



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

Leading With Confidence

FY2014 Results Presentation

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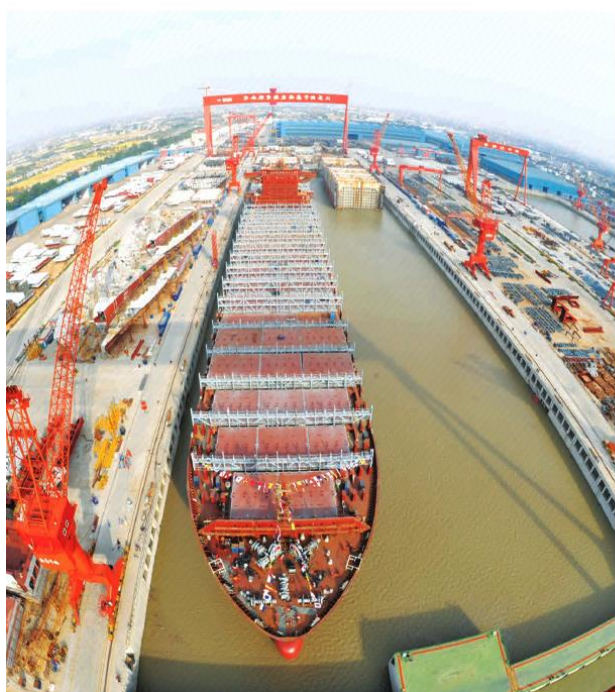
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Section 1 FINANCIAL HIGHLIGHTS



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Results Highlight – 4Q2014 YoY



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Financial Highlights	4Q2014	4Q2013	Change	Reason/s
	RMB'000	RMB'000		
Revenue	3,781,961	3,381,566	12	In 4Q2014, the Group delivered 9 vessels, higher than 6 delivered in the same quarter in 2013, and Yangzi Xinfu yard turned fully operational
Gross Profit	848,512	1,426,787	(41)	Lower margin of jack-up project
Gross Profit Margin	22.4%	42.2%	-	
Other Income	255,409	80,751	216	More long term fixed deposits matured in this quarter and recognition of advances from previous ship owners of the terminated shipbuilding contracts
Other Gains / (Losses)	(259,472)	(58,121)	346	Foreign exchange related loss and additional provision made for HTM investment, partially offset by government subsidy
Expenses #	103,653	91,265	14	Higher R&D expenditure for new product development
Net Profit Attributable to Equity Holders (PATMI)	636,564	746,300	15	
PATMI Margin	16.8%	22.1%	-	

#: Includes Administrative and Finance Expenses

Results Highlight – FY2014 YoY



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Financial Highlights	FY2014	FY2013	Change
	RMB'000	RMB'000	%
Revenue	15,353,551	14,338,637	7
Gross Profit	4,143,882	4,761,895	(13)
Gross Profit Margin	27.0%	33.2%	-
Other Income	631,131	281,764	124
Other (Losses) /Gains	(150,182)	169,978	n.m.
Expenses #	680,005	593,093	15
Net Profit Attributable to Equity Holders (PATMI)	3,482,922	3,095,878	13
PATMI Margin	22.7%	21.6%	-

#: Includes Administrative and Finance Expenses
 n.m.: not meaningful.

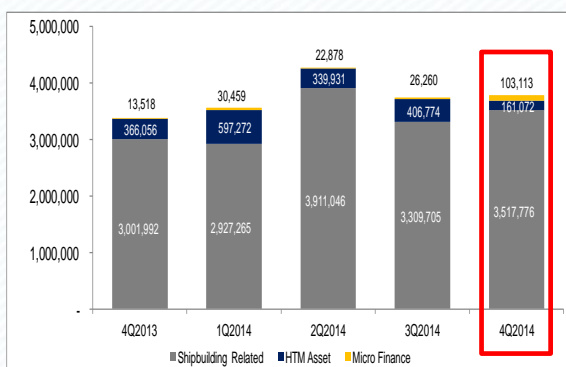
Revenue Breakdown



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(All amounts are stated in RMB'000)



Shipbuilding Related Revenue Breakdown (4Q2014)	Percentage (%)
Shipbuilding	94%
Trading	1%
Others*	5%
Total	100%

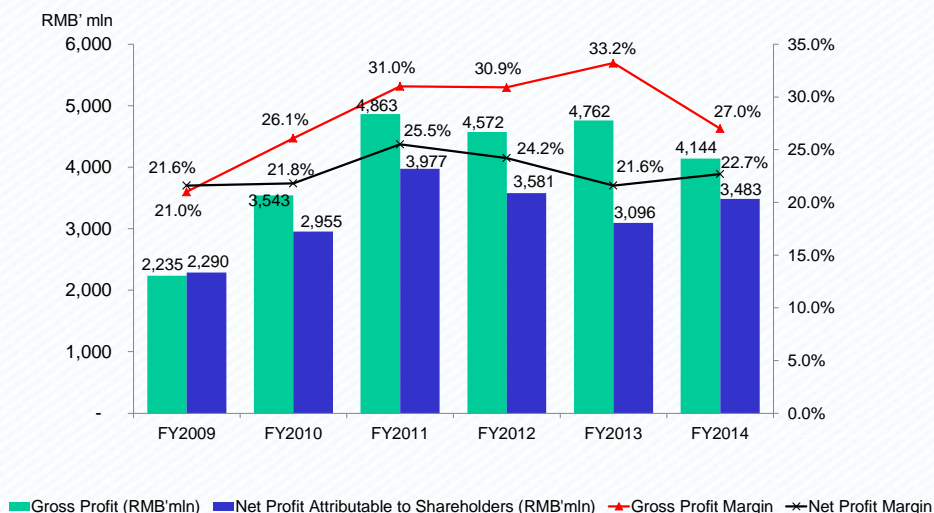
* Includes revenue from businesses such as Shipping Logistics and Chartering, Steel Fabrication and Ship Design Services

	Gross Profits		Gross Profit Margins	
	4Q2014	4Q2013	4Q2014	4Q2013
Shipbuilding Related	599,004	1,304,800	17%	43%
HTM Investment	150,517	110,349	93%	30%
Micro Finance	98,991	11,638	96%	86%

Profitability Trend



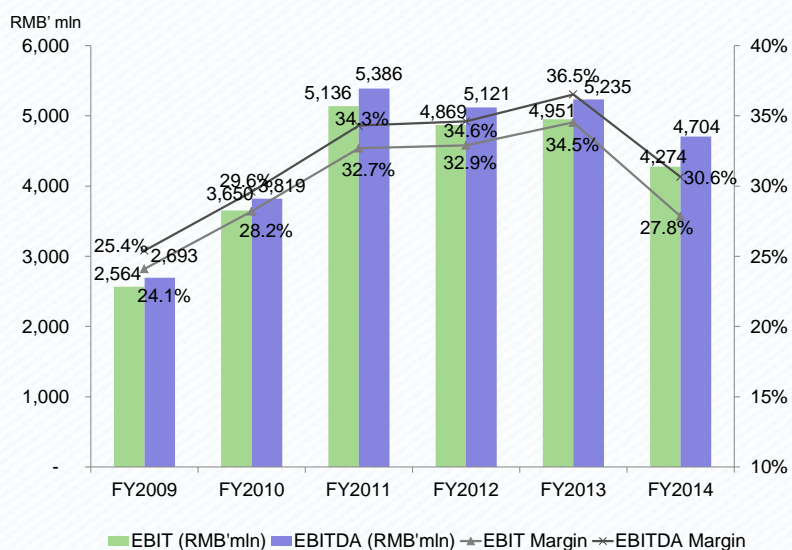
Gross Profit and Net Profit Attributable to Shareholders



Profitability Trend



EBIT and EBITDA



Results Highlight – Balance Sheet



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Financial Highlights	31 Dec 2014	31 Dec 2013
	RMB'000	RMB'000
Property, Plant and Equipment	6,116,517	5,793,041
Restricted Cash	3,325,850	8,416,977
Cash & Cash Equivalents	2,652,565	1,436,246
Financial Assets, Held-to-Maturity	10,791,200	14,127,351
Total Debt	8,050,355	13,373,442
Total Equity	21,076,011	18,272,881
Gross Gearing	38.2%	73.2%
Net Gearing (including restricted cash)	9.8%	19.3%
Net Asset Value per Ordinary Share (RMB cents)	534.30	464.55

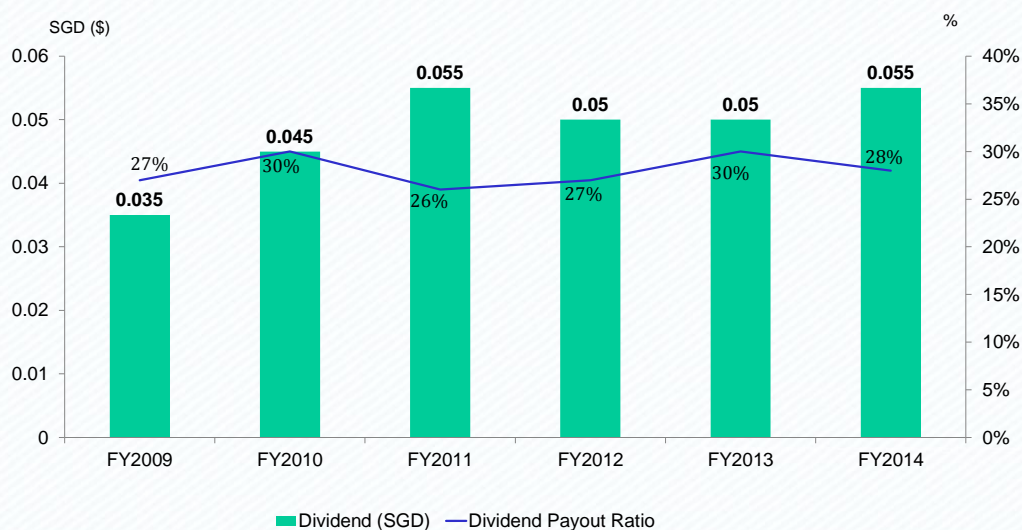
Dividend Summary



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Dividend and dividend payout ratio





Section 2A SEGMENTAL REVIEW Shipbuilding & Related Segments



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Revenue Trend

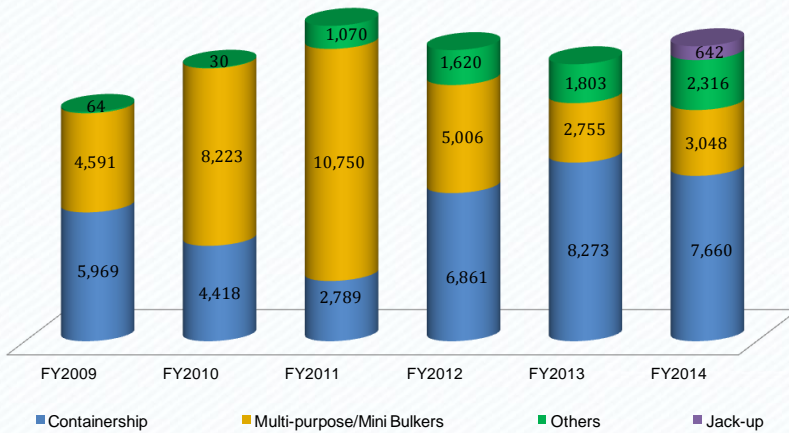


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All amounts are stated in RMB' mln

Shipbuilding-related Segment





Section 2B SEGMENTAL REVIEW Financial Investments



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Revenue Trend – HTM Assets



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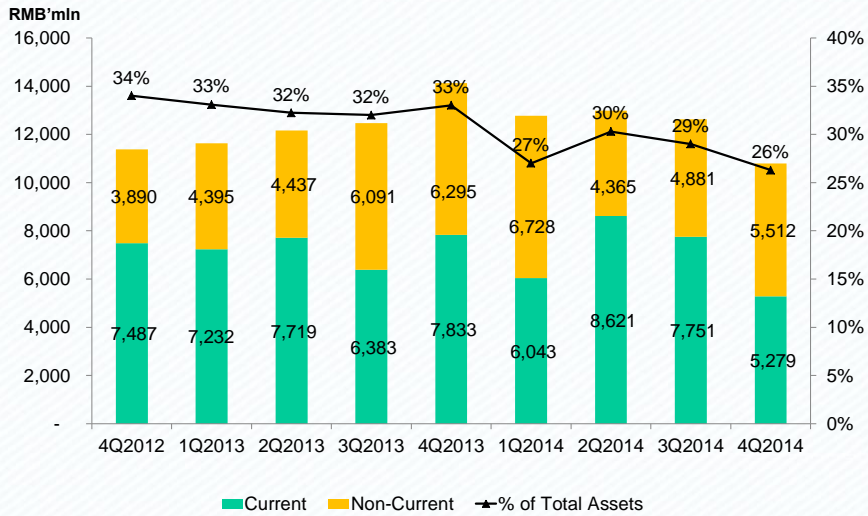
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All amounts are stated in RMB' mln



Source: Company Data

Held-to-Maturity Assets

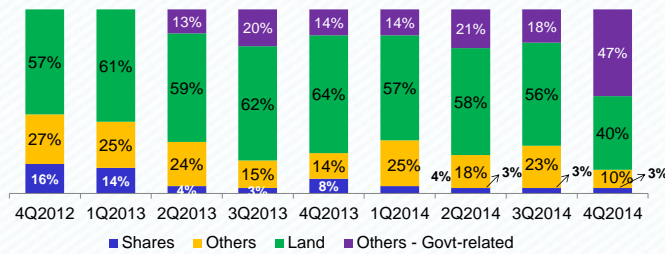


Source: Company Data

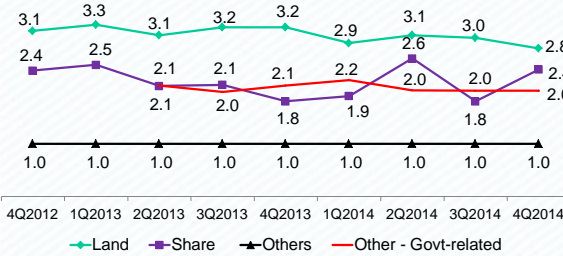
Held-to-Maturity Assets



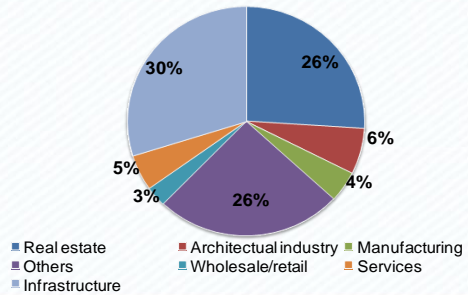
Breakdown of Investment Amount for which collaterals are secured (%)



Coverage Ratio



Breakdown of Borrowers (4Q2014)

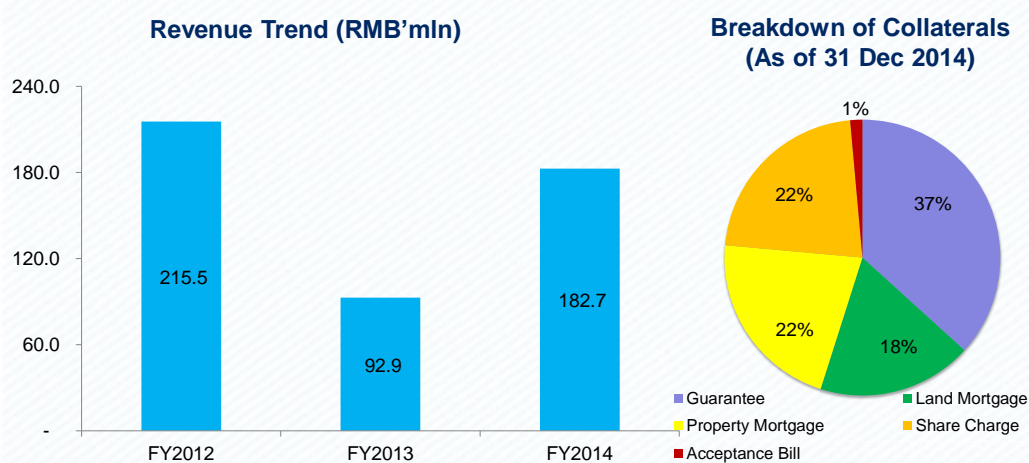


Held-to-Maturity Assets



- Non-core business and interim strategy to the Group
- Group is committed to the plan to control holdings
- As of December 31, 2014, Group held HTM assets of RMB 10.8 billion, compared to RMB14.1 billion at its peak a year earlier
- Rigorous risk management system and investment criteria
- The Group will continue to gradually divest these assets to support its core shipbuilding

Micro Financing





Section 3 SHIPBUILDING ORDERBOOK



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Strong Order Book



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Total: 116 vessels; 3.38 million CGT @ US\$ 4.62 billion
20 containerships, 0.92 million CGT @ US\$ 1.44 billion
96 bulk carriers, 2.46 million CGT @ US\$ 3.18 billion

Containerships

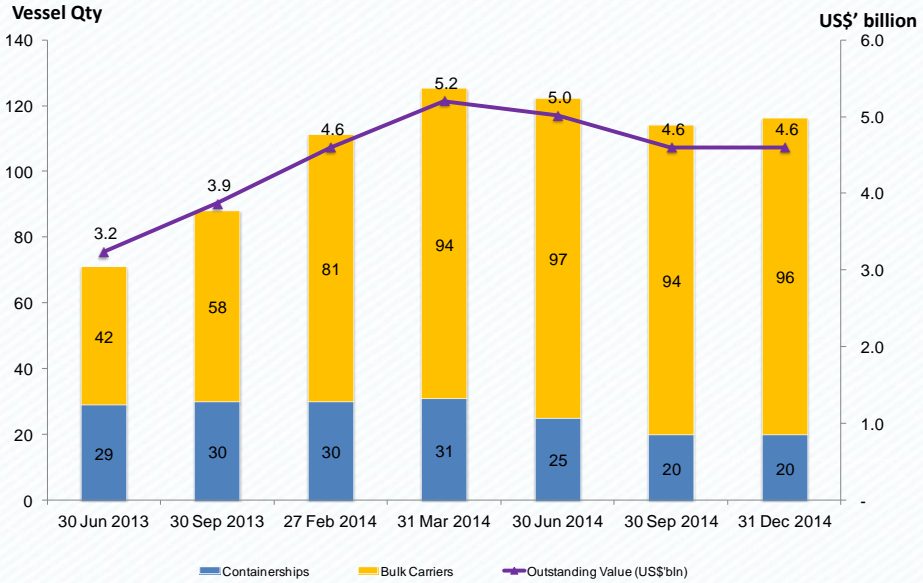
- 1,100TEU x 4 vessels
- 2,700TEU x 2 vessels
- 10,000TEU x 14 vessels

Bulk Carriers

- 36,000DWT x 8 vessels
- 64,000DWT x 19 vessels
- 82,000DWT x 51 vessels
- 94,000DWT x 2 vessels
- 208,000DWT x 12 vessels
- 260,000DWT x 4 vessels

Note: Order book is as at 31 Dec 2014

Historical Order Book

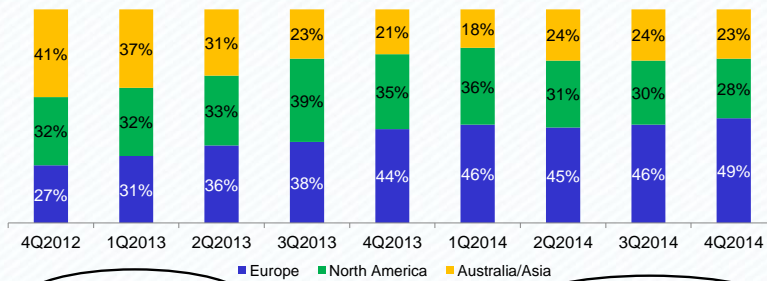


Order Book Customer Profile



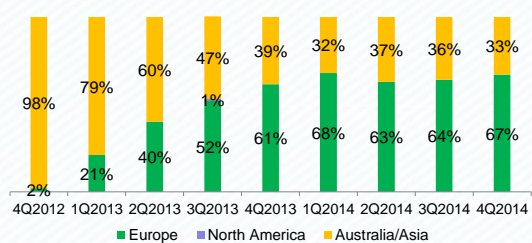
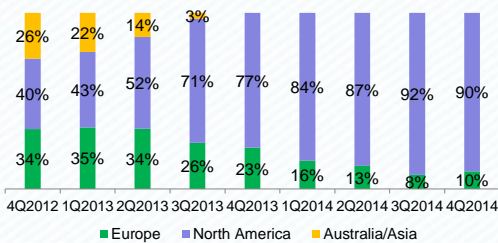
Figures are stated as at 31 Dec 2014

Breakdown by Geographical Segments



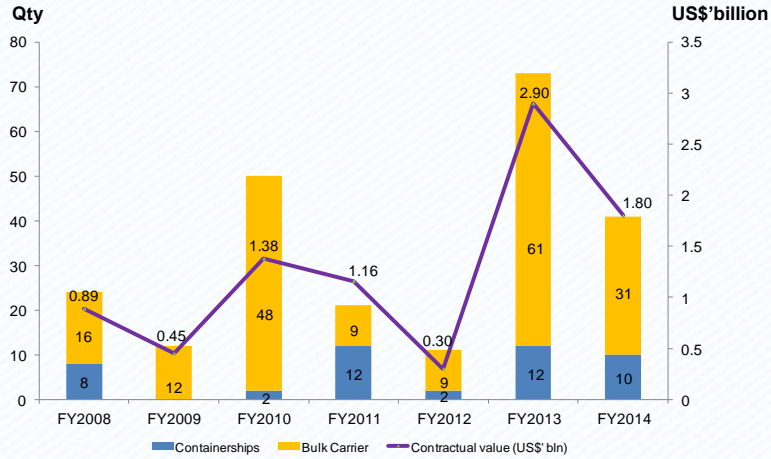
Containerships

Dry Bulk Carriers





New contracts secured in terms of vessel quantity and contract value



Section 4 STRATEGIES & TRENDS



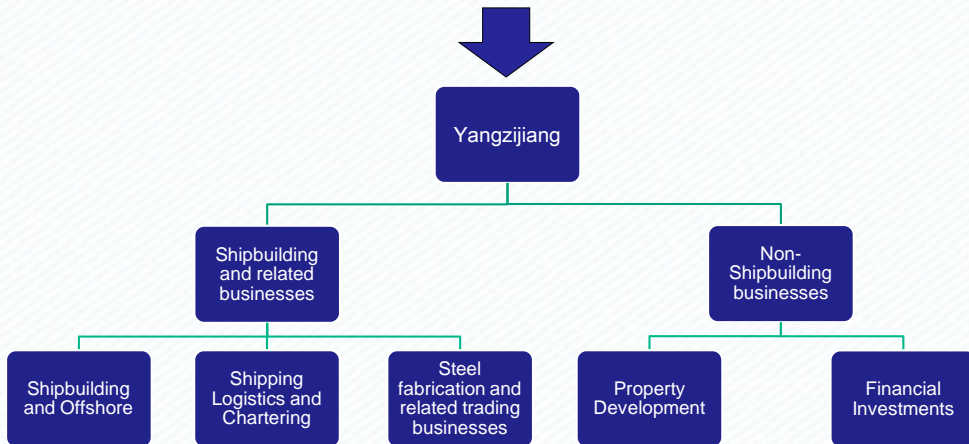
Strategically Located Yards



Integrated Marine Group



Key Strategy: Enhance the R&D in vessels that cater to and lead market demand, and build up Group's core strength in shipbuilding





▪ Shipbuilding and Offshore

- Resources from other non-shipbuilding related segments will be redeployed into core shipbuilding-related segment, especially into R&D, to better meet market demand
- Group's six outstanding options were carried to 2015
- As of December 31, 2014, the Group ranked No. 9 in the world in terms of outstanding newbuild orders*
- Diversification into LNG market in view of the promising growth outlook, liquefied-gas related carriers has been added to the Group's product portfolio and effective execution will unleash significant growth potential for the Group

▪ Shipping Logistics and Chartering

- Current fleet includes:
 - i. 5 x 92,500DWT under bareboat hire purchase
 - ii. 5 x 92,500DWT self managed by the Group
 - iii. 4 x 64,000DWT self managed by the Group
- May place order with the Group's yards while shipbuilding industrial activities are low
- Exiting of this business may be considered on strong recovery signs of the shipbuilding sector

▪ Ship Demolition, Steel Fabrication and related trading businesses

- Disposal of 50% equity interest in the registered capital of Jiangsu Huayuan Metal Processing Co., Ltd. in view of the weakening trading demand and increased costs in relation to higher requirement on environmental protection

* http://www.eworldship.com/html/2015/NewShipMarket_0202/98257.html



- Promising outlook for natural gas given the population growth and energy intensity per capita ([Source](#))
- Small size LNG vessels (e.g. 27,500 CBM) have advantage in reaching remote cities through river
- Group has conducted extensive research and preparation prior to taking on orders
- Strive to good order execution for the debut of the product category and enhance order book

▪ http://www.subsea.uk.com/documents/presentations/douglas_westwood_-_global_subsea_market_outlook_-_kian_zi_chew.pdf



Financial Investments

- Opportunistic and seek to generate investment return given the large cash position,
- Keeping size of Financial Investments under control against clear investment guideline
- Retaining a good degree of flexibility in the investment
- The Group has gradually reduced the size of Held-to-Maturity ("HTM") investment over the last year; The Group will continue to gradually divest these assets and redirect the resources to support its core shipbuilding business

Property Development

- In line with the strategy to reduce the investments in non-shipbuilding related businesses, the Group disposed its equity stakes in Taizhou Hengjian Real Estate Co., Ltd., Changzhou Green Field Quint Real Estate Co., Ltd., and Shanghai Jiakuan Hotel Management Co., Ltd.
- After the disposal, the Group only has a few property development projects left in its principal places of business at Jingjiang and Jiangyin.



- Ministry of Industry and Information Technology of the People's Republic of China issued **its first batch of "white list"** of 51 shipyards in September 2014; these shipyards were deemed worthy of favourable policy support. Yangzijiang was included in the first batch of white list.
- Shipbuilders that complied with its requirements in areas like ship emissions and production efficiency would be put on the white list for favourable policy support.
- The government recognition is expected to give the Group a **competitive edge in securing new orders**, as well as **in securing financing**, and to further enhance their dominant position in the industry.



- Cost advantage over Japanese and South Korean peers, quickly narrowing the gap in technology, fuel efficiency, production capability and vessel quality with the Japanese and South Korean peers
- As of 27 February 2015, the Group has outstanding order book of US\$4.75 billion comprising of 118 vessels, the Group's yard capacity will be highly utilized until the end of 2016
- Build up resilience against market volatilities through strong intrinsic shipbuilding capabilities

Thank You Q&A



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