



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

Yangzijiang reports RMB702 million earnings for 3Q2019

- **With 13 vessels delivered in 3Q2019, core shipbuilding revenue increased by 19% to RMB3.2 billion**
- **Core shipbuilding gross margin was 14% for 3Q2019 compared to 20% for 3Q2018 due to higher raw material and labour costs**
- **New order momentum picked up in the second half of 2019 as Group won new contracts for 11 vessels worth USD487 million**
- **Group’s joint venture company, Yangzi-Mitsui Shipbuilding Co., Ltd. started operation in August, opening charter for next phase of growth**

SINGAPORE – 13 November 2019 – Yangzijiang Shipbuilding (Holdings) Ltd. (“Yangzijiang” or the “Group”), a globally-leading shipbuilding group based in China, and an Straits Times Index component company listed on the SGX Main Board, reported net profit attributable to shareholders of RMB702 million for the three months ended 30 September 2019 (“**3Q2019**”).

Financial Analysis

Group’s total revenue increased by 1% year-on-year (“yoy”) to RMB5.4 billion in 3Q2019. In the shipbuilding related segment, core shipbuilding generated revenue of RMB3.2 billion in 3Q2019, compared to RMB2.7 billion in 3Q2018. 13 vessels were delivered in 3Q2019 compared to 6 vessels delivered in 3Q2018. Trading business generated revenue of RMB1.5 billion in 3Q2019, compared to RMB2.1 billion in 3Q2018. Revenue generated by other shipbuilding related businesses such as shipping logistics & chartering and ship design services was RMB186 million in 3Q2019, compared to RMB149 million in 3Q2018.

Financial Highlights	3Q2019	3Q2018	Change	9M2019	9M2018	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	5,423,876	5,366,685	1	18,747,926	18,293,445	2
Gross Profit	1,059,814	1,001,636	6	3,424,805	3,423,050	0.05
Gross Profit Margin	20%	19%	-	18%	19%	-
Expenses [^]	189,588	471,260	(60)	611,147	1,013,409	(40)
Other Income	70,412	109,099	(35)	252,735	241,514	5
Other gains, net	(44,455)	284,491	n.m.	119,045	454,484	(74)
Net Profit Attributable to Equity Holders	702,260	778,629	(10)	2,462,746	2,368,644	4
PATMI Margin	13%	15%	-	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 increased to RMB14.9 billion as at 30 September 2019 compared to RMB14.8 billion as at 31 December 2018. Interest income from investment segment was RMB558 million in 3Q2019, compared to RMB389 million in 3Q2018.

Gross profit margin for core Shipbuilding business was at 14% for 3Q2019, compared to 20% for 3Q2018. Gross profit margin at Group level was 20% in 3Q2019, compared to 19% in 3Q2018.

Balance Sheet (RMB'000)	30 Sep 2019	31 Dec 2018
Property, Plant and Equipment	5,773,095	5,162,755
Restricted Cash	11,374	208,756
Cash & Cash Equivalents	9,222,646	6,594,143
Debt Investment at Amortised Costs	14,851,777	14,810,376
Total Borrowing	5,058,757	4,043,981
Total Equity	31,109,725	29,580,257
Gross Gearing (Borrowings / Equity)	16.3%	13.7%
Net gearing*	Net cash	Net cash

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

The Group delivered net profit attributable to shareholders of RMB702 million in 3Q2019 compared to RMB779 million in 3Q2018. Fully diluted earnings per share was RMB17.84 cents for 3Q2019, compared to RMB19.73 cents for 3Q2018¹.

¹ Based on the weighted average outstanding number of ordinary shares of 3,936,138,826 and 3,946,848,139 for 3Q2019 and 3Q2018 respectively

Group maintained a strong financial position with a net cash position as at 30 September 2019. Net asset value per share increased to RMB7.72 as at 30 September 2019 from RMB7.32 as at 31 December 2018.

REVIEW / OUTLOOK/ FUTURE PLANS

Global new shipbuilding orders declined by 44% in DWT terms in the first nine months in 2019 compared to the same period in 2018². The decline was primarily due to the uncertainties related to global trade, weak global economic outlook and shipowners taking time to firm up their plans to cope with the IMO 2020 rules on emission. At the same time, global shipbuilding delivery increased by 17% in DWT terms in the first nine months in 2019 compared to that of 2018. The slower pace of new order placement and higher delivery volume led to a marginally lower outstanding order book globally as of September 2019 compared to January 2019.

Further to the 5 new orders³ that the Group secured in the first half of 2019 amid an overall weak market, new order momentum picked up in recent months. In the second half year so far, the Group has further secured 11 new shipbuilding orders with a total contract value of USD487 million, which includes 3 units of 82,000DWT bulk carrier, 4 units of 31,800DWT Great Lakes bulk carriers and 4 units of 325,000DWT bulk carriers. Year to date, the Group secured new orders for 16 vessels with total contract value of USD696 million. As at 13 November 2019, with an outstanding order book of USD3.18 billion for 83 vessels, Yangzijiang was ranked no.1 in China and no. 5 in the world. 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.

The trade tension and the weak economic outlook will continue to weigh on shipping demand. Shipowners will need to consider the cost of low-sulphur fuel, time taken to install scrubbers, age of old vessels, cost of new vessels, among other factors, before making a decision on order placement. On a positive note, research suggested that new order momentum could pick up as the market adapts to new dynamics, especially as shipowners decide to scrap more older vessels and renew their fleet with environmentally friendly ones.

“The emphasis, care and efforts towards environment and sustainability has become an important theme in the shipbuilding industry. While the IMO2020 rule requires shipowners to adapt to some new market dynamics, which affected the pace of new order inflow, we believe that the rule will eventually lead to the long-term benefits for people and the environment. As the industry increasingly embraces clean-energy vessels, our joint venture company, Yangzi-

² http://www.eworldship.com/html/2019/NewShipMarket_1026/153672.html

³ As announced on 5 August 2019

Mitsui Shipbuilding Co., Ltd. started operations in August. Mitsui's expertise in the design and construction of green vessels and its relentless pursuit of high-quality standards will add tremendous value to Yangzijiang's next phase of growth, as we continue to create value for our customers and shareholders."

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

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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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