**AVIC INTERNATIONAL MARITIME HOLDINGS LIMITED**
***(formerly known as AVIC International Investments Limited)***

*(Company Registration No. 201024137N)*

# AVIC International Maritime reports 46% increase in net profit to RMB38.8 million

- Ship-design service's contribution to Group's revenue increased to 65% of total revenue in FY2018
- Gross profit increased by 29% to RMB344.9 million as revenue from ship-design service and shipbuilding project financing increased by 39% and 118% respectively
- Group's gross profit margin increased to 59% in FY2018 compared to 41% in FY2017

**SINGAPORE, 28 February 2019** – AVIC International Maritime Holdings Limited ("**AVIC Maritime**" or "**中航国际船舶控股有限公司**", and together with its subsidiaries, the "**Group**"), an integrated marine and offshore one-stop solution provider under the AVIC Group, announced its financial results for the quarter and the year ended 31 December 2018 ("**4Q2018**" and "**FY2018**" respectively) today.

## Financial Highlights

| RMB million | 4Q2018 | 4Q2017 | Change % | FY2018 | FY2017 | Change % |
|---|---|---|---|---|---|---|
| **Revenue** | 160.6 | 179.5 | (11) | 587.7 | 645.7 | (9) |
| Shipbuilding project service | | | | | | |
| - Project management | 10.8 | 20.8 | (48) | 43.8 | 64.3 | (32) |
| - Project financing | 34.1 | 10.9 | 212 | 124.8 | 57.2 | 118 |
| Shipbuilding construction service | 3.2 | 20.7 | (85) | 27.5 | 120.3 | (77) |
| Ship-design service | 107.1 | 80.6 | 33 | 381.0 | 274.8 | 39 |
| **Cost of sales** | 63.4 | 97.7 | (35) | 242.8 | 378.9 | (36) |
| **Gross profit** | 97.2 | 81.8 | 19 | 344..9 | 266.8 | 29 |
| **Distribution and marketing expenses** | (10.7) | (12.7) | (16) | (38.2) | (40.8) | (6) |
| **Administrative expenses** | (50.4) | (36.1) | 40 | (159.0) | (136.5) | 17 |
| **Finance cost** | (34.0) | (21.9) | 55 | (100.7) | (56.0) | 80 |
| **Profit/(Loss) for the period** | 2.8 | (9.2) | N.M. | 38.8 | 26.5 | 46 |
| **Profit attributable to equity holders** | 1.0 | (6.1) | N.M. | 27.3 | 26.8 | 2 |

N.M.: Not meaningful

## Financial Review

For FY2018, revenue from the ship-design service, contributing 65% of the Group's total revenue (FY2017 43%), increased by 39% year-on-year ("**yoy**") to RMB381.0 million. Revenue from the shipbuilding project financing business, contributing to 21% of the Group's total revenue (FY2017 9%), increased by 118% yoy to RMB124.8 million. Revenue from the shipbuilding construction service decreased by 77% yoy to RMB27.5 million. There was no sale of vessels in FY2018. Overall, the Group reported revenue of RMB587.7 million in FY2018, 9% lower compared to FY2017.

Despite lower revenue, gross profit increased by 29% yoy to RMB344.9 million, attributable mainly to the strong performance of the ship-design and shipbuilding project financing businesses. Gross profit margin increased to 59% in FY2018 compared to 41% in FY2017.

The Group reported net profit of RMB38.8 million in FY2018, 46% higher compared to FY2017. Net profit attributable to shareholders increased by 2% yoy to RMB27.3 million. Earnings per share for FY2018 was RMB9.55 cents, compared to RMB9.39 cents in FY2017.

As of 31 December 2018, the Group had net asset value per share of RMB62.20 cents, compared to RMB57.76 cents as at 31 December 2017.

## Business Review and Future Plans

The Group maintained its strong working relationship with the two shipyards in the AVIC Group, AVIC Dingheng Shipbuilding Co., Ltd and AVIC Weihai Shipyard Co., Ltd., and delivered a number of small containerships, chemical tankers and RO-PAX vessels in 2018. The shipyards have established a strong foothold in the niche markets for these types of vessels that meet the new and increasingly stringent environmental protection regulations. The Group's collaboration with these shipyards involves principally shipbuilding design, maritime management and consultancy services, including shipbuilding project financing and management services. It has continued to contribute to the Group's financial performance

Deltamarin had a strong order book in 2018 and maintained a leading position in the design of high-tech and green vessels. New contracts secured in 2018 include the provision of consultancy and engineering services to Guangzhou Shipyard International Co, Ltd in China for the DFDS (Det Forenede Dampskibs-Selskab) RO-PAX ferries, and providing basic and detail design as well as site assistance services for a Global Class mega cruise ship to MV Werften of Germany. Together with

several other major vessel design orders in its order book, Deltamarin will see high capacity utilization till 2020.

Dr. Diao Weicheng (刁伟程), AVIC Maritime's Executive Chairman, commented on the performance and the outlook for the Group,

***"Despite a promising start in 2018 in the maritime industry, the recovery in the global shipbuilding market slowed down in the later part of the year 2018 due to uncertainties in the ongoing trade discussions between China and the U.S. The Group has, however, been able to remain resilient as it incorporates its strong capabilities in ship design and a wide range of shipbuilding related services. We are happy to see that our strengths in the niche market for environmentally-friendly, high-tech and high value-added featured vessels will continue to position us at the forefront of the industry.***

***As the new year starts, we will continue our best efforts to develop new markets and new customers and optimise our operation and cost structures to achieve greater efficiency and improve performance. Capitalizing on our world-class R&D capabilities, we will seize the opportunities brought by the increasingly stringent environmental protection rules and fulfil the demand for high-tech, highly-efficient and green vessels."***

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***About AVIC***

*Established in 1994, listed on SGX Mainboard since September 2011 and transferred to the SGX Catalist board in May 2016, AVIC International Maritime Holdings Limited ("AVIC Maritime" or collectively known as the "Group") is an integrated marine and offshore solution provider under the AVIC Group. The Group offers a wide spectrum of services, ranging from shipbuilding, management and consultancy ("M&C"), design and engineering to ship trading related businesses. Over the decades, AVIC Maritime has maintained a strong track record and built many strong relationships with reputable ship-owners.*

*In January 2013, the Group acquired Deltamarin Ltd. ("Deltamarin"), a Finnish design and engineering firm, innovative leader in naval architecture and engineering. Deltamarin's capability in developing profitable, sustainable and cost-efficient vessel helps strengthen AVIC Maritime's foothold in ship design, shipbuilding and ship trading related businesses.*

*The AVIC Group is one of China's largest industrial state-owned-enterprise, which is also ranked amongst Fortune Global 500 companies since 2009. As a subsidiary of the AVIC Group, AVIC Maritime is able to leverage on AVIC Group's extensive financial and business network to become a key player in the global marine and offshore industry.*

*For more information, please visit: http://www.avicintl.com.sg*

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