



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

Yangzijiang reports RMB642 million earnings for 4Q2019

- **With 13 vessels delivered in 4Q2019, core shipbuilding revenue increased by 5% to RMB3.3 billion**
- **Core shipbuilding gross margin was 12% for 4Q2019 compared to 9% for 4Q2018 mainly due to a net reversal of provision on onerous contracts**
- **Group received new contracts for 21 vessels worth USD830 million in 2019, and new contracts for 4 vessels worth USD104 million so far in 2020**
- **Group proposed a final dividend of 4.5 Singapore cents for FY2019**
- **The Group plans to continue with the quarterly reporting, and the practice is subject to Group's periodic review**

SINGAPORE – 28 February 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 RMB642 million for the three months ended 31 December 2019 (“**4Q2019**”).

Financial Analysis

Group’s total revenue decreased by 2% year-on-year (“yoy”) to RMB4.8 billion in 4Q2019. In the shipbuilding related segment, core shipbuilding generated revenue of RMB3.3 billion in 4Q2019, compared to RMB3.1 billion in 4Q2018. 13 vessels were delivered in 4Q2019 compared to 11 vessels delivered in 4Q2018. Trading business generated revenue of RMB872 million in 4Q2019, compared to RMB1,068 million in 4Q2018. Revenue generated by other shipbuilding related businesses such as shipping logistics & chartering and ship design services was RMB261 million in 4Q2019, compared to RMB211 million in 4Q2018.

| Financial Highlights | 4Q2019 | 4Q2018 | Change | FY2019 | FY2018 | Change |
|---|-----------|-----------|--------|------------|------------|--------|
| | RMB'000 | RMB'000 | % | RMB'000 | RMB'000 | % |
| Revenue | 4,849,249 | 4,944,844 | (2) | 23,597,175 | 23,238,289 | 2 |
| Gross Profit | 903,749 | 688,726 | 31 | 4,328,554 | 4,111,776 | 5 |
| Gross Profit Margin | 19% | 14% | - | 18% | 18% | - |
| Expenses^ | 215,775 | 18,567 | n.m. | 826,922 | 802,728 | 3 |
| Other Income | 189,053 | 154,514 | 22 | 441,788 | 396,028 | 12 |
| Other gains, net | 6,903 | 276,089 | (97) | 125,948 | 290,946 | (57) |
| Net Profit Attributable to Equity Holders | 642,323 | 912,080 | (30) | 3,105,069 | 3,070,345 | 1 |
| PATMI Margin | 13% | 18% | - | 13% | 13% | - |

[^]Expenses include finance expenses and administrative expenses, which include impairment loss
n.m.: not meaningful

The Group's debt investment at amortised costs decreased slightly to RMB14.4 billion as at 31 December 2019 compared to RMB14.8 billion as at 31 December 2018. Net interest income from investment segment was RMB407 million in 4Q2019, compared to RMB496 million in 4Q2018.

Gross profit margin for core Shipbuilding business was at 12% for 4Q2019, compared to 9% for 4Q2018. Gross profit margin at Group level was 19% in 4Q2019, compared to 14% in 4Q2018.

| Balance Sheet (RMB'000) | 31 Dec 2019 | 31 Dec 2018 |
|-------------------------------------|-------------|-------------|
| Property, Plant and Equipment | 5,678,063 | 5,162,755 |
| Restricted Cash | 17,049 | 208,756 |
| Cash & Cash Equivalents | 10,183,019 | 6,594,143 |
| Debt Investment at Amortised Costs | 14,428,382 | 14,810,376 |
| Total Borrowing | 5,032,932 | 4,043,981 |
| Total Equity | 32,054,525 | 29,818,399 |
| Gross Gearing (Borrowings / Equity) | 15.7% | 13.6% |
| Net gearing* | Net cash | Net cash |

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

The Group reported net profit of RMB760 million for 4Q2019, 3% higher than that of 4Q2018. However, non-controlling interests, primarily in relation to the interests of the minority shareholder of the Group's Xinfu yard, was RMB117 million for 4Q2019 compared to a loss of RMB177 million for 4Q2018. Due to this difference, Group's net profit attributable to shareholders was RMB642 million for 4Q2019 compared to RMB912 million for 4Q2018.

Group maintained a strong financial position with net cash as at 31 December 2019. Net asset value per share increased to RMB7.94 as at 31 December 2019 from RMB7.38 as at 31 December 2018.

Group proposed final dividend of 4.5 Singapore cents for FY2019, representing a payout of 29% based on the fully diluted earnings per share of 78.88 RMB cents for FY2019.

REVIEW / OUTLOOK / FUTURE PLANS

The shipbuilding market remained challenging in 2019. With the weak economic outlook, the trade tension and the IMO rule on sulphur emission, most of the shipowners cut or postponed their investment in new vessels. Global new shipbuilding orders declined by 31% in DWT terms in 2019 compared to 2018, while global shipbuilding delivery increased by 22%. As a result, global outstanding order book continued to decline and at the beginning of 2020, reached the lowest level since 2004.

In 2019, the Group secured new orders for 21 vessels with total contract value of USD830 million. These new orders include 7 units of 82,000DWT bulk carrier, 4 units of 31,800DWT Great Lakes bulk carriers and 4 units of 325,000DWT bulk carriers, 1 unit of 29,800DWT self-loading vessel, 2 units of 83,500DWT combination carrier, 1 unit of 157,000DWT oil tanker and 2 units of 13,000DWT dual fuel chemical tankers. As at 31 December 2019, the Group had an outstanding order book of USD2.9 billion for 75 vessels. These orders will keep the Group's yard facilities at a healthy utilization rate up to 2021 and provide a stable revenue stream for at least the next 1.5 years. Year to date in 2020, the Group has secured new contracts for 4 vessels worth USD104 million.

Since Yangzi-Mitsui Shipbuilding Co., Ltd. (YAMIC) commenced operations in 2019, it has made good progress on ramping up the construction of certain bulk carriers and building up the equipment and capabilities for LNG-Carriers related business. The Group remains positive on the long-term growth potential of high-tech, clean-energy vessels.

***“As the market struggled to cope with the challenges imposed by weak economic growth, trade uncertainties and new rules on emission standards, the current coronavirus situation in China and many other countries exacerbated the adversities for the shipping and shipbuilding industries. While visibility remains limited as many market dynamics evolve, we are doing our utmost to prevent the coronavirus fiasco from affecting the yards and production activities. We will also optimize production resources to minimize any disruption to the delivery schedule.*”**

Yangzijiang's operations have become increasingly efficient over the past years, giving us the resilience and preparedness in dealing with unforeseen situations. With our outstanding order

book, strong financial position and a stable management team, we remain confident of our ability to continue to build and deliver high-quality vessels. Our strategic partnership with Mitsui holds long-term value to the Group, and we remain committed to growing our capabilities in building LNG-related and other clean energy vessels.”

*---- Mr. Ren Letian (任乐天), Chief Executive Officer
Yangzijiang Shipbuilding (Holdings) Ltd.*

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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