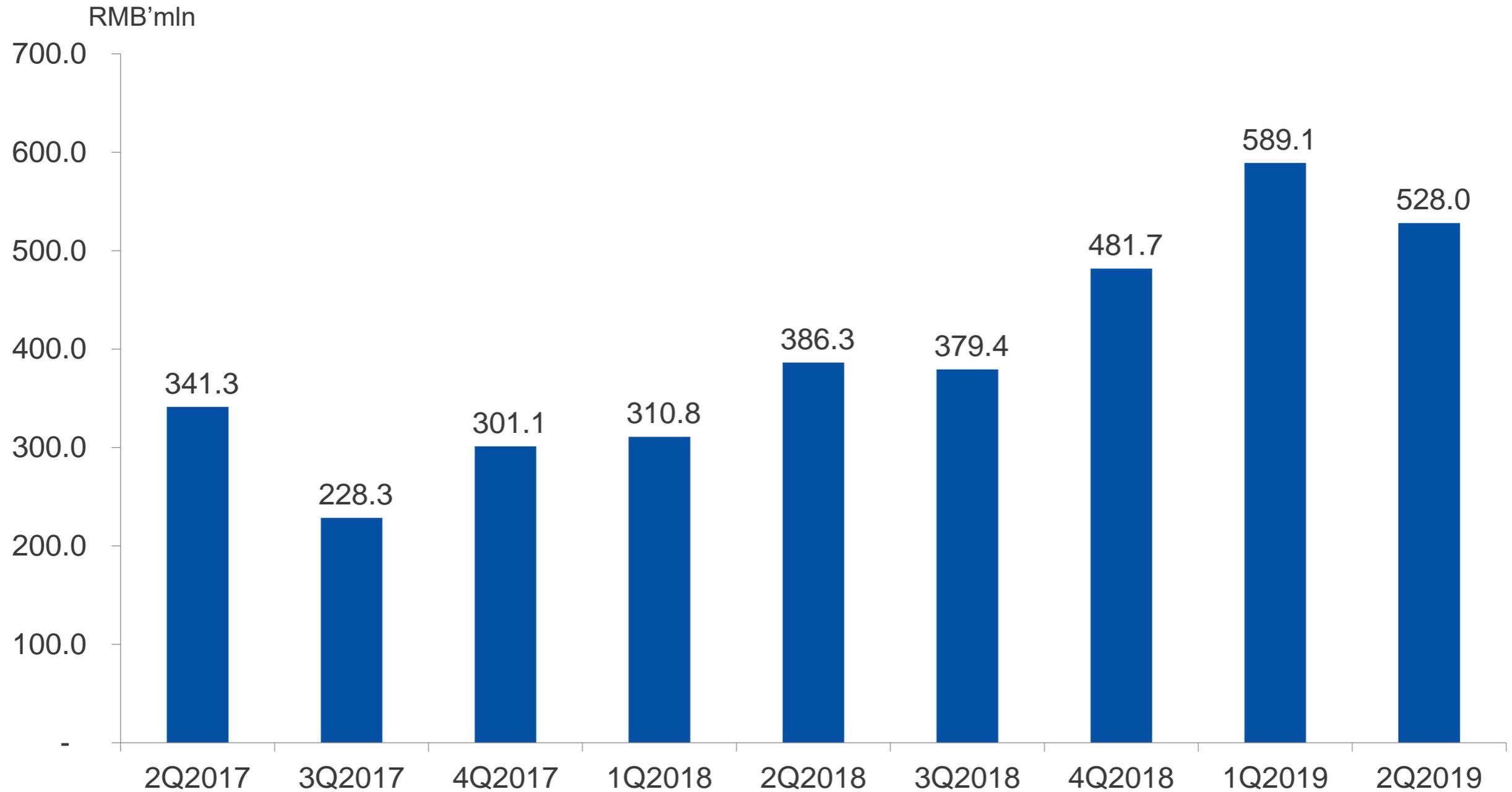
- 7 x 92,500DWT, bulk carriers, self managed by the Group
- 3 x 82,000DWT, bulk carrier, self managed by the Group
- 3 x 64,000DWT, bulk carriers, self managed by the Group
- 1 x 19,900DWT, stainless steel chemical tanker, self managed by the Group
- 1 x 12,000DWT, stainless steel chemical tanker, self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



SECTION III SEGMENTAL REVIEW

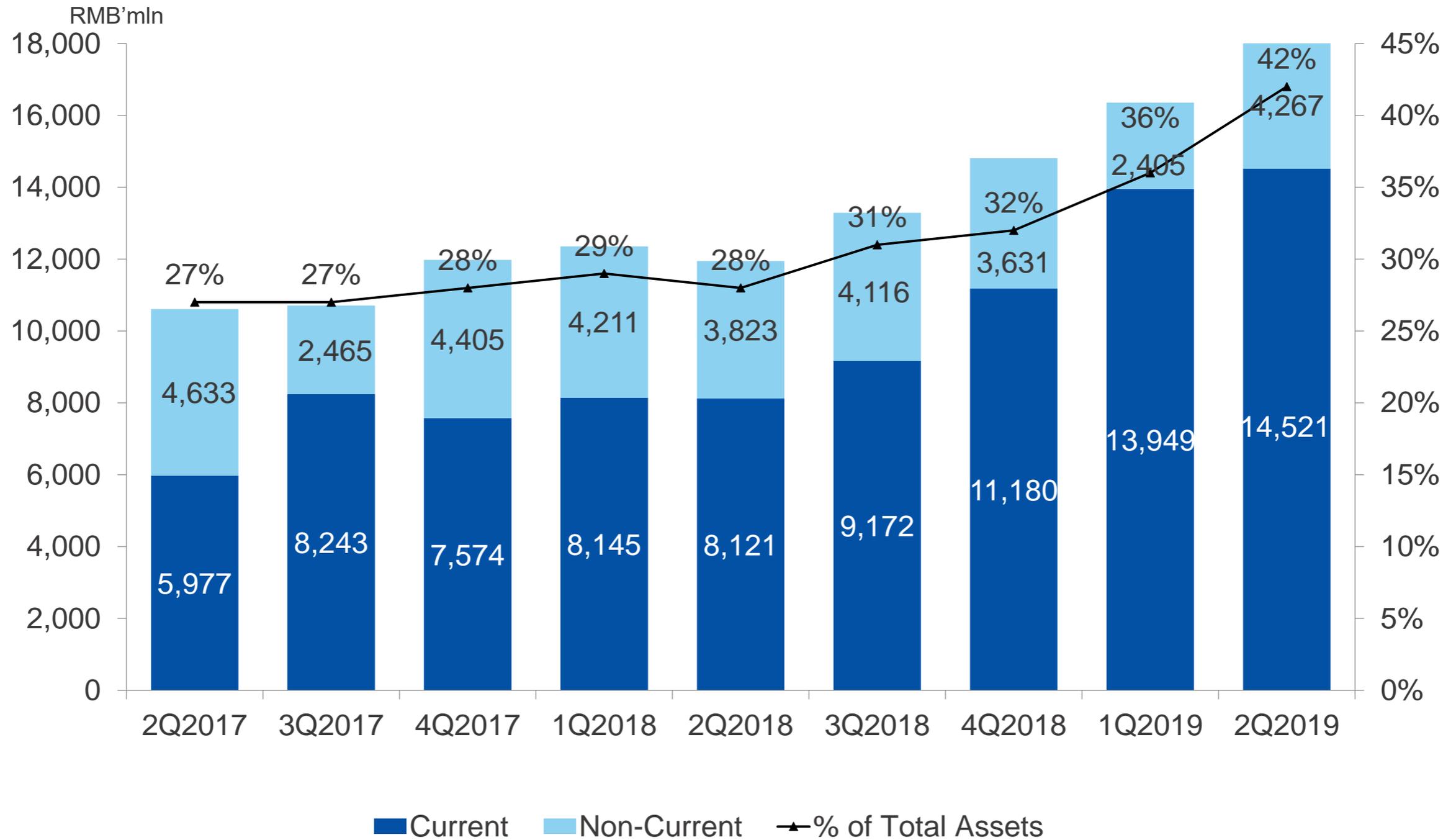
Financial Investments

Interest Income Investment Segment



Source: Company Data

Outstanding Balance Debt Investments at Amortised Cost



Source: Company Data

Debt 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

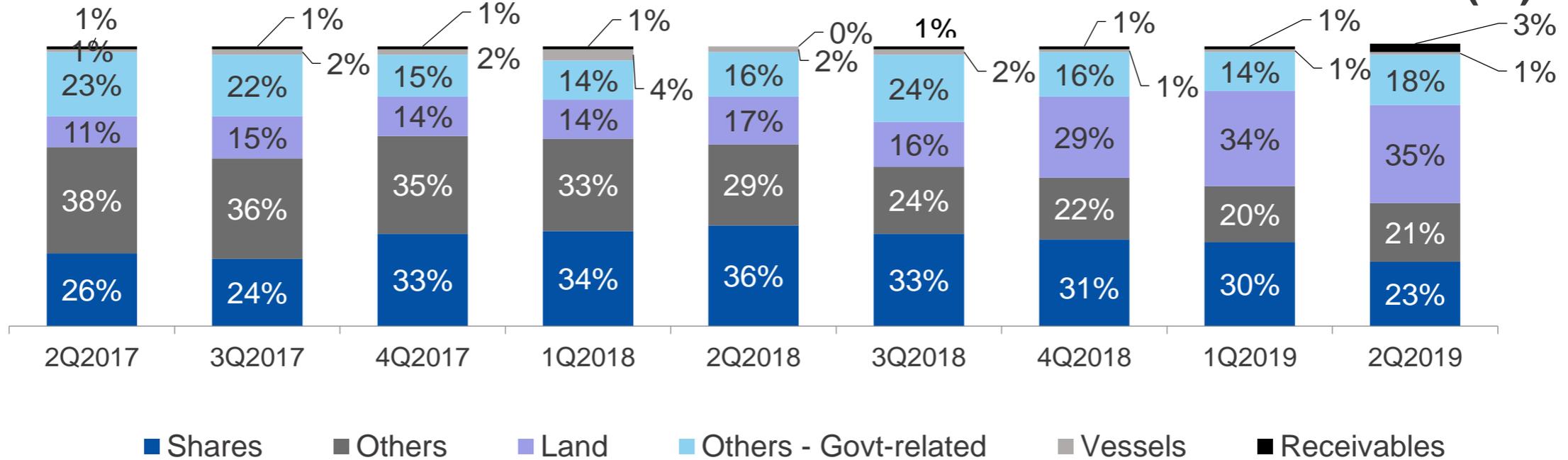
- Documentation
- Legal structure
- Safekeeping of collaterals

Current Strategy

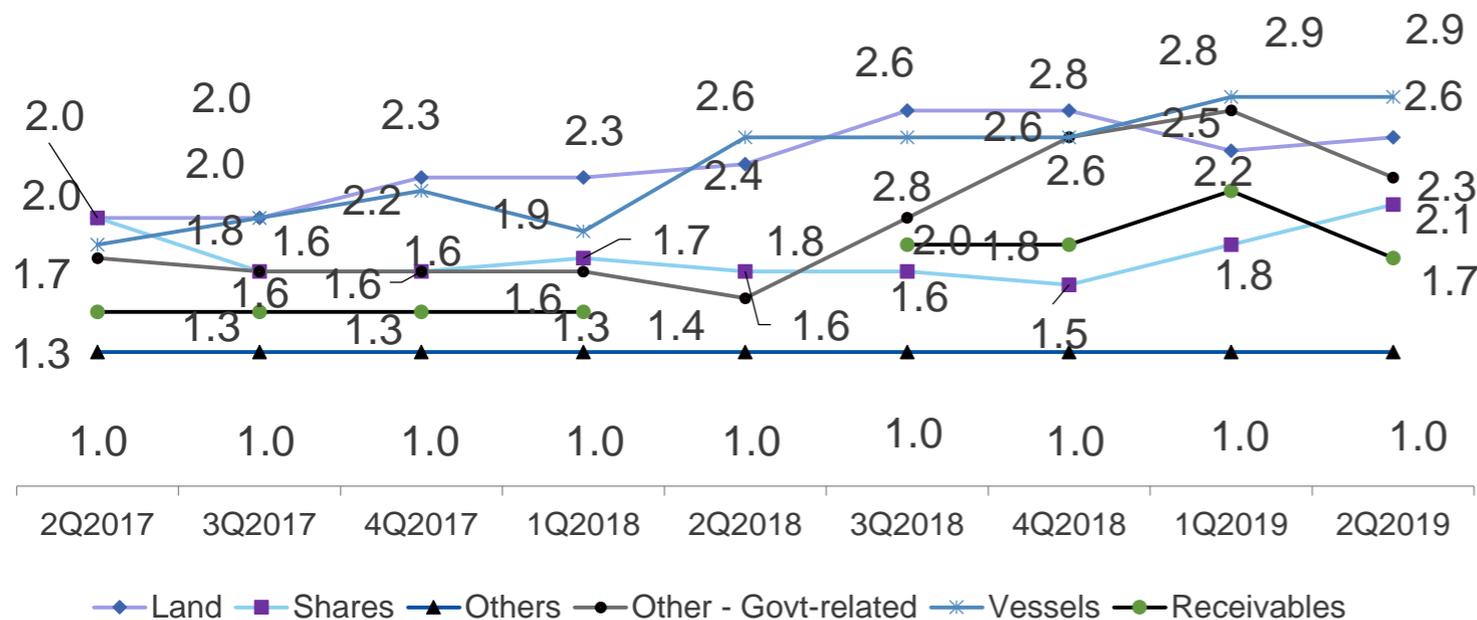
- Increase the 'current' portion in the portfolio for higher liquidity and tighter risk control
- Increase the requirement on collaterals and enhance coverage ratio when credit environment in China tightens

Debt Investment at Amortised Costs

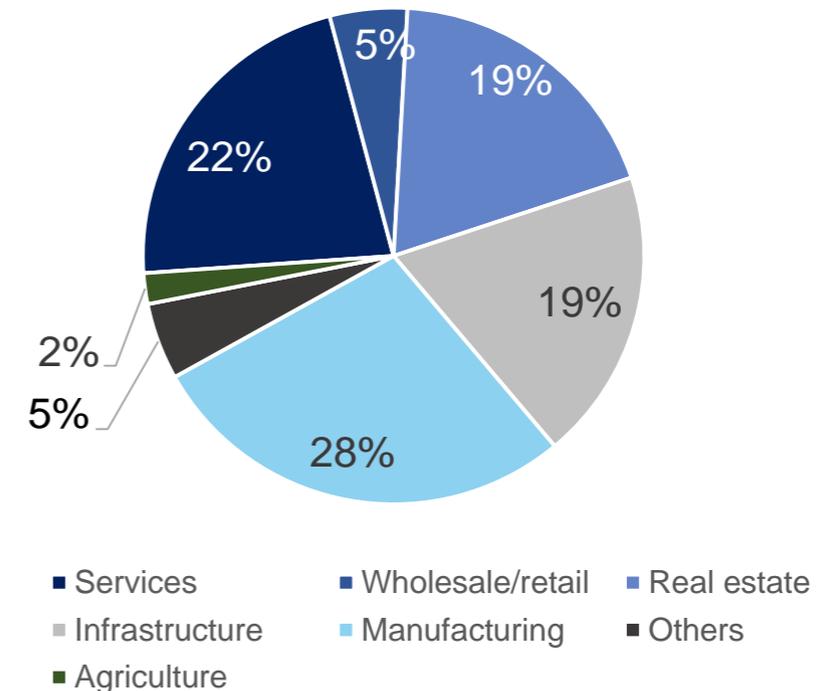
Breakdown of Investment Amount for which collaterals are secured (%)



Coverage Ratio



Breakdown of Borrowers (2Q2019)





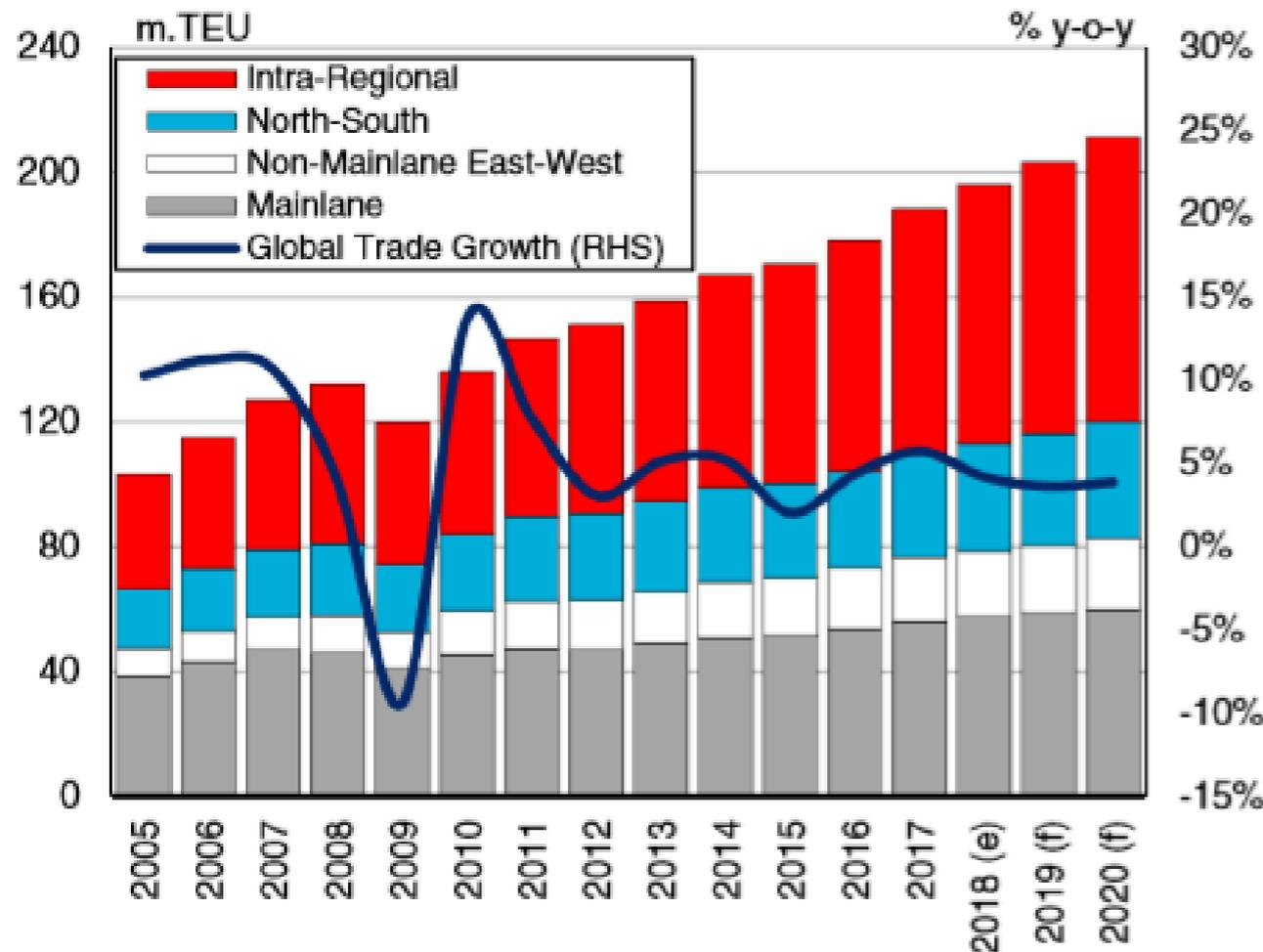
SECTION IV

TRENDS & STRATEGIES

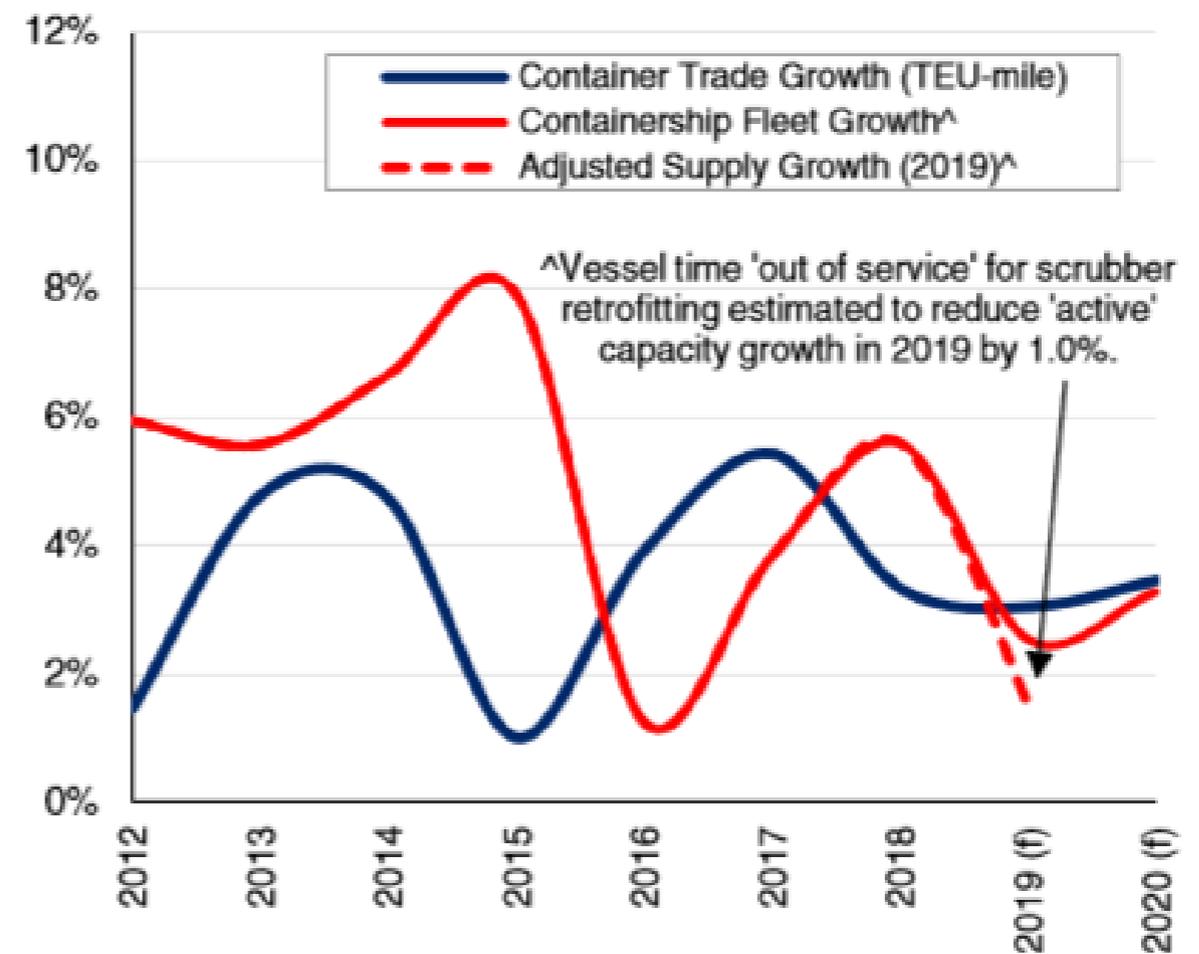
Containership Outlook

- Clarksons estimated that global container shipping volume will grow by 4.2% and 4.3% in 2019 and 2020 respectively
- Containership capacity grew by 2.7% in 2018, and is estimated at 3.4% in 2019
- Fleet capacity is expected to grow by 2.7%, although growth in 'active' capacity in 2019-2020 could be further limited by time 'out of service' for scrubber retrofits
- 'Wildcards' related to the IMO 2020 regulation may also provide a positive influence as a whole, including through scrubber retrofit time, slower operating speeds and a faster pace of recycling.

Seaborne Container Trade



Containership Supply-Demand Trends

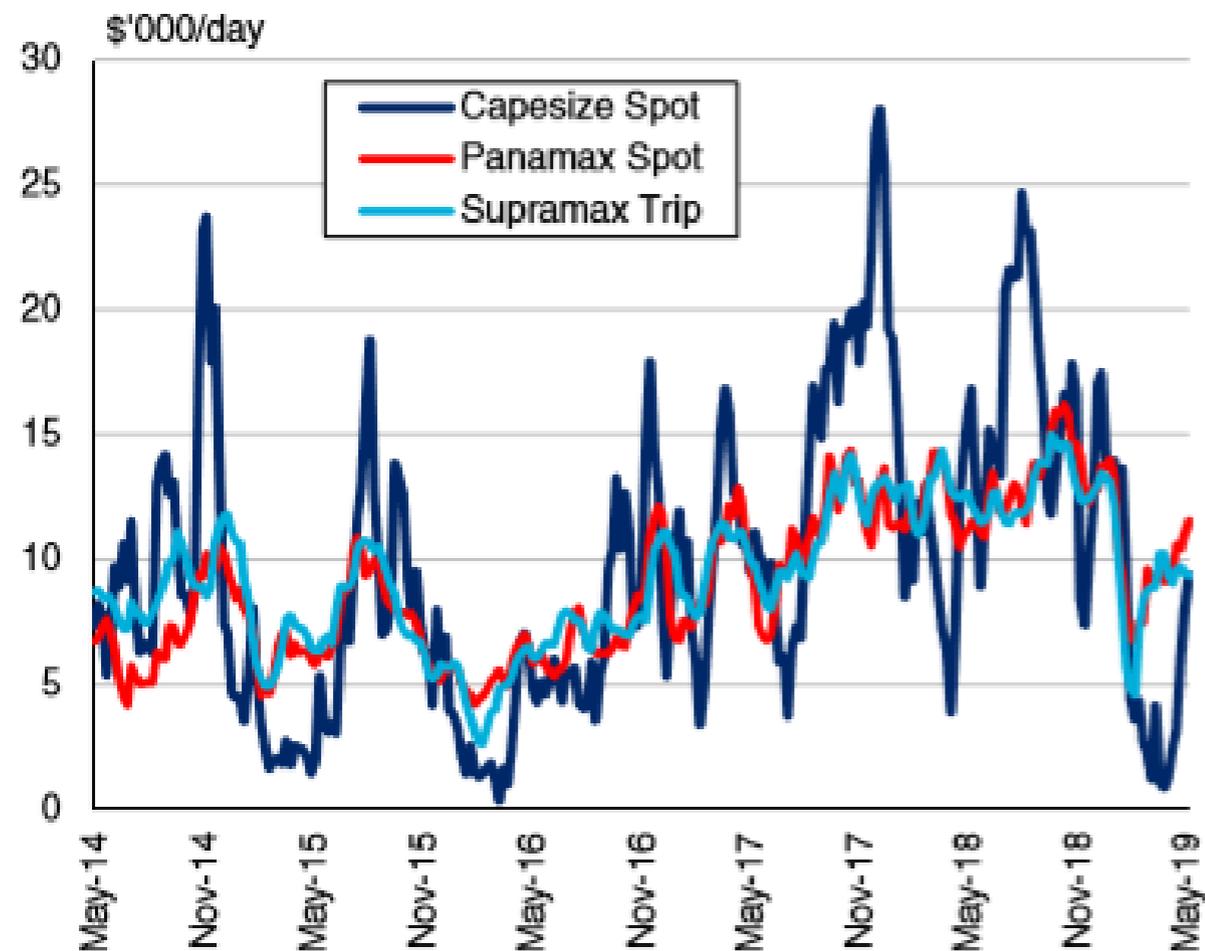


Source: Clarksons Research, May 2019

Dry Bulker Outlook

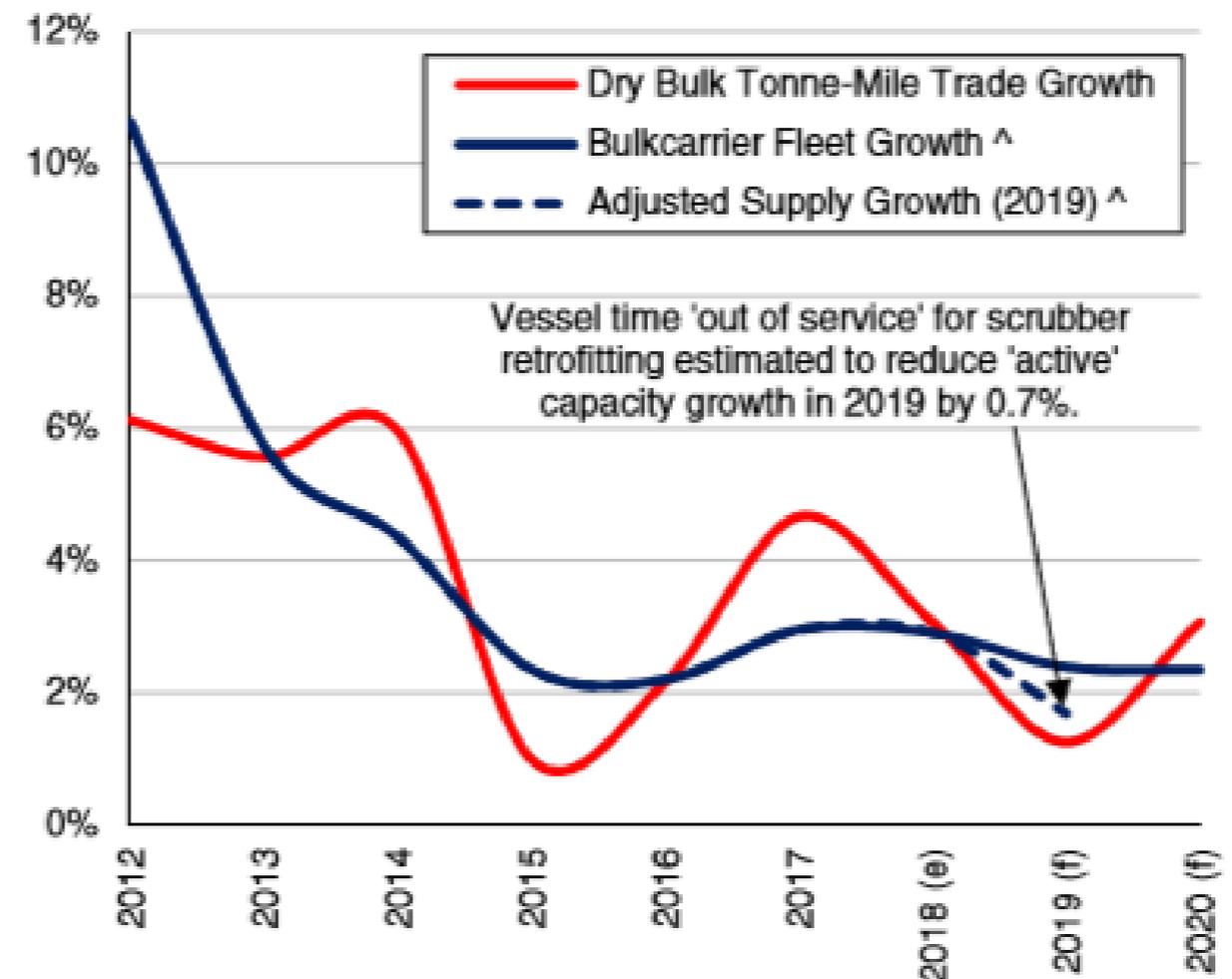
- Global seaborne dry bulk trade growth is estimated at 1.3% (by tonnemiles) in 2019, and the base case projection for 2020 is 3.1% (Clarksons Research)
- Bulkcarrier fleet growth is expected to remain fairly steady at around 2.4% next year, potentially allowing for some gradual rebalancing

Bulkcarrier Earnings



Earnings based on standard vessel and voyage assumptions.

Bulkcarrier Supply-Demand Trends

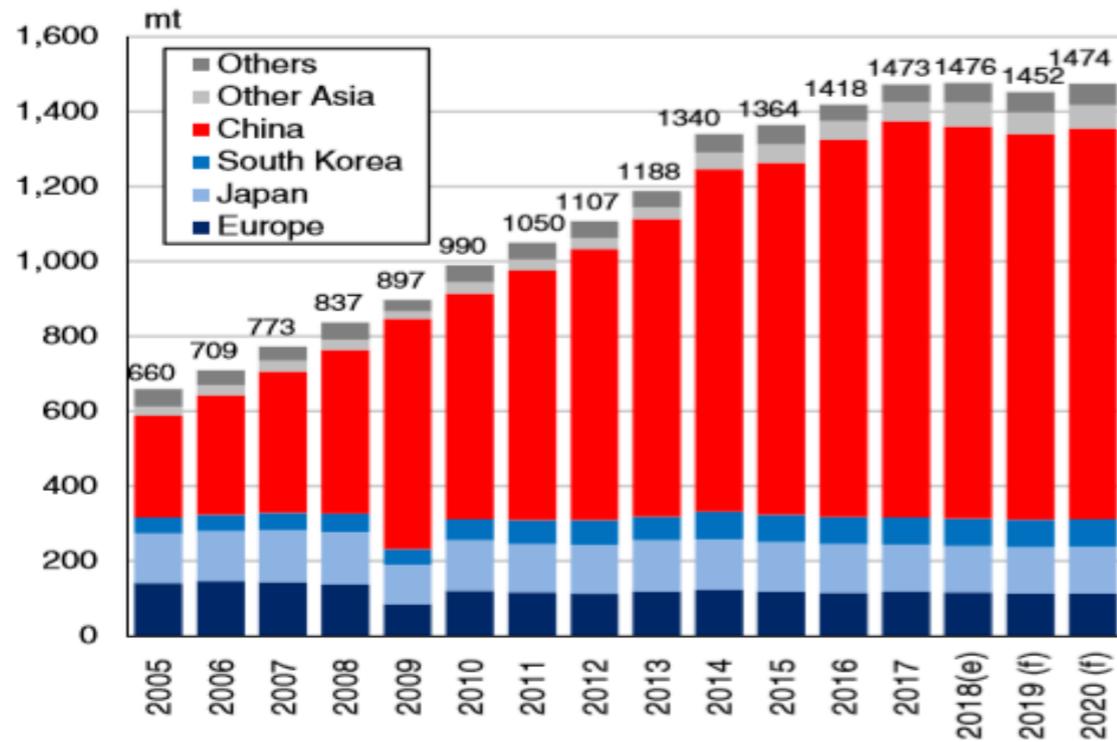


Source: Clarksons Research, May 2019

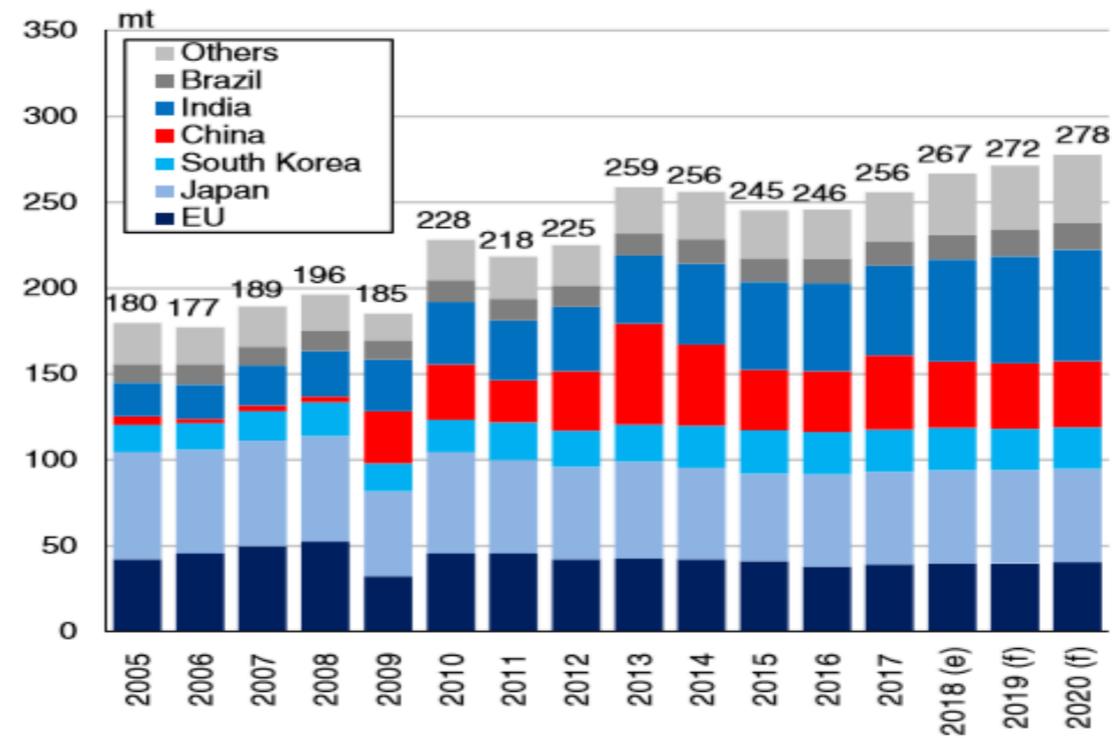


Dry Bulk Trades Expected to Grow

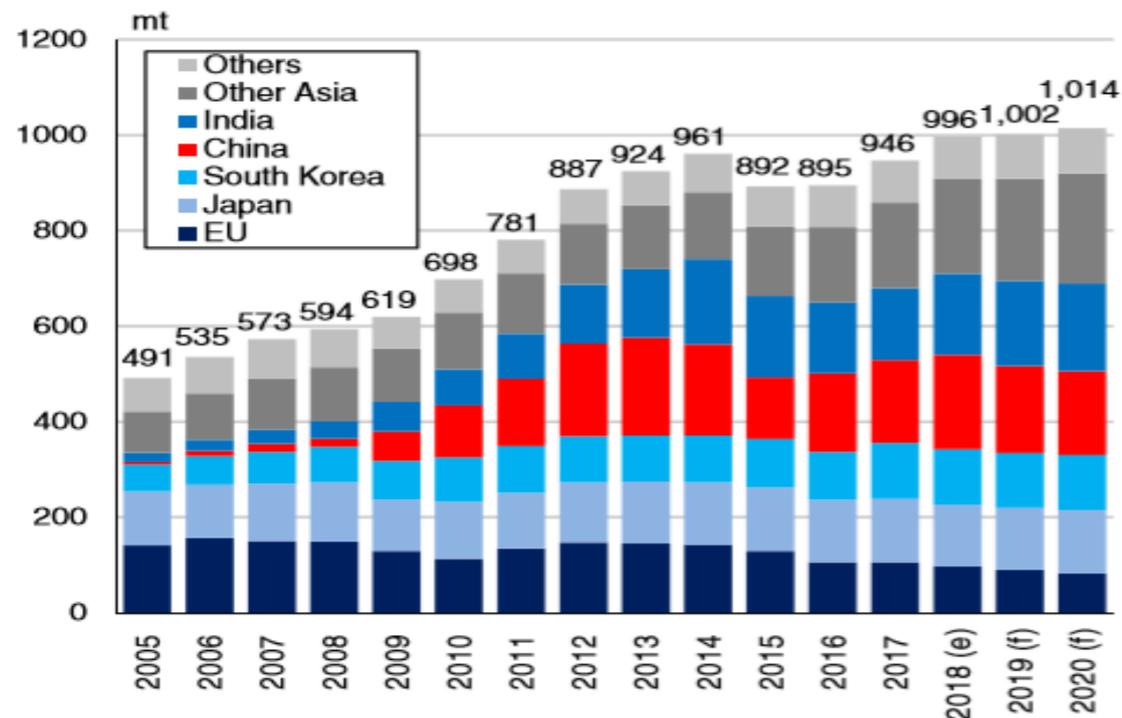
Seaborne Iron Ore Imports



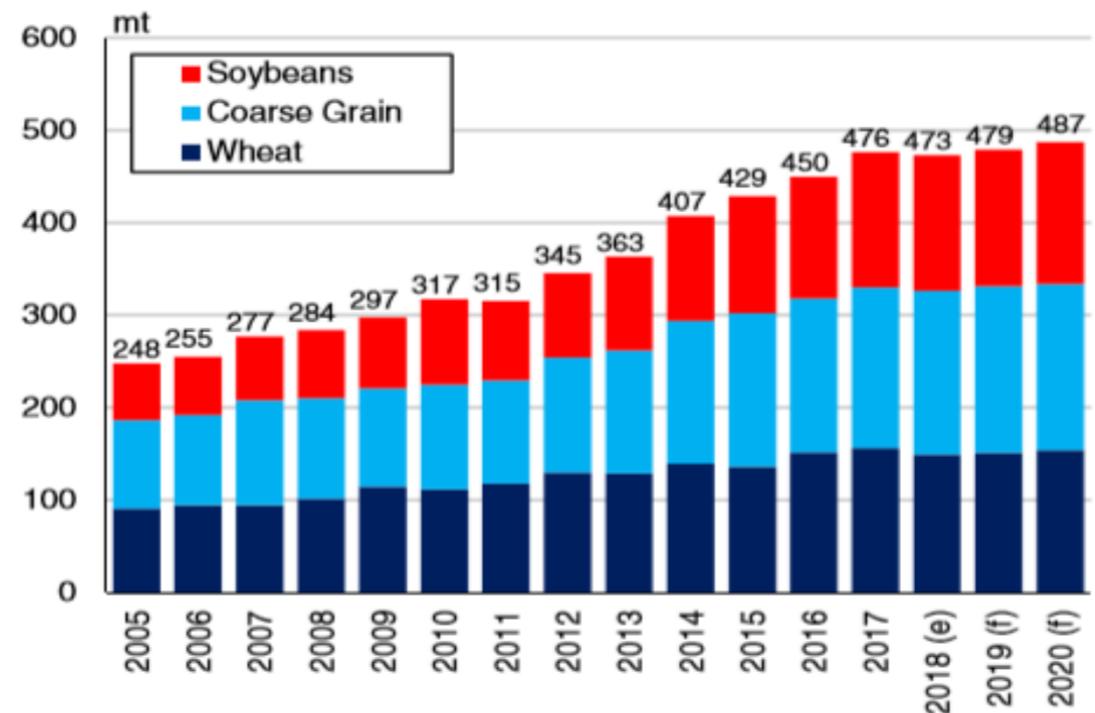
Seaborne Coking Coal Imports



Global Seaborne Thermal Coal Imports



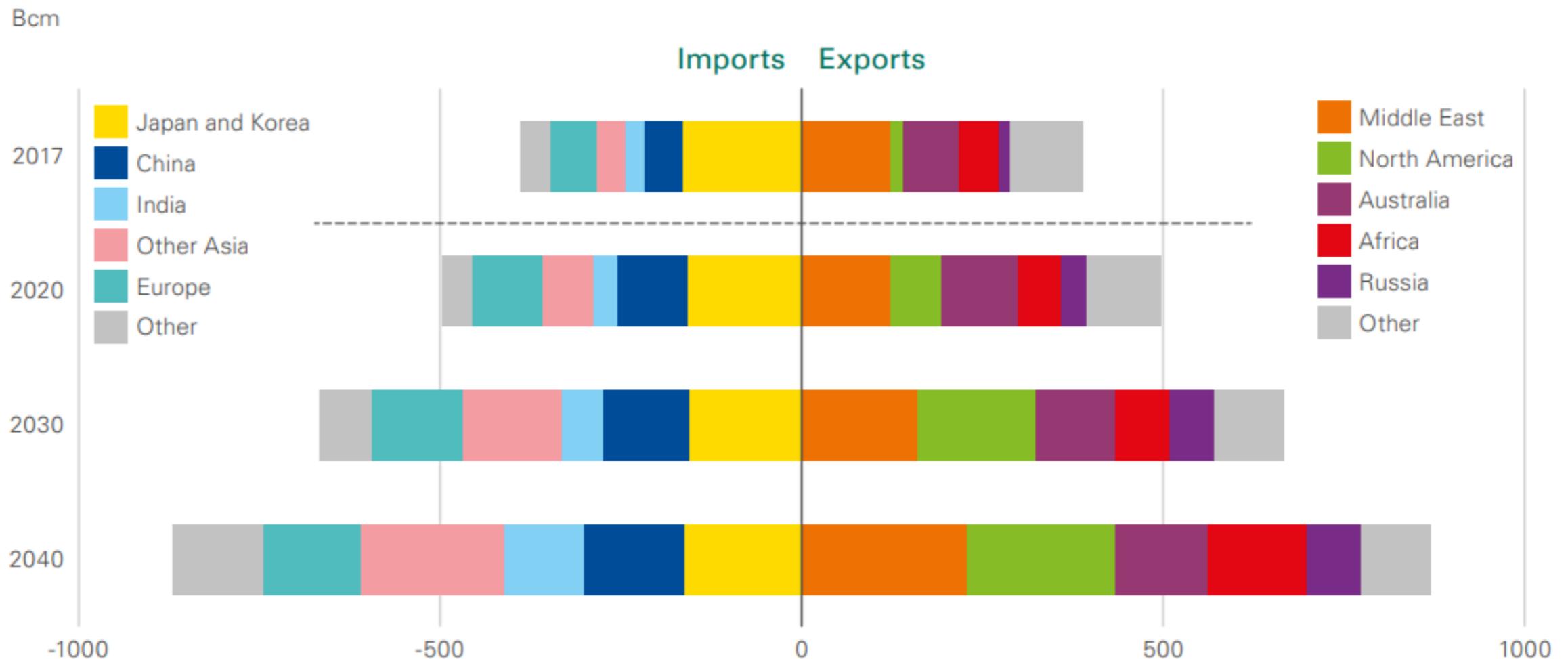
Global Seaborne Grain Trade



Source: Clarksons Research, May 2019

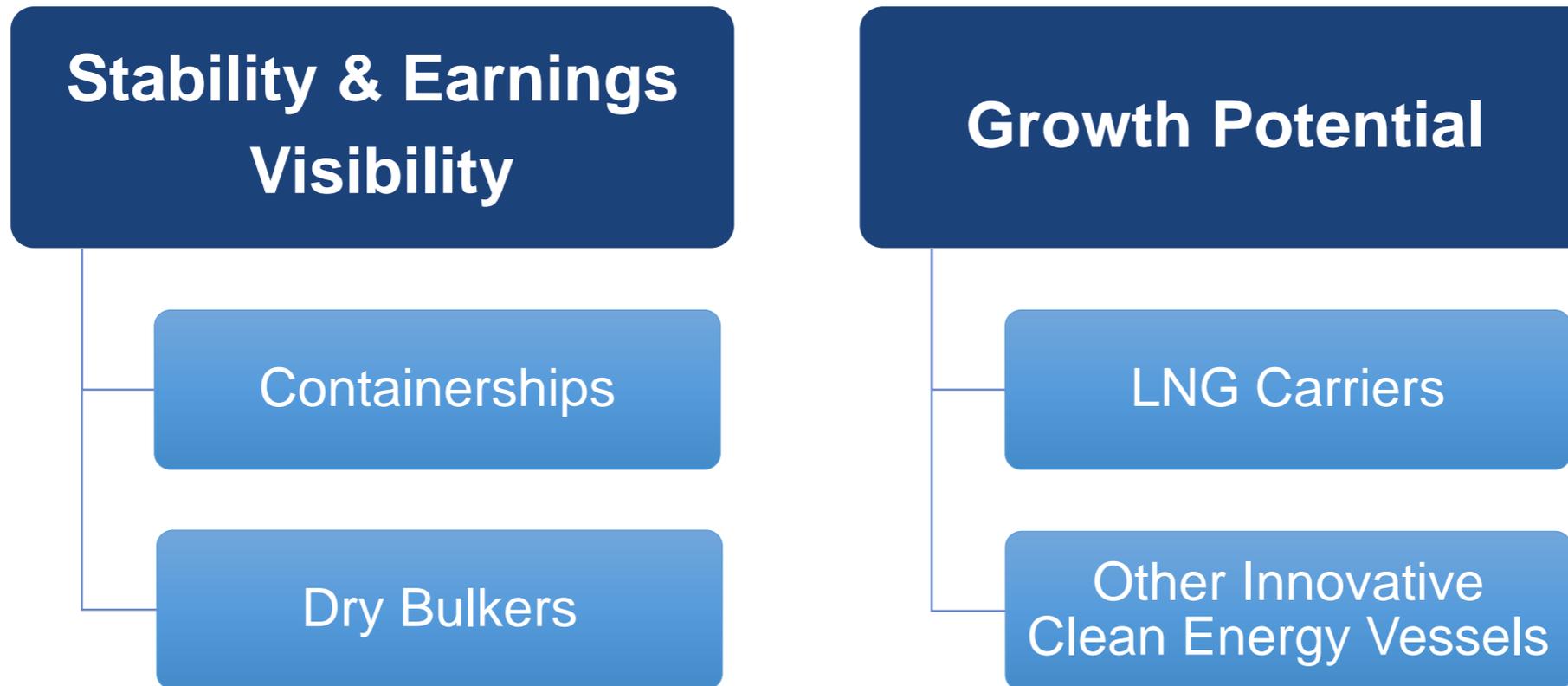
LNG Carrier Outlook

Global LNG volumes are set to expand substantially, leading to a more competitive, globally integrated gas market. Asia remains the dominant market for LNG imports, whereas the increase in LNG exports is led by North America, followed by the Middle East, Africa and Russia. 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, 2019

Business Strategy



Growing the LNG carrier business

- Entered joint-venture agreement with Mitsui E&S Shipbuilding Co., Ltd. and Mitsui & Co., Ltd. of Japan
- Yangzijiang holds 51% stake in the JV
- Based at Taicang yard in Jiangsu, China. Operations officially start in August 2019
- Getting facilities ready for LNG carrier construction
- 16 July 2019: acquisition of 55% stake in Odfjell Terminal (Jiangyin) Company Ltd, to upgrade the terminal for LNG handling



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 started trial operation in late 2018 (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

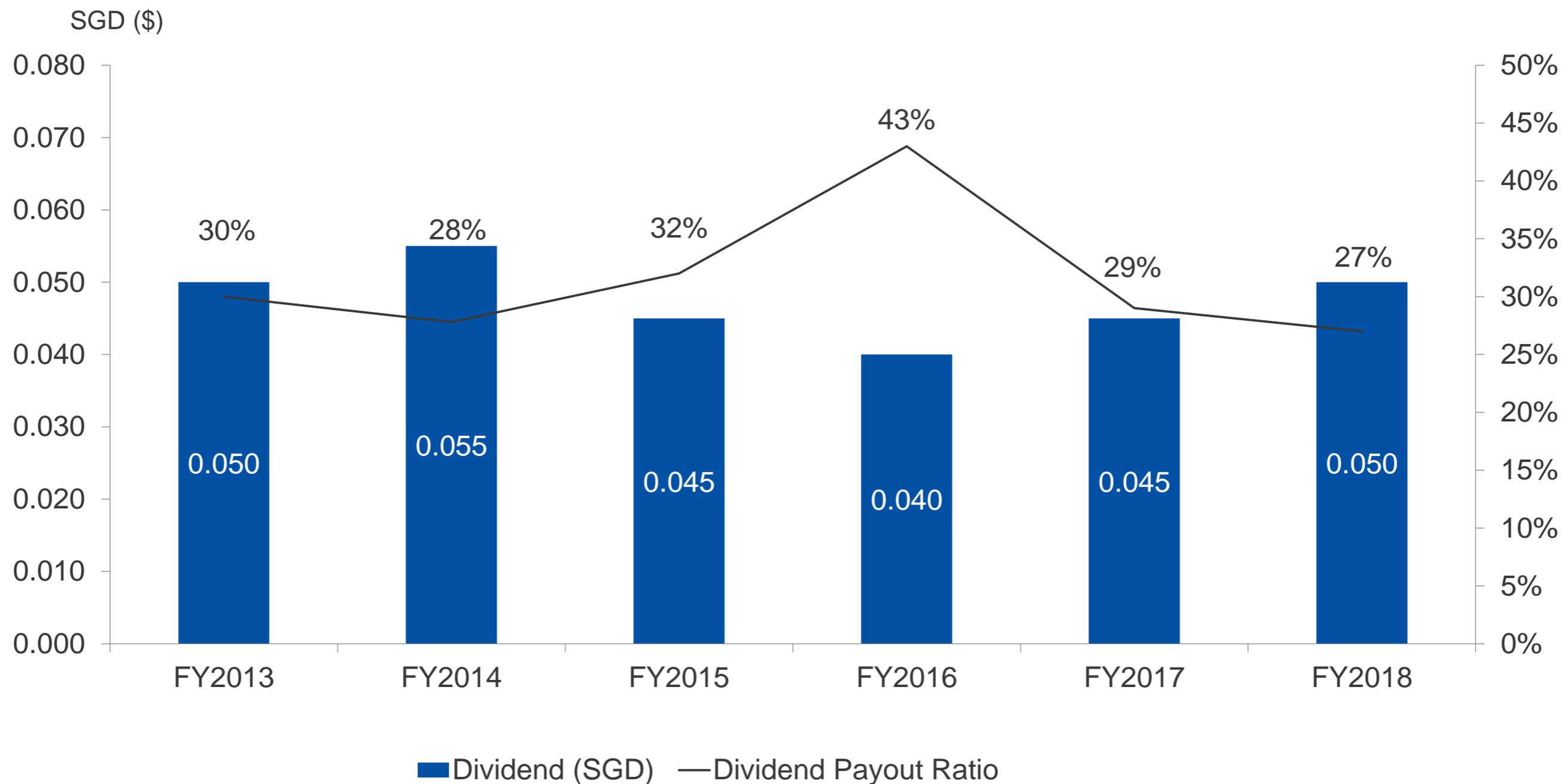
Share Buyback

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	852,845,825	02/04/19	21.61
2	LIDO POINT INVESTMENTS LTD	394,134,000	22/03/19	9.99
3	HENGYUAN ASSET INV LIMITED	197,268,780	01/08/19	4.99
4	BLACK ROCK INC	195,107,017	12/12/18	4.94
5	VANGUARD GROUP	79,442,512	30/06/19	2.01
6	AMERIPRISE FINANCIAL INC	50,375,500	28/06/19	1.28
7	MERIAN GLOBAL INVESTORS	34,973,000	31/05/19	0.89
8	PRUDENTIAL FINANCIAL INC	29,721,298	23/07/19	0.75
9	NORGES BANK	24,127,643	31/12/18	0.61
10	GOVT PENSION INV FUND JAPAN	20,529,010	31/12/18	0.52
Total		1,878,524,585		47.59

Source: Bloomberg, as of 5 August, 2019



Stock Performance



Source: Bloomberg, as of 5 August, 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