

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

# FY2016 Results Briefing

March 1, 2017



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# SECTION I

## COMPANY OVERVIEW

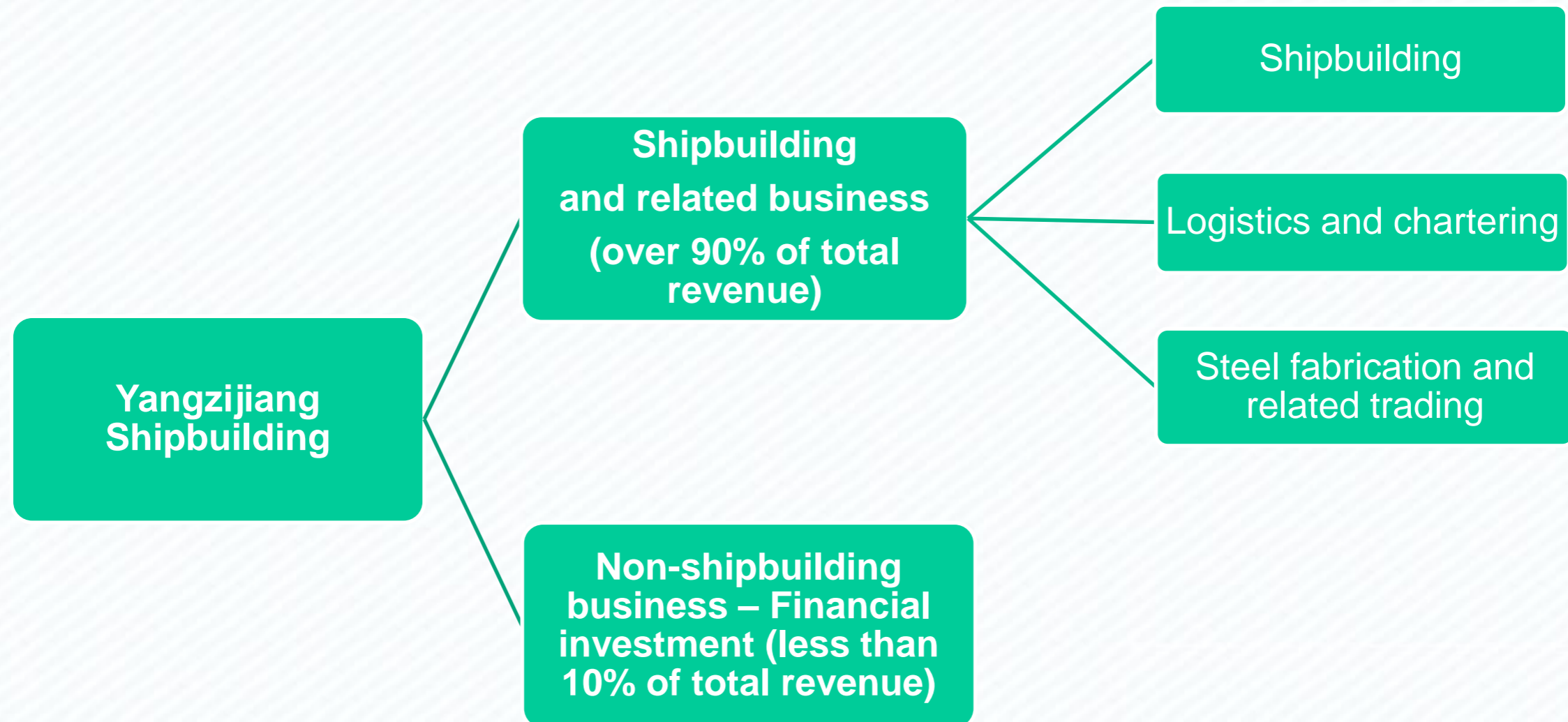




- A leading shipbuilder in PRC in terms of manufacturing capability and capacity
- Listed on SGX-Mainboard since April 2007
- STI constituent stock
- The **largest** Chinese listed entity on SGX-Mainboard
- A top ten shipbuilder globally in terms of outstanding order book
  - No.1 in China and No.4 in the world as of end of January 2017
- One of the **most profitable** shipbuilding company



**Enhance R&D capability, build key types of vessels of all sizes and highly specialized vessels to cater to and stimulate market demand**



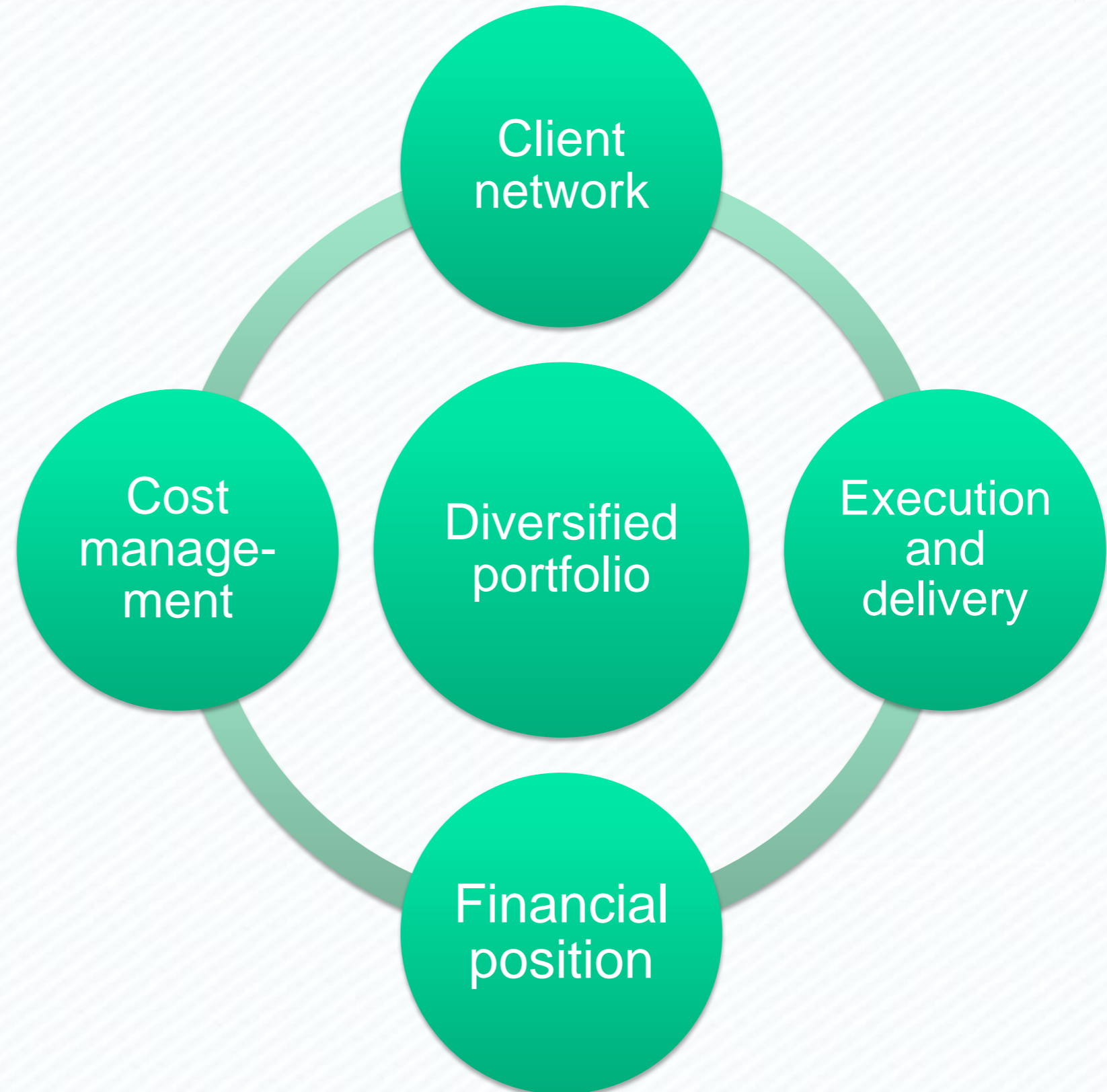








*Outstanding resilience and consistent financial performance in a challenging shipbuilding market*





## SECTION II

# FINANCIAL HIGHLIGHTS



# Results Highlight – 4Q2016 YoY



Financial Highlights	4Q2016	4Q2015	Change	Comments
	RMB'000	RMB'000	%	
<b>Revenue</b>	5,508,238	3,125,245	76	9 vessels delivered vs. 6 in 4Q2015, revenue from trading business where there were none in 4Q2015
<b>Gross Profit</b>	1,434,493	929,595	54	Better shipbuilding margins supported by reversal of warranty provision and appreciation of USD against RMB;
<b>Gross Profit Margin</b>	26.0%	29.7%	-	
<b>Other Income</b>	306,366	39,606	674	Recognition of advance payment from terminated shipbuilding contracts
<b>Other (Losses) / Gains</b>	(513,606)	(615,274)	(17)	Impairment provision made for fleet of vessels under our shipping business, impairment loss on PPE, partly offset by reversal of provision made on HTM and foreign exchange gain
<b>Expenses #</b>	324,774	600,667	(46)	Provision on jack-up rig made under administrative expense in 4Q2015, lower borrowing led to lower finance cost
<b>Net Profit Attributable to Equity Holders (PATMI)</b>	607,837	41,453	1366	
<b>PATMI Margin</b>	11.0%	1.3%	-	

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



# Results Highlight – FY2016 YoY



Financial Highlights	FY2016	FY2015	Change	Comments
	RMB'000	RMB'000	%	
<b>Revenue</b>	15,089,438	16,014,348	(6)	39 vessels were delivered in 2016 vs. 36 in 2015, however, vessel sizes and contract values were smaller
<b>Gross Profit</b>	3,636,622	3,719,271	(2)	Better shipbuilding margins supported by reversal of warranty provision and appreciation of USD against RMB
<b>Gross Profit Margin</b>	24.1%	23.2%	-	
<b>Other Income</b>	903,681	271,008	233	Recognition of advance payment from terminated shipbuilding contracts
<b>Other (Losses) / Gains</b>	(788,552)	167,536	n.m.	Impairment provision made for vessels under shipping arm, impairment loss on PPE, partly offset by subsidy income and foreign exchange gain
<b>Expenses #</b>	919,257	1,170,709	(21)	Provision on jack-up rig made under administrative expense in 4Q2015, lower borrowing led to lower finance cost
<b>Net Profit Attributable to Equity Holders (PATMI)</b>	1,752,432	2,459,600	(29)	
<b>PATMI Margin</b>	11.6%	15.4%	-	

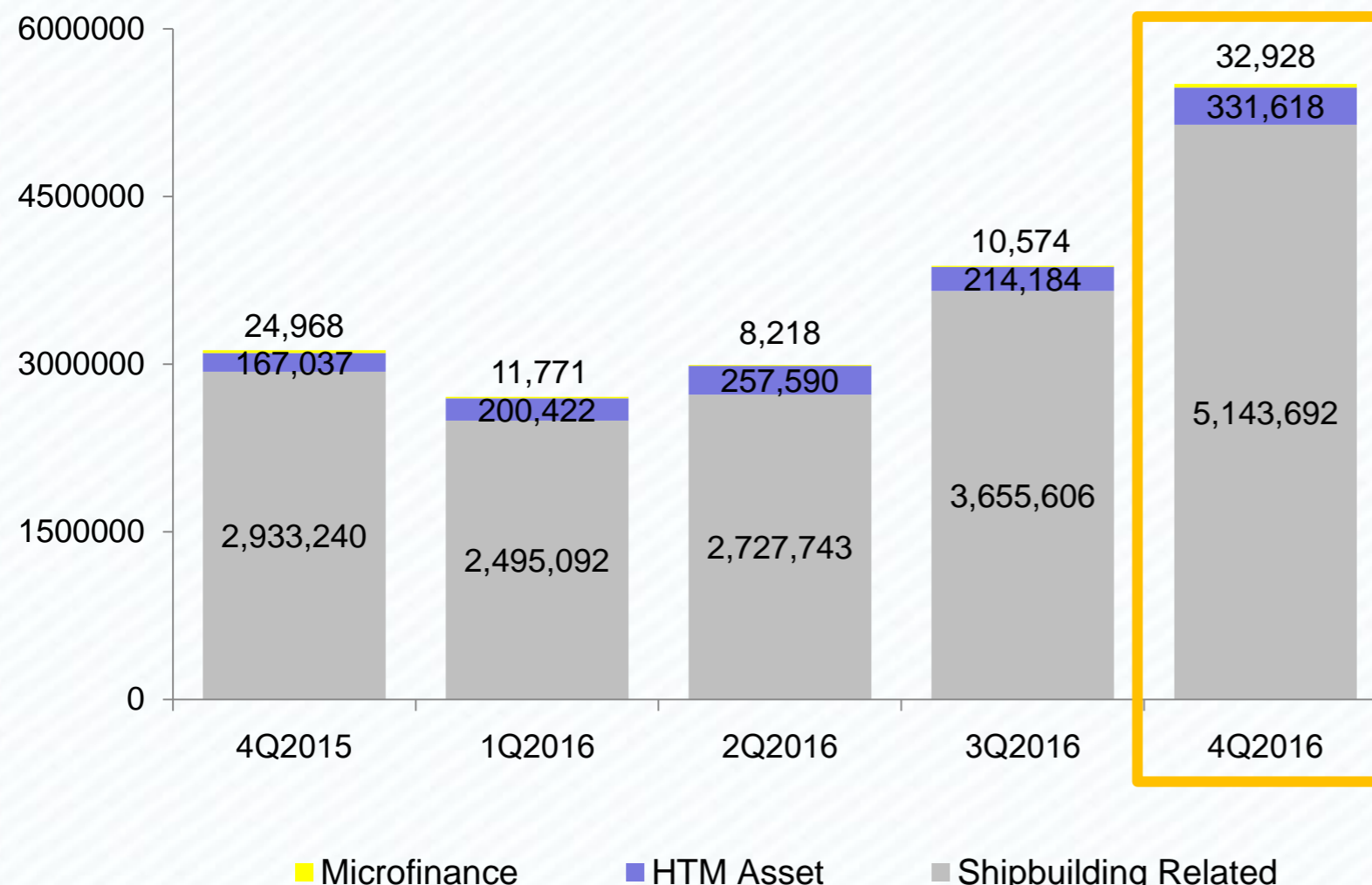
#: Includes Administrative and Finance Expenses  
n.m. denotes not meaningful.



# Revenue Breakdown



(All amounts are stated in RMB'000)



Shipbuilding Related Revenue Breakdown (4Q2016)	Percentage (%)
Shipbuilding	77%
Trading	21%
Others*	2%
<b>Total</b>	<b>100%</b>

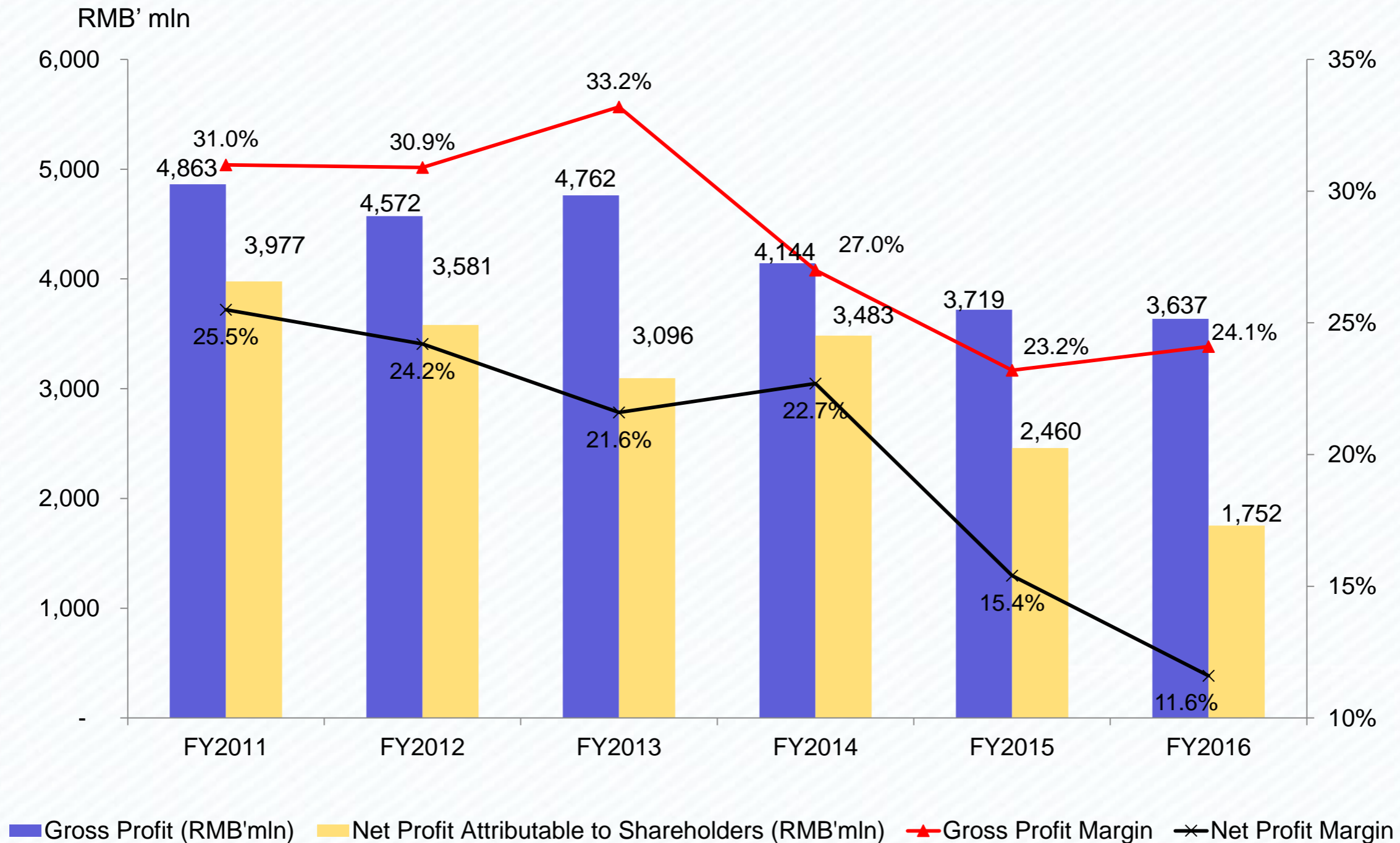
\* Includes revenue from Shipping Logistics and Chartering, Steel Fabrication and Ship Design Services etc.

	Gross Profits		Gross Profit Margins	
	4Q2016	4Q2015	4Q2016	4Q2015
Shipbuilding Related	1,090,187	746,392	21%	25%
HTM Investment	311,759	157,495	94%	94%
Micro Finance	32,547	25,708	99%	103%



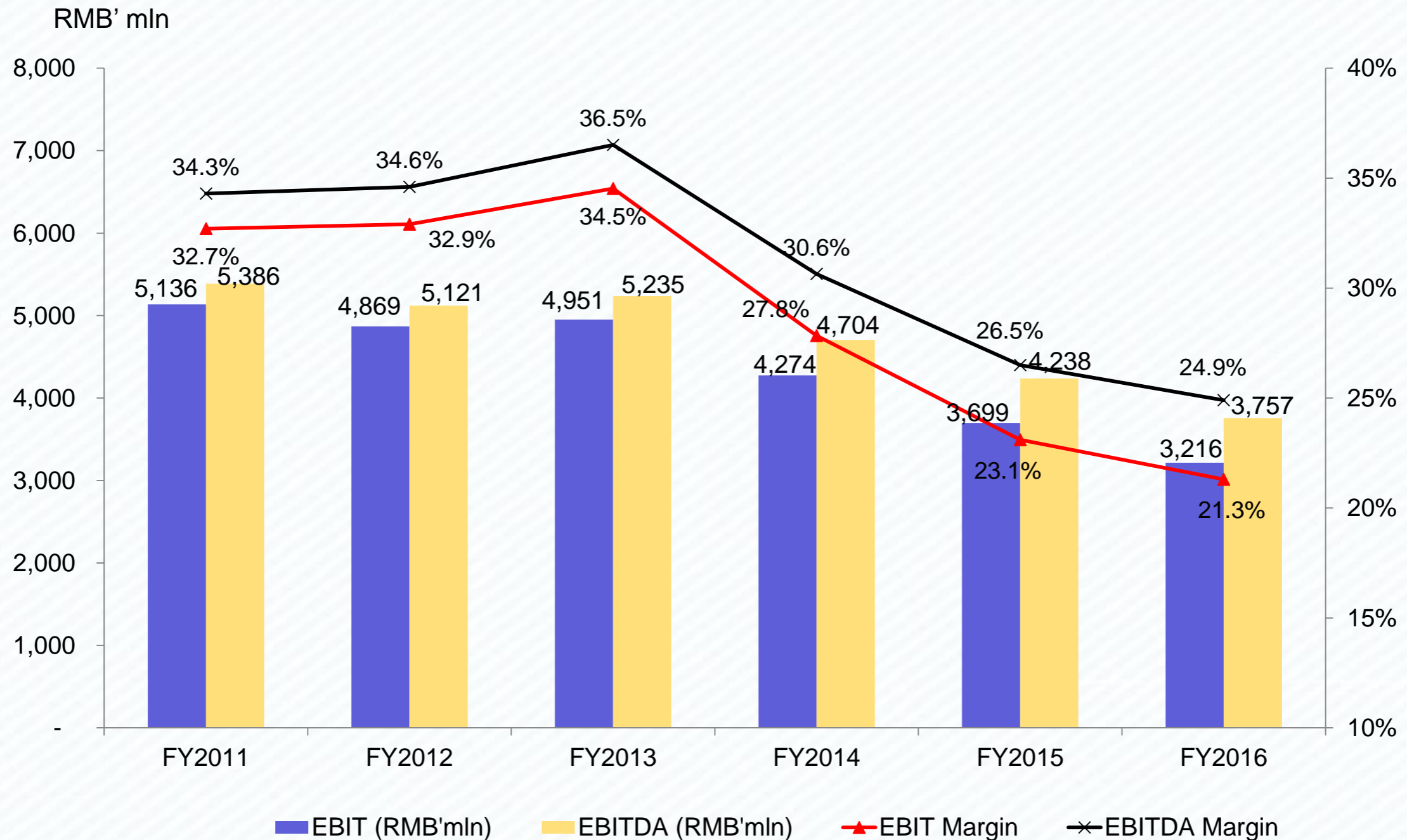


## Gross Profit and Net Profit Attributable to Shareholders





## EBIT and EBITDA





# Results Highlight – Balance Sheet



Yangzijiang Shipbuilding (Holdings) Ltd.  
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Financial Highlights	31 Dec 2016	31 Dec 2015
	RMB'000	RMB'000
Property, Plant and Equipment	5,476,950	6,401,967
Restricted Cash	1,219,695	1,028,550
Cash & Cash Equivalents	7,085,796	5,992,935
Financial Assets, Held-to-Maturity	10,906,634	9,972,406
Total Debt	7,224,457	8,282,421
Total Equity	23,199,109	22,358,981
Gross Gearing	31.1%	37.0%
Net Gearing (including restricted cash)	Net Cash	5.6%
Net Asset Value per Ordinary Share (RMB cents)	592.20	568.90





## SECTION III - A SEGMENTAL REVIEW

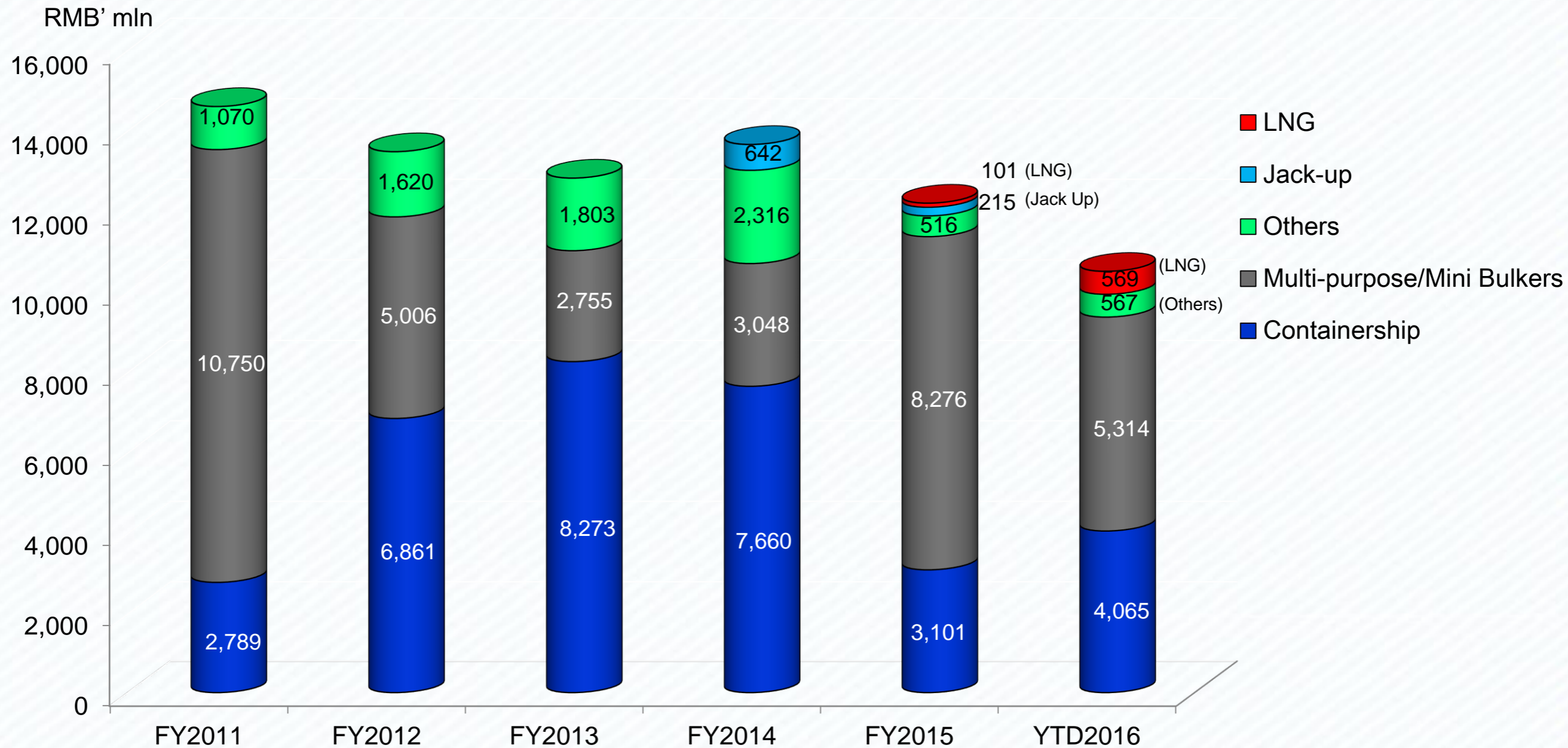
### Shipbuilding & Related Segments







## Shipbuilding Revenue Breakdown





Total:85 vessels; 3.99 million CGT @ US\$ 4.28 billion  
43 containerships, 2.28 million CGT @ US\$ 2.34 billion  
35 bulk carriers, 1.45 million CGT @ US\$ 1.55 billion  
3 oil tankers, 0.07 million CGT @ US\$0.10 billion  
2 LNG Carriers, 0.06 million CGT @ US\$ 0.14 billion  
2 VLGCs, 0.13 million CGT @ US\$ 0.15 billion

## Containerships

- 1,668TEU x 2 vessels
- 1,800TEU x 4 vessels
- 1,900TEU x 5 vessels
- 2,700TEU x 7 vessels
- 3,800TEU x 8 vessels
- 10,000TEU x 5 vessels
- 11,800TEU x 12 vessels

## Bulk Carriers

- 29,800DWT x 2 vessels
- 36,500DWT x 6 vessels
- 39,000DWT x 3 vessels
- 64,000DWT x 2 vessels
- 81,100DWT x 1 vessels
- 82,000DWT x 7 vessels
- 83,500DWT x 3 vessels
- 208,000DWT x 2 vessels
- 260,000DWT x 3 vessels
- 400,000DWT x 6 vessels

## VLGC

- 84,000VLGCs x 2 vessels

## Oil Tanker

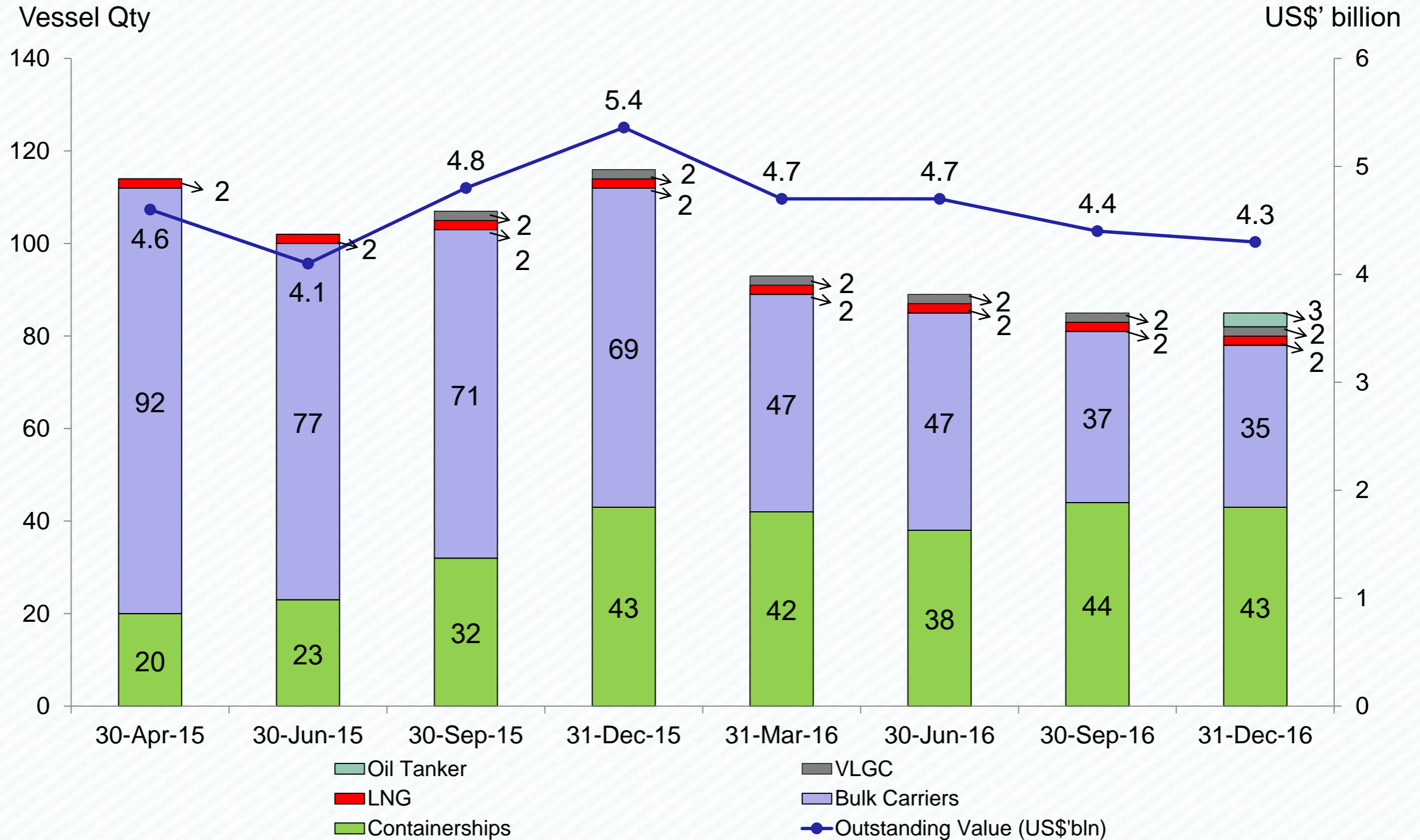
- 39,000CT x 3 vessels

## LNG Carriers

- 27,500LNG x 2 vessels



# Historical Order Book



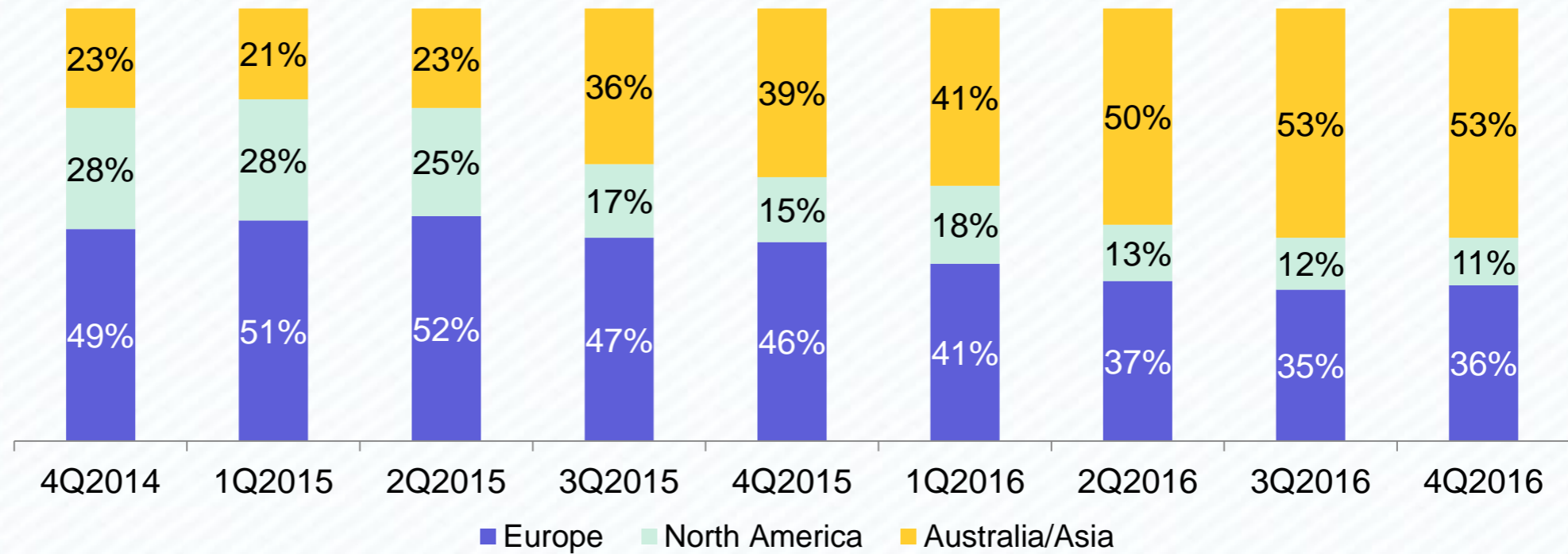
# Order Book Customer Profile



Figures are stated as at 31 Dec 2016

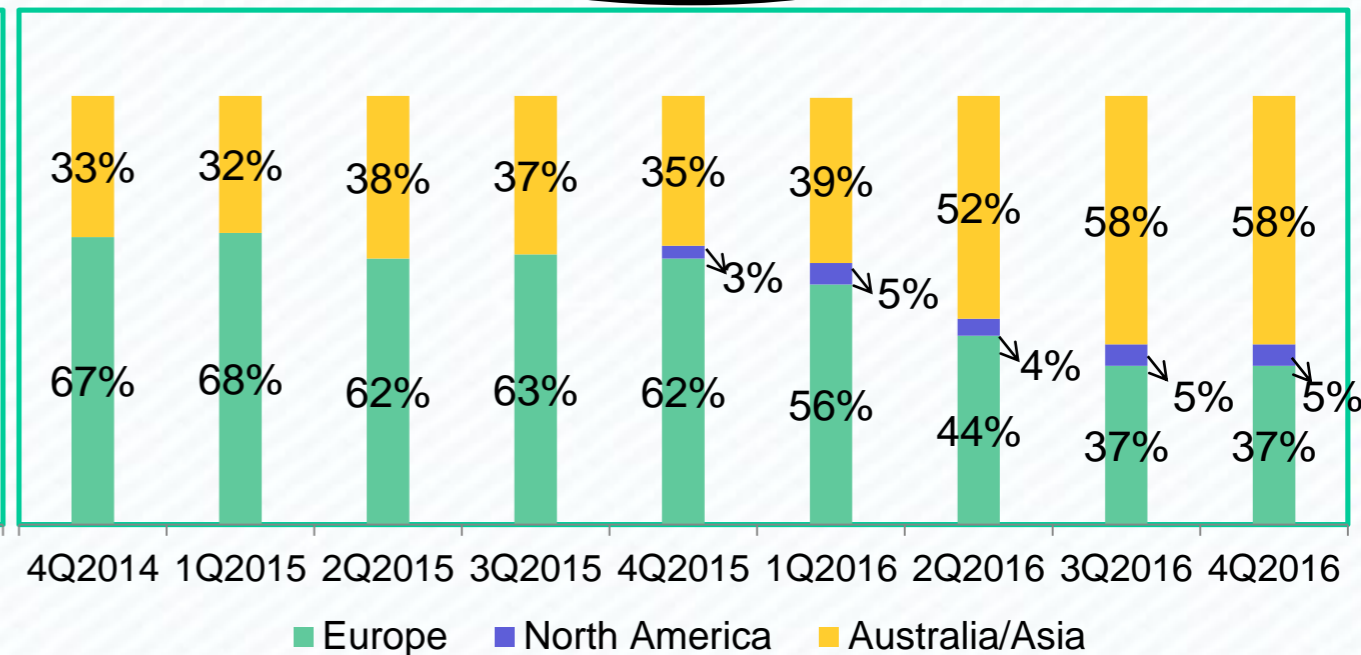
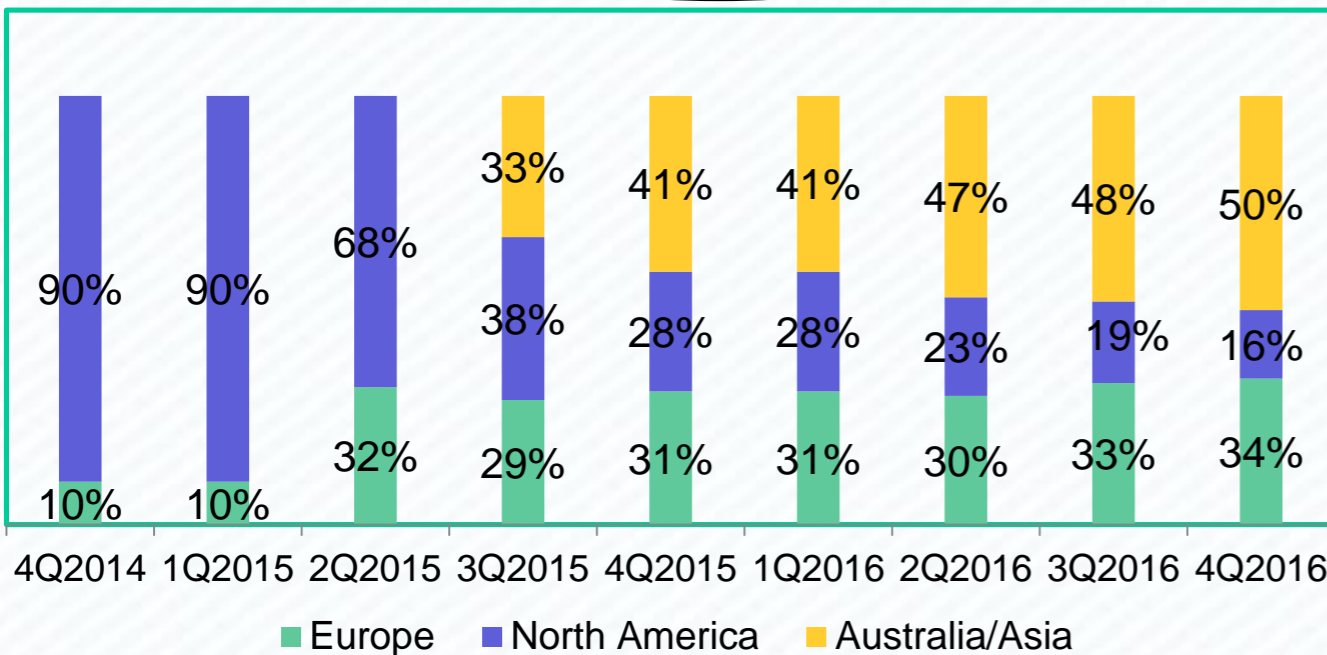
## Breakdown by Geographical Segments

2 LNG Vessel orders  
are from Europe  
2 VLGC Vessel orders  
are from Asia  
3 Oil Tanker orders  
are from Asia



### Containerships

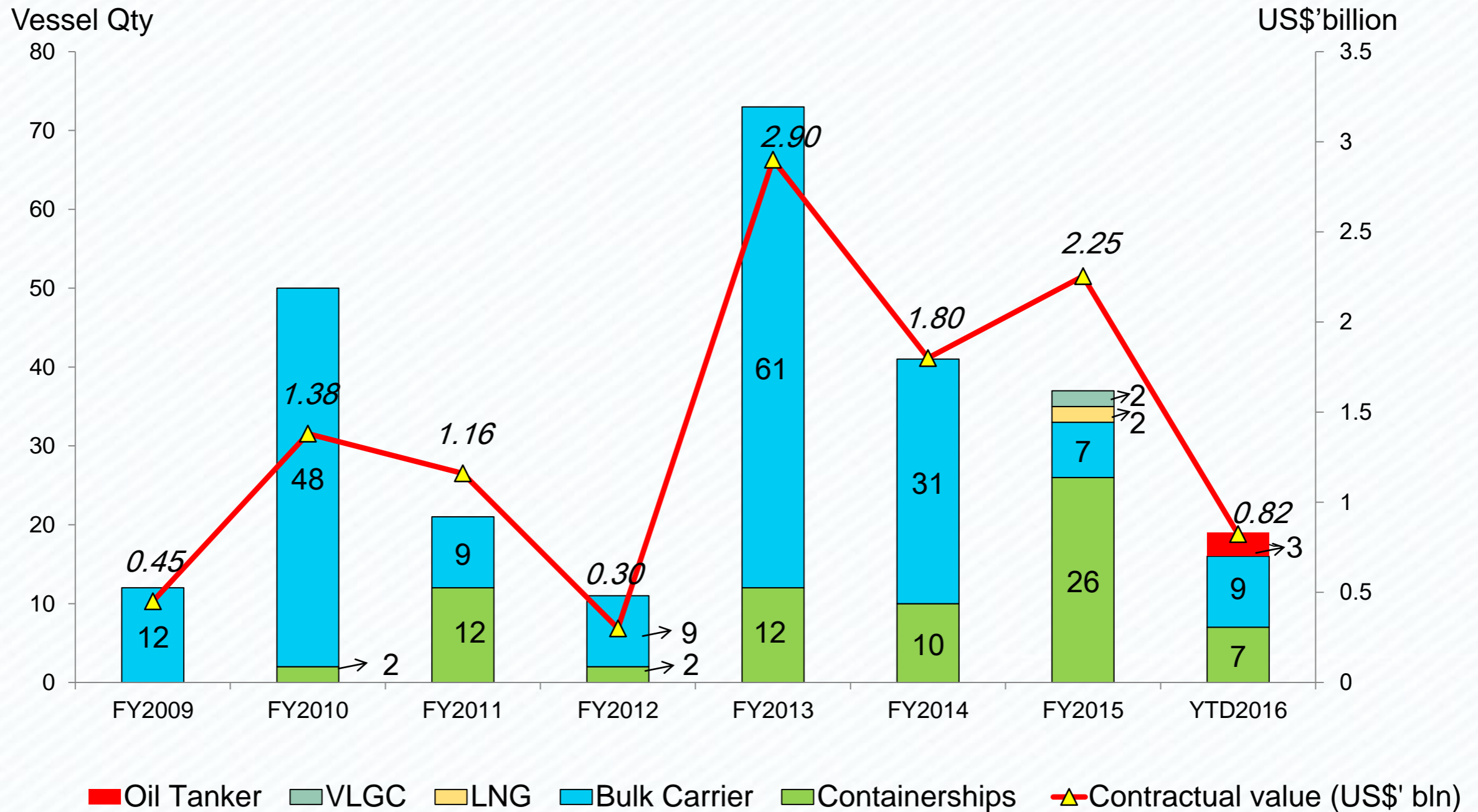
### Bulk Carriers







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







- **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

- **Current fleet includes:**

- 10 x 92,500DWT, self managed by the Group
- 3 x 64,000DWT, self managed by the Group

- **The strategy / plan for the business depends on the conditions on the shipbuilding market**



## SECTION III - B SEGMENTAL REVIEW

### Financial Investments



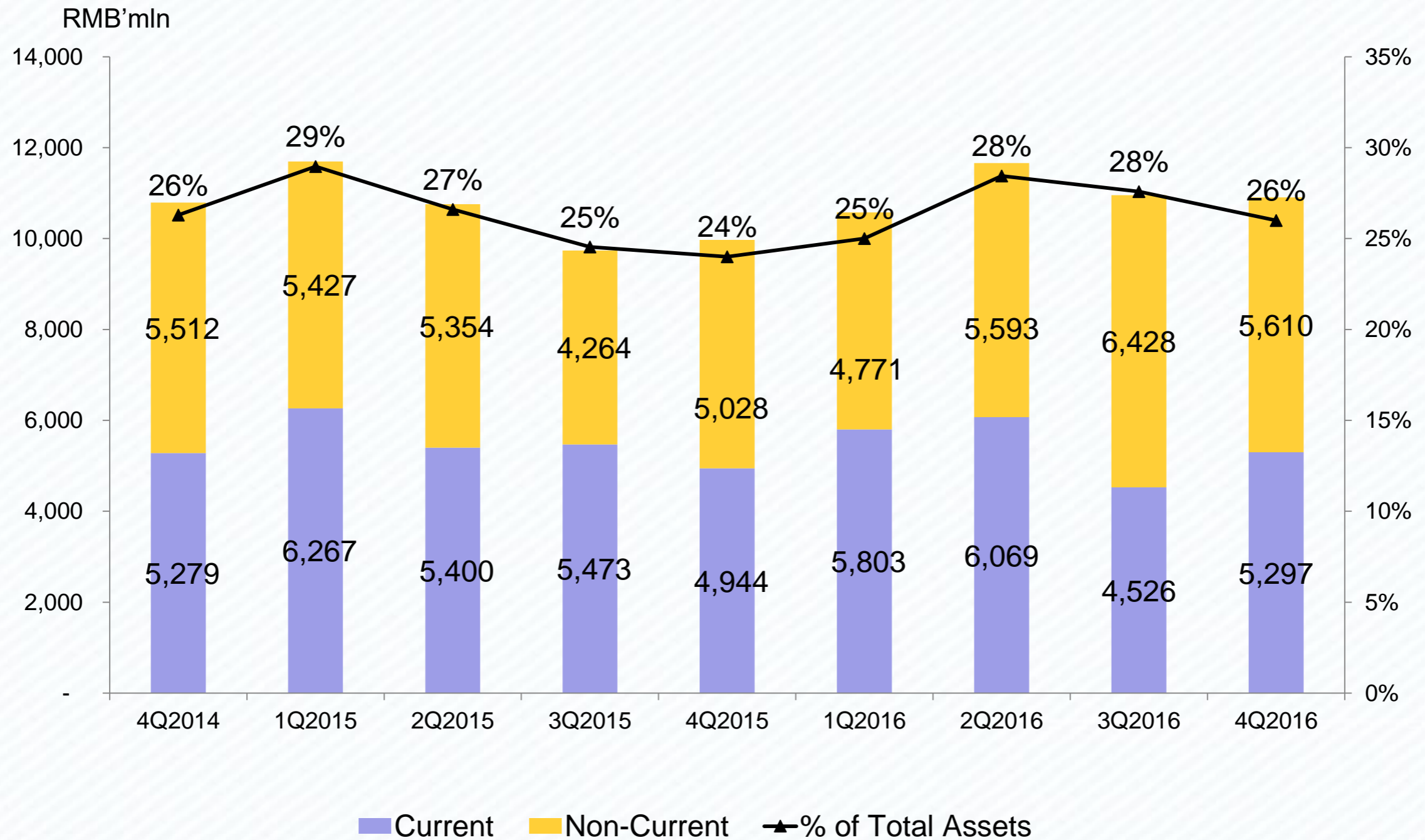


# Interest Income Trend - HTM Assets



Source: Company Data

# Held-to-Maturity Assets

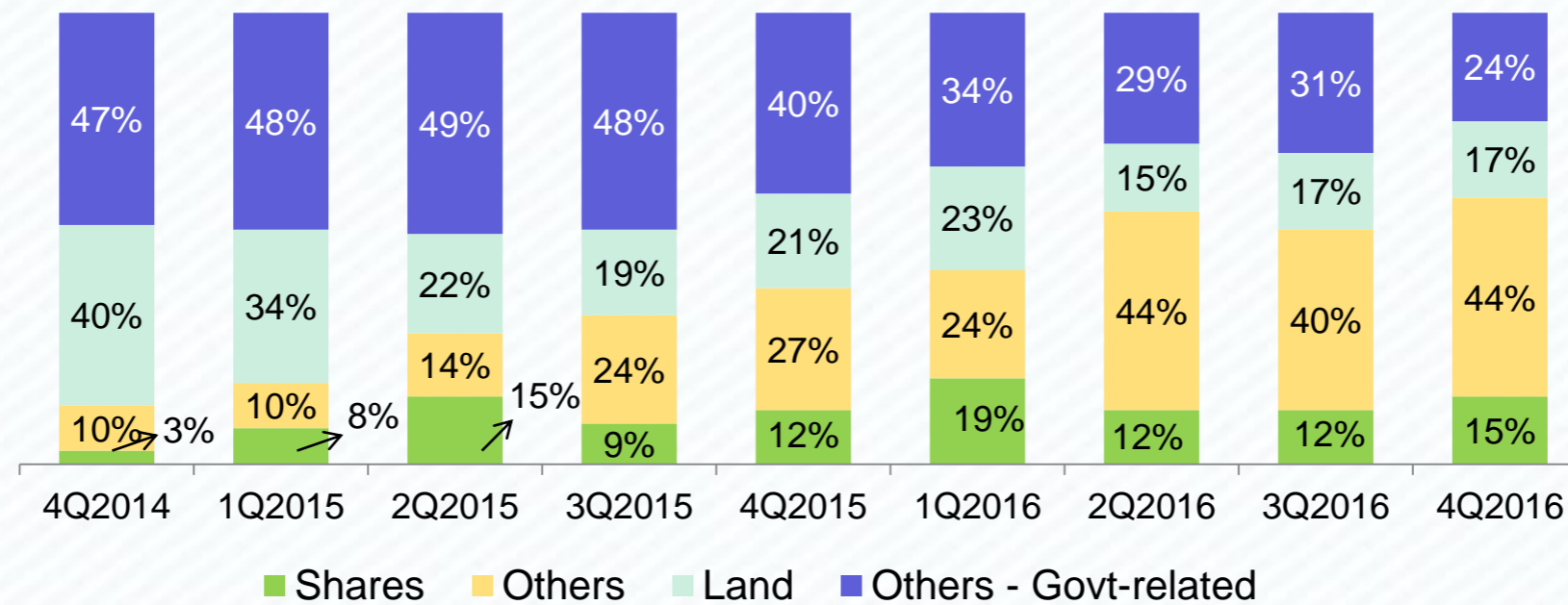


Source: Company Data

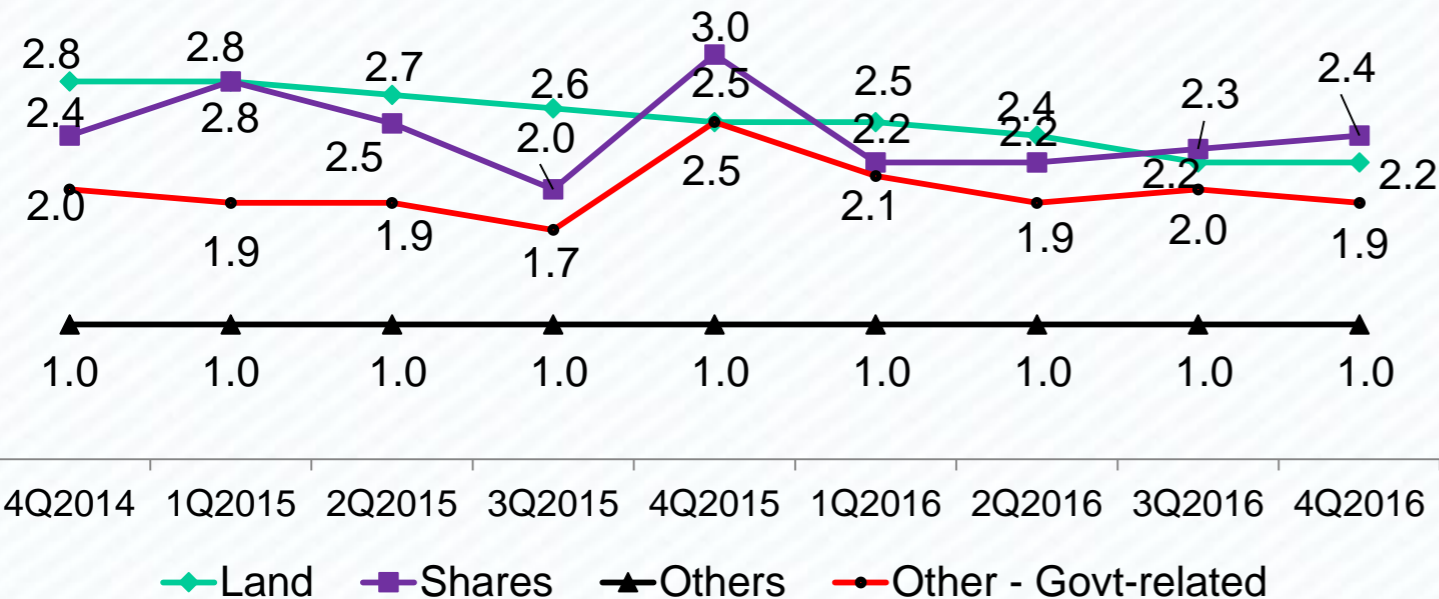




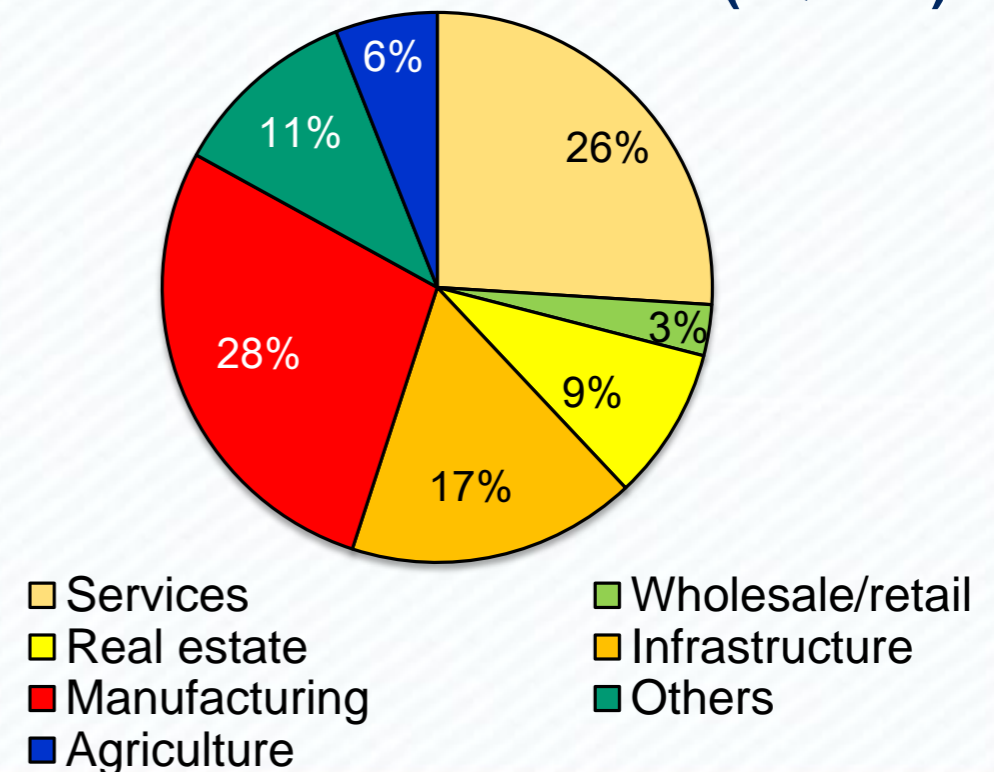
## Breakdown of Investment Amount for which collaterals are secured (%)



## Coverage Ratio

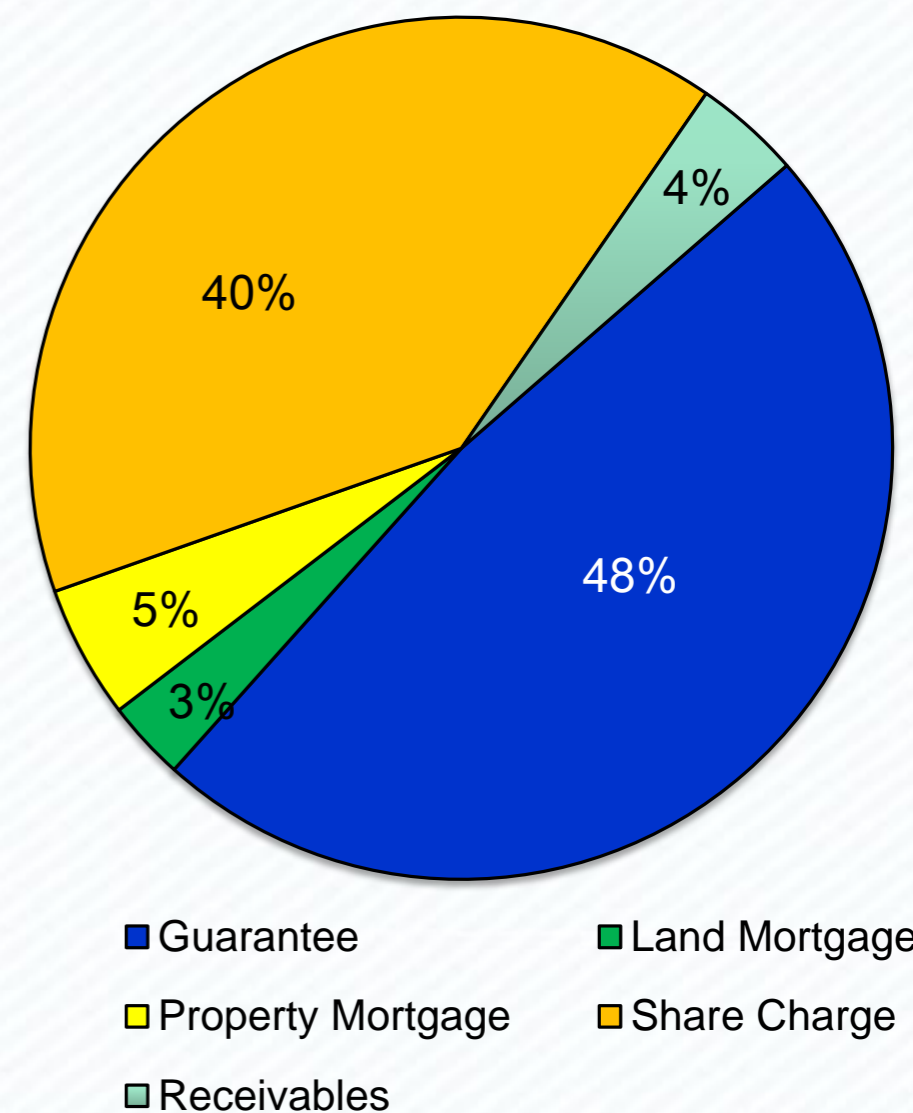
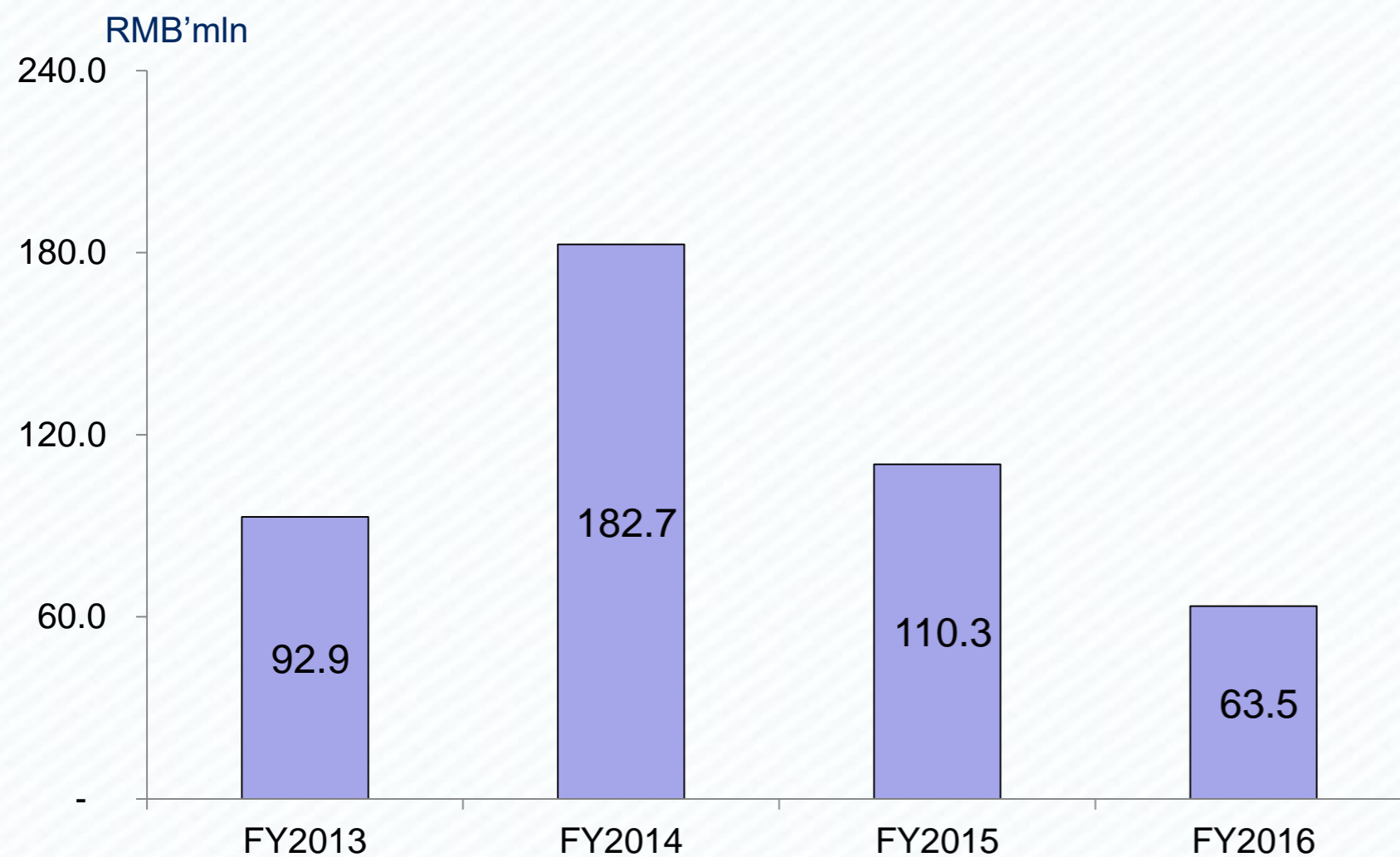


## Breakdown of Borrowers (4Q2016)





## Breakdown of Collaterals (As of 31 December 2016)







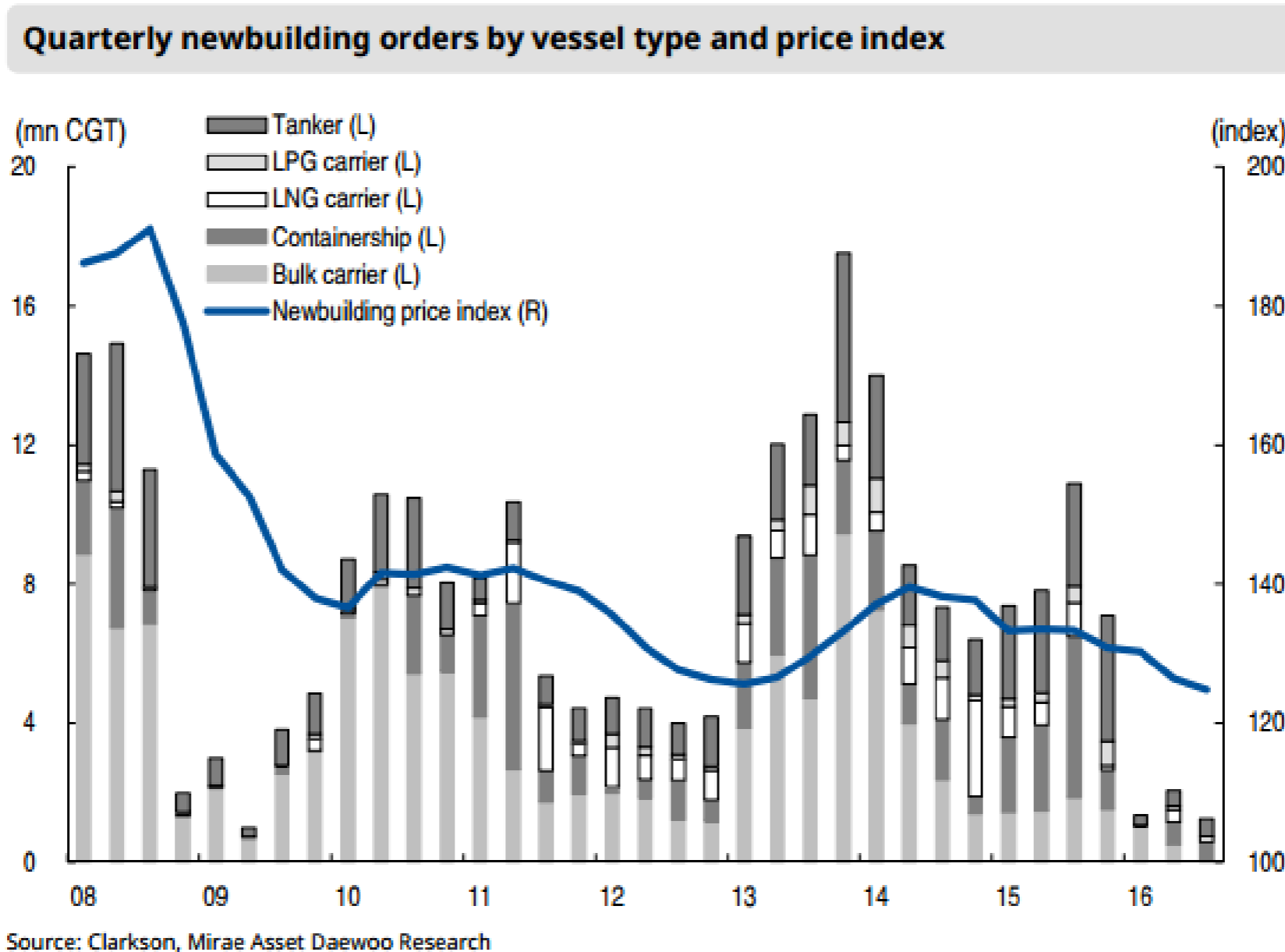
## SECTION IV

# TRENDS & STRATEGIES

# Market conditions remained weak



- 2016 new shipbuilding orders were as weak as 2009
- Order backlogs contracted to one year
- Shipbuilders are making massive restructuring plans in a struggle to survive



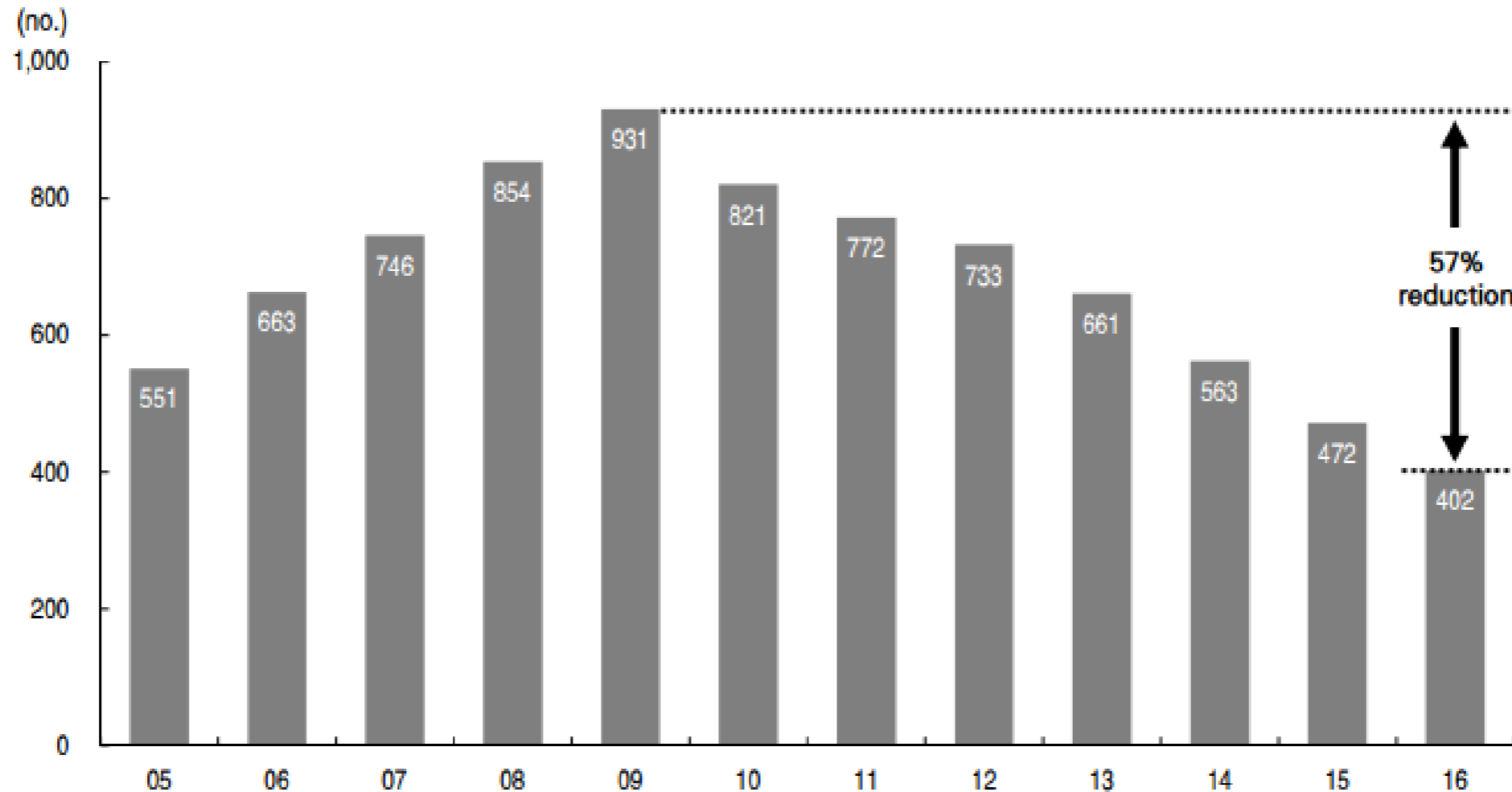


# Global shipbuilding capacity declined



- As of 2016, the number of global shipbuilders declined 57% from the 2009 level
- The number is expected to fall further in 2017 (by more than 70% overall)
- Global shipbuilding capacity is anticipated to decline 50% from the previous peak
- Capacity is likely to decline 45-50% in 2017 following additional restructuring and industry realignment efforts

Number of global shipbuilders

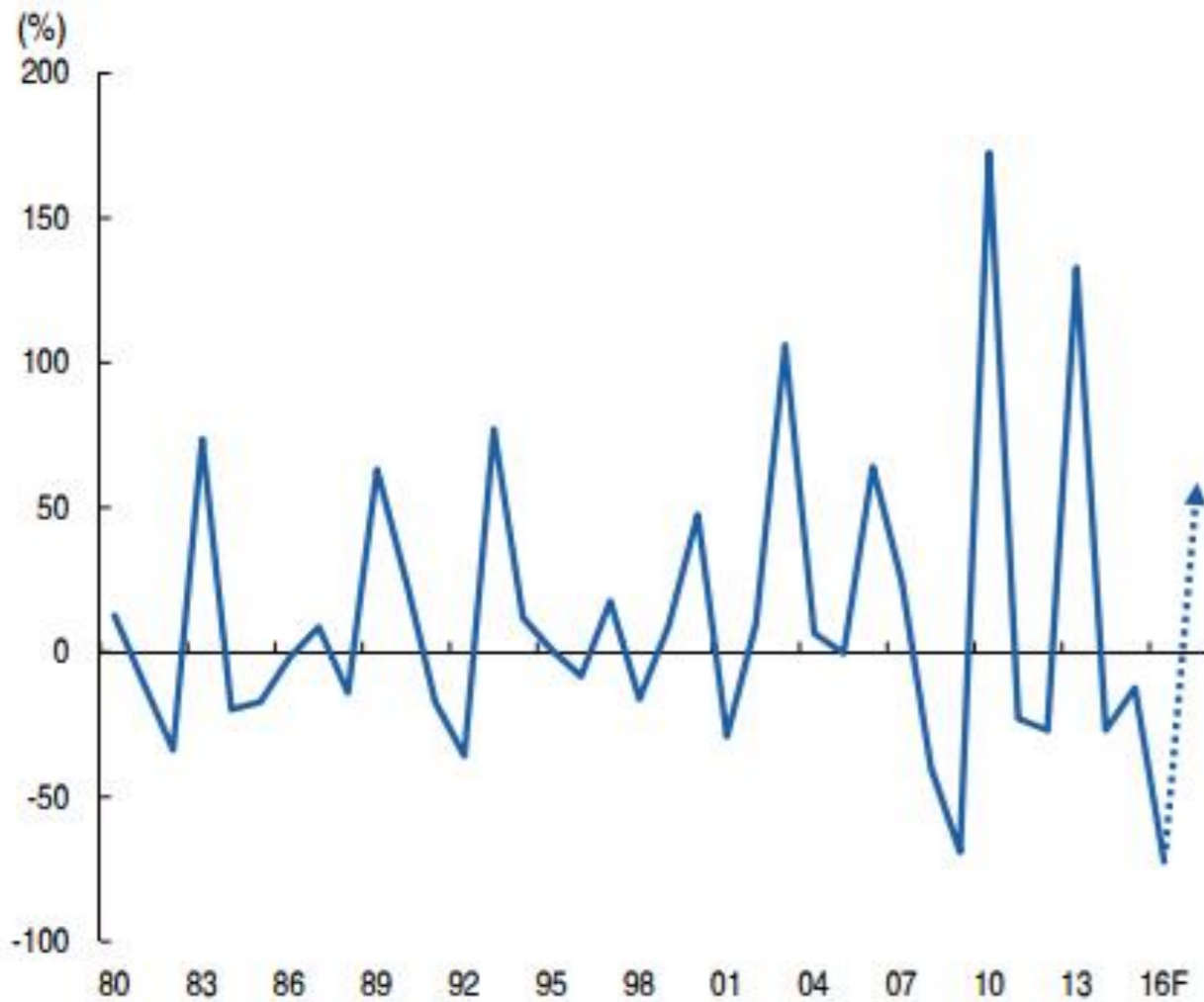


Source: Clarkson, Mirae Asset Daewoo Research



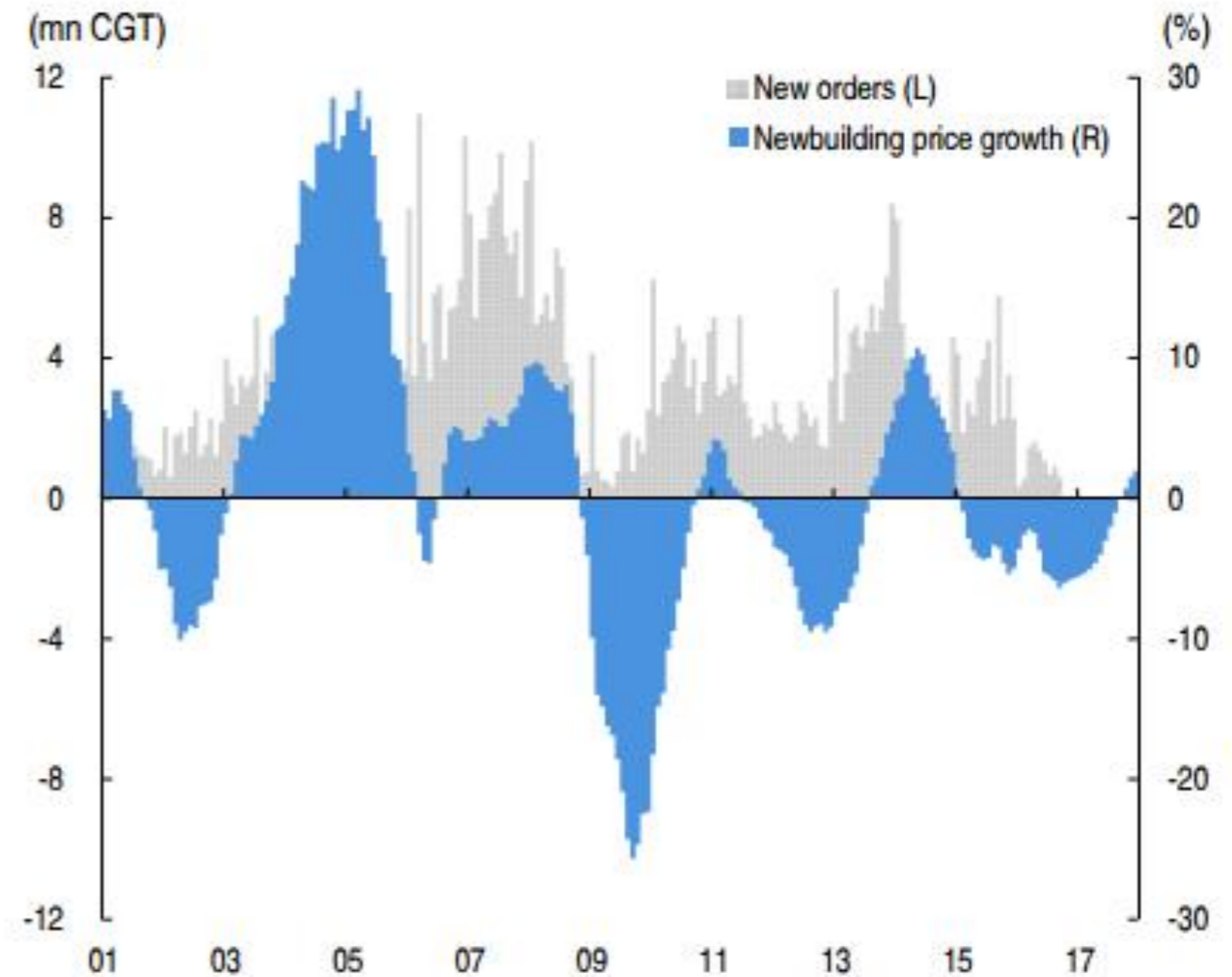
- During 2014-16, shipbuilders for the first time saw orders decline for three consecutive years
- Order growth is likely to recover in 2017 (on a low base of comparison) but orders to stay weak through 1H17
- Ship prices are projected to pick up in 2H17

### Order growth and outlook: Historic-low level in 2016



Source: Clarkson, Mirae Asset Daewoo Research

### Newbuilding price growth and outlook

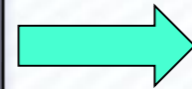


Source: Clarkson, Mirae Asset Daewoo Research



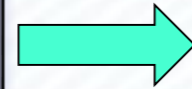


**Containerships**



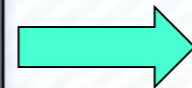
Remains as a key category in portfolio

**Dry Bulk Carriers**



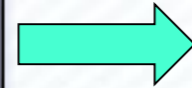
Focus on large-size carriers, multi-purpose and tailored vessels

**LNG Carriers**



Ensure successful debut

**Clean Energy  
Vessels**



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



## SECTION V

# SOCIAL 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 strength
- 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





- 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







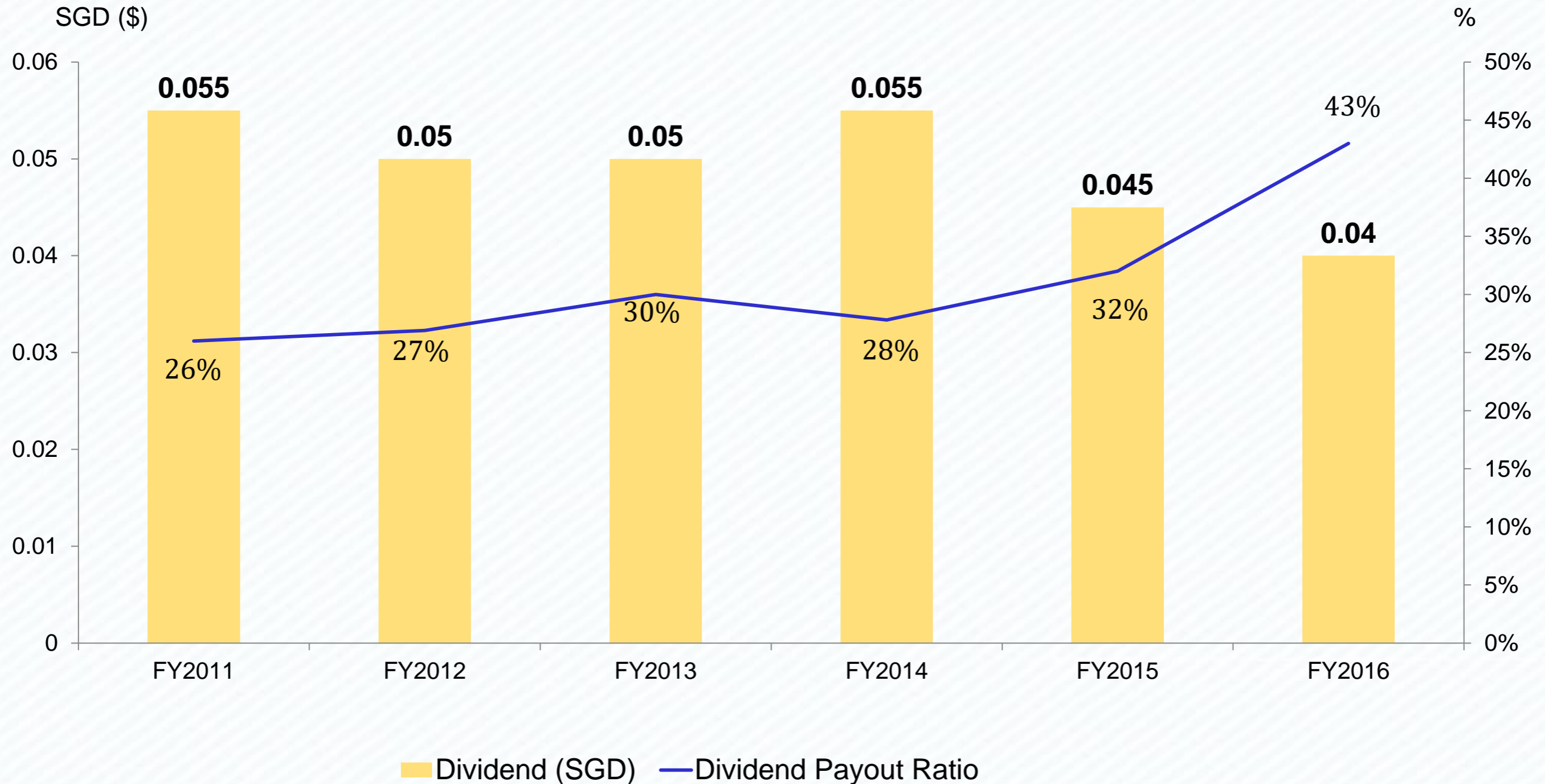
## SECTION VI

# STOCK INFORMATION





## Dividend and dividend payout ratio





# Top Shareholders



No.	Holder Name	Position	Filing Date	%
1	YANGZI INTERNATIONAL	1,002,845,825	19/4/2016	26.17
2	LIDO POINT INVESTMENTS LTD	394,134,000	10/3/2015	10.29
3	HONGKONG HENGYUAN INVESTMENT	303,962,240	11/3/2016	7.93
4	BLACKROCK	191,361,840	6/5/2015	4.99
5	GRANTHAM MAYO VAN OTTERLOO & CO	69,558,780	31/08/2016	1.82
6	VALUE PARTNERS GROUP LTD	54,104,100	30/6/2016	1.41
7	VANGUARD GROUP	44,571,354	31/01/2017	1.16
8	SEB	41,221,900	30/09/2016	1.08
Total		2,099,384,039		54.79

Source: Bloomberg, as of February 28, 2017

# Stock Performance



Source: Bloomberg, as of February 28, 2017



# Thank You Q&A



Yangzijiang Shipbuilding (Holdings) Ltd.  
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