



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



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

**Corporate Presentation**

November 2019

# Disclaimer

The presentation is prepared by Yangzijiang Shipbuilding (Holdings) Ltd. (the “Company”) and is intended solely for your personal reference and is strictly confidential. The information contained in this presentation is subject to change without notice, its accuracy is not guaranteed and it may not contain all material information concerning the Company. Neither the Company nor any of its affiliates, advisors or representatives make any representation regarding, and assumes no responsibility or liability whatsoever (in negligence or otherwise) for, the accuracy or completeness of, or any errors or omissions in, any information contained herein nor for any loss howsoever arising from any use of these materials. By attending this presentation, you are agreeing to be bound by the restrictions set out below. Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

The information contained in these materials has not been independently verified. No representation or warranty, expressed or implied, is made as to, and no reliance should be placed on the fairness, accuracy, completeness or correctness of, the information or opinions contained herein. It is not the intention to provide, and you may not rely on these materials as providing, a complete or comprehensive analysis of the Company's financial or trading position or prospects. The information and opinions contained in these materials are provided as at the date of this presentation and are subject to change without notice. None of the underwriters nor any of their respective affiliates, advisors or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of these materials.

In addition, the information contains projections and forward-looking statements that reflect the Company's current views with respect to future events and financial performance. These views are based on a number of estimates and current assumptions which are subject to business, economic and competitive uncertainties and contingencies as well as various risks and these may change over time and in many cases are outside the control of the Company and its directors. No assurance can be given that future events will occur, that projections will be achieved, or that the Company's assumptions are correct. Actual results may differ materially from those forecast and projected.

This presentation and such materials is not and does not constitute or form part of any offer, invitation or recommendation to purchase or subscribe for any securities and no part of it shall form the basis of or be relied upon in connection with any contract, commitment or investment decision in relation thereto. This document may not be used or relied upon by any other party, or for any other purpose, and may not be reproduced, disseminated or quoted without the prior written consent of the Company.

Any investment in any securities issued by the Company or its affiliates should be made solely on the basis of the final offer document issued in respect of such securities.

Relaying copies of this presentation to other persons in your company or elsewhere is prohibited.

These materials are not for distribution, directly or indirectly, in or into the United States, Canada or Japan.

These materials are not an offer of securities for sale into the United States, Canada or Japan. The securities may not be offered or sold in the United States under the U.S. Securities Act of 1933, as amended, unless they are registered or exempt from registration. There will be no public offer of securities in the United States.





# SECTION I

## COMPANY OVERVIEW



# Introduction

Established in 1956

Listed on SGX-Main board since April 2007

STI constituent stock

The largest Chinese listed entity on SGX

Annual shipbuilding capacity of  
6 million DWT

Global top 10 by outstanding order book  
No. 1 in China and No.5 in the world\*

\* According to Clarksons, as of end of September 2019

# Business Overview

Shipbuilding related businesses contribute around 90% of Group's revenue



## Containerships

- All sizes up to 12,690 TEU
- Breakthrough technologies
- Strong client base globally



## Dry Bulkers

- All sizes up to 400,000 DWT
- Outstanding fuel efficiency
- Strong client base globally



## LNG Carriers

- Delivered two 27,500 CBM LNG carriers in 2017
- Set up JV and acquire stakes to build up the design, construction, shipping and terminal capabilities



# Strategically Located Yards





# Competitive Strengths

## Excellent Track Record

- Reliable quality
- On-time deliveries
- Repeat customers

## Reputable Clientele

- Top ship owners globally
- Stable, long-term relationships
- Foundation of healthy order inflow and good-quality orderbook

A  
Virtuous  
Circle

## Outstanding Efficiency

- Established management and operational system
- Stringent deployment of resources and management of work flow

## Financial Strength

- Economies of scale
- Cost efficiency over peers
- Financially self sufficient in a capital-intensive industry



## SECTION II

# FINANCIAL HIGHLIGHTS





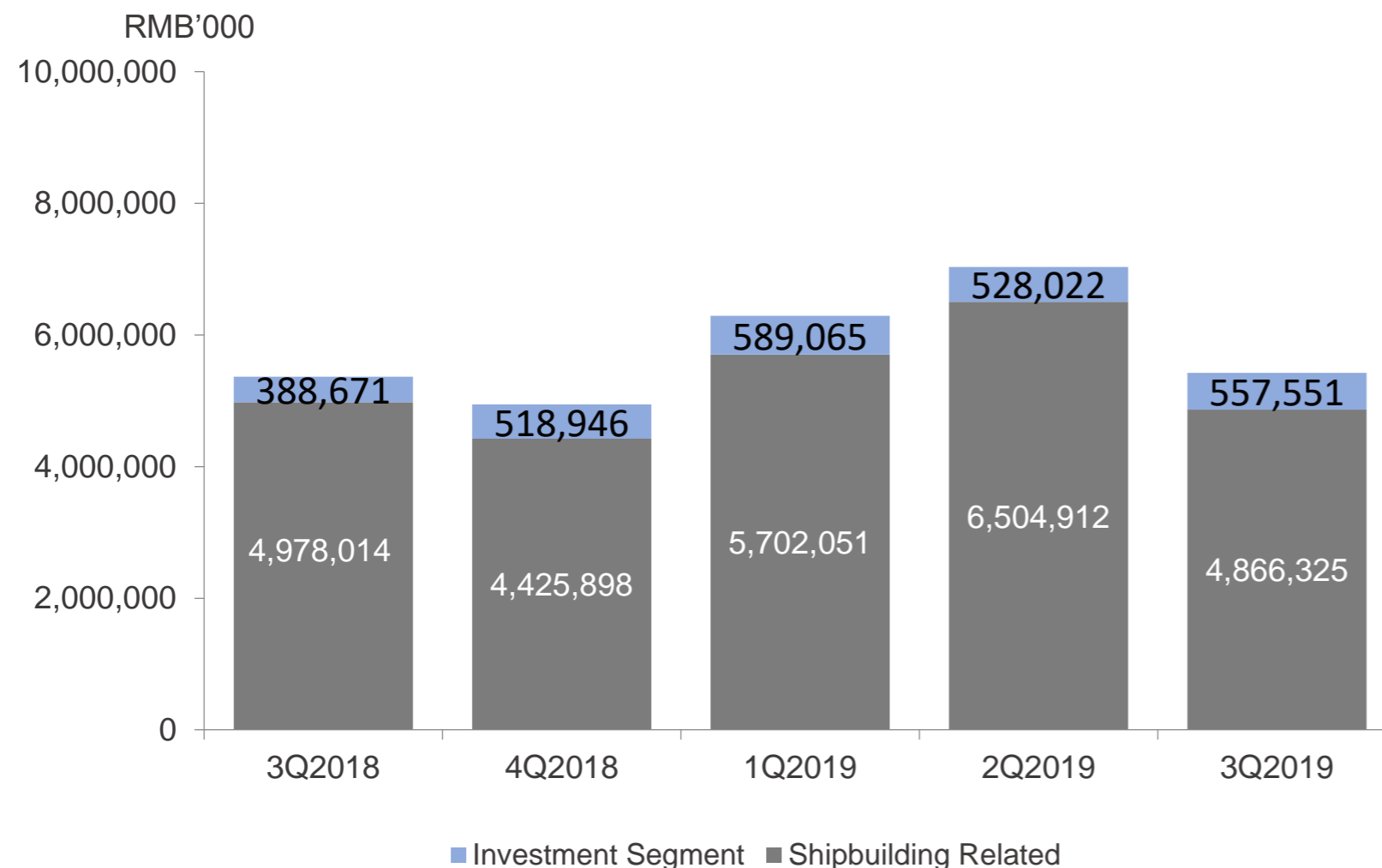
# Results Highlight – Income Statement

| Financial Highlights                                     | 3Q2019       | 3Q2018       | Change | Comments   |
|--|--------------|--------------|--------|--|
|  | RMB'000      | RMB'000      | %      |  |
| <b>Revenue</b>   | 5,423,876    | 5,366,685    | 1      | 13 vessels delivered 3Q2019 vs 6 vessels in 3Q2018. Higher revenue from core shipbuilding and other shipbuilding related business and lower revenue from trading business                                      |
| <b>Gross Profit</b>                                      | 1,059,814    | 1,001,636    | 6      | Core shipbuilding margin was 14% in 3Q2019 vs 20% in 3Q2018, due to higher raw material and labour costs   |
| <b>Gross Profit Margin</b>                               | 19.5%        | 18.7%        | -      |  |
| <b>Other Income</b>                                      | 70,412       | 109,099      | (35)   | Lower interest income and dividend income  |
| <b>Other (Loss)/Gains, net</b>                           | (44,455)     | 284,491      | n.m    | Foreign exchange loss of RMB27 million and fair value loss of RMB47 million on derivative financial instruments, offset by RMB19 million subsidy income, and gain from sale of scrap material of RMB13 million |
| <b>Expenses #</b>  | 189,588      | 471,260      | (60)   | Lower impairment loss of debt investment at amortized cost, lower finance costs  |
| <b>Net Profit Attributable to Equity Holders (PATMI)</b> | 702,260      | 778,629      | (10)   |  |
| <b>PATMI Margin</b>                                      | <b>12.9%</b> | <b>14.5%</b> | -      |  |

#: Expenses include finance expenses and administrative expenses, which include impairment loss



# Revenue Breakdown



| Shipbuilding Related Revenue Breakdown (3Q2019) | Percentage (%) |
|---|----------------|
| Shipbuilding                                    | 66%            |
| Trading   | 30%            |
| Others*   | 4%             |
| <b>Total</b>                                    | <b>100%</b>    |

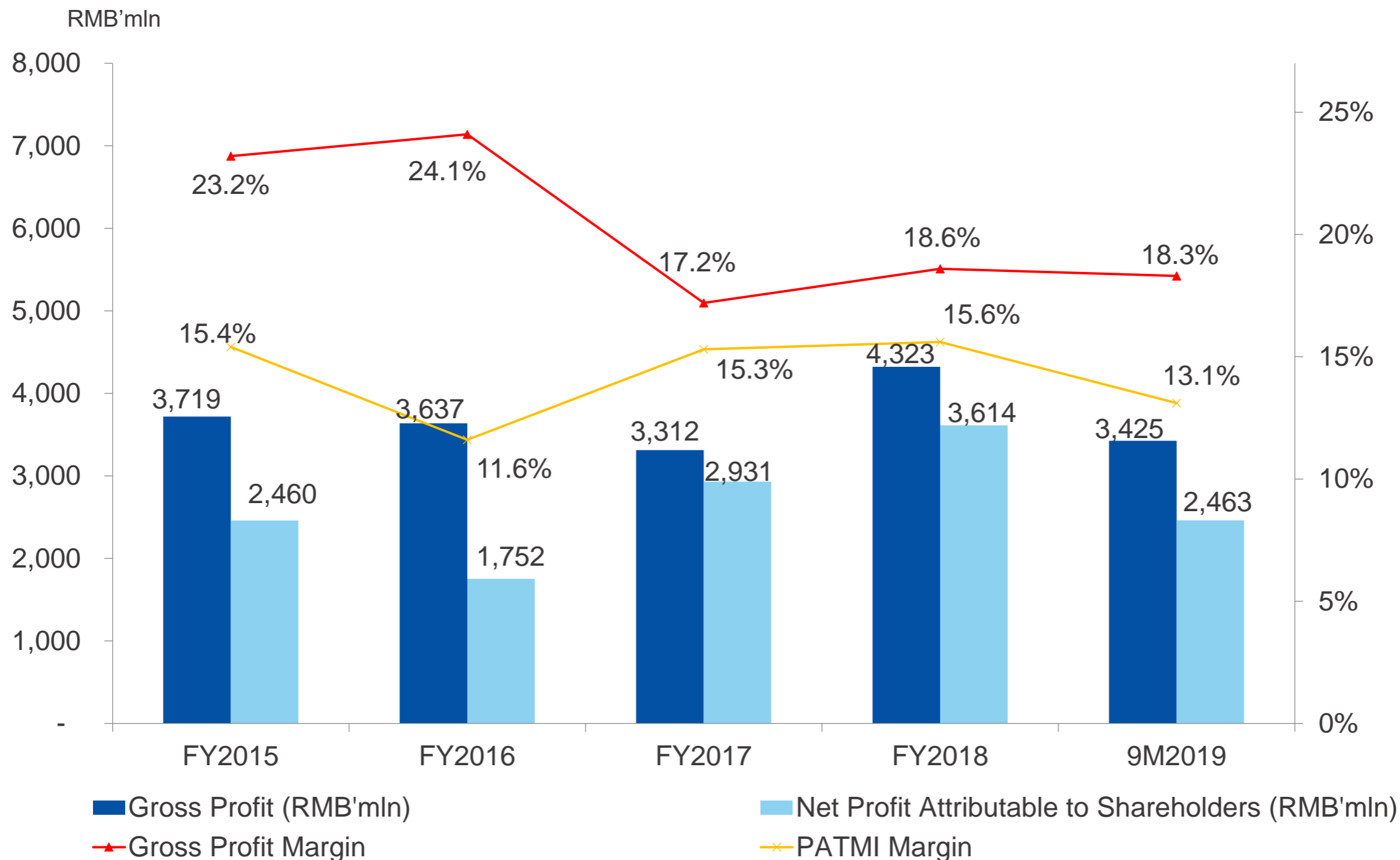
\* Includes revenue from shipping logistics and chartering and ship design services etc.

| RMB'000              | Gross Profits |         | Gross Profit Margins |        |
|----------------------|---------------|---------|----------------------|--------|
|                      | 3Q2019        | 3Q2018  | 3Q2019               | 3Q2018 |
| Shipbuilding Related | 528,143       | 628,349 | 11%                  | 13%    |
| Investment Segment   | 531,671       | 373,287 | 95%                  | 96%    |



# Profitability Trend

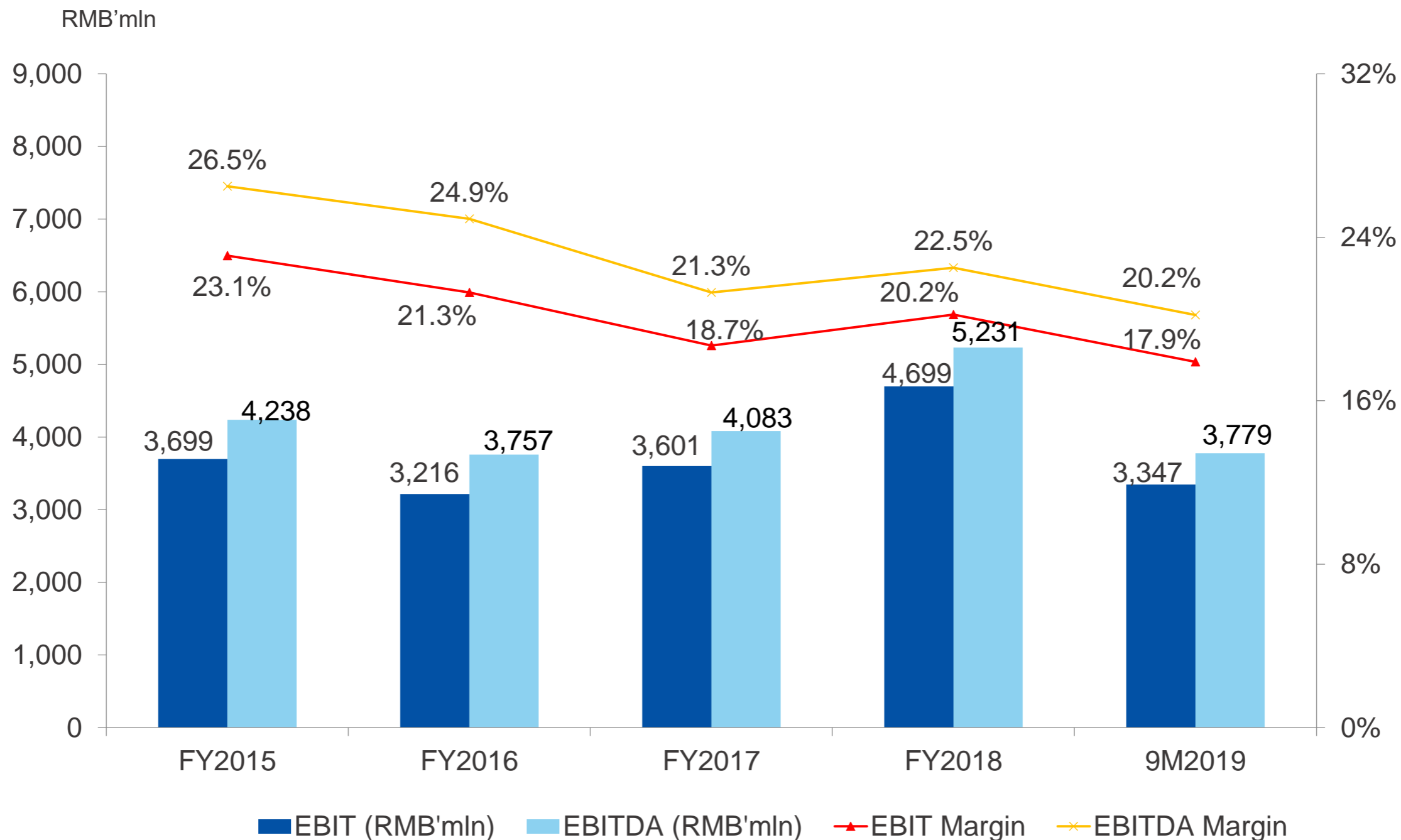
## Gross Profit and Net Profit Attributable to Shareholders





# Profitability Trend

## EBIT AND EBITDA





# Results Highlight – Balance Sheet

| Financial Highlights                           | 30 Sep 2019 | 31 Dec 2018 |
|--|-------------|-------------|
|  | RMB'000     | RMB'000     |
| 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 Investments at Amortised Costs            | 14,851,777  | 14,810,376  |
| Total Debt                                     | 5,058,757   | 4,043,981   |
| Total Equity                                   | 31,109,725  | 29,580,257  |
| Gross Gearing                                  | 16.3%       | 13.7%       |
| Net Gearing (including Restricted Cash)        | Net Cash    | Net Cash    |
| Net Asset Value per Ordinary Share (RMB cents) | 772.33      | 731.91      |



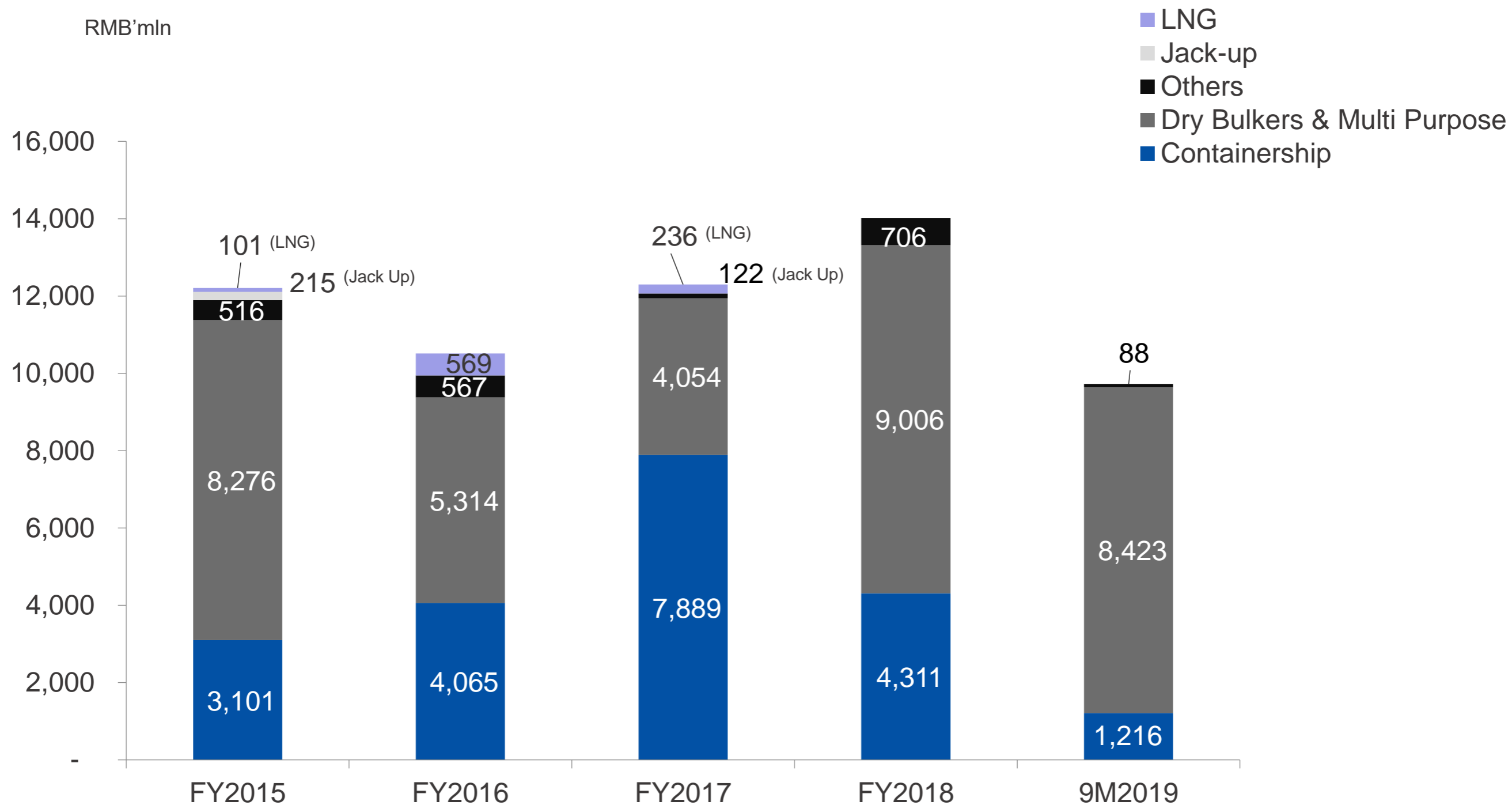
## **SECTION III SEGMENTAL REVIEW**

**Shipbuilding &  
Related Segments**



# Revenue Trend

## Shipbuilding Revenue Breakdown



# Overview of Order Book

**83 vessels**

**US\$3.18 billion contract value**

**3.56 million CGT**

**Delivery: 2019 - 2021**

## Containerships

24 units

Total CGT – 0.99 million

Total value – US\$0.93 billion

- 1,800TEU x 6 vessels
- 2,200TEU x 3 vessels
- 2,400TEU x 6 vessels
- 2,700TEU x 4 vessels
- 12,690TEU x 5 vessels

## Bulk Carriers

58 units

Total CGT – 2.54 million

Total value – US\$2.21 billion

- 29,800DWT x 1 vessels
- 31,800DWT x 4 vessels
- 45,000DWT x 4 vessels
- 62,000DWT x 2 vessels
- 82,000DWT x 19 vessels
- 83,500DWT x 5 vessels
- 180,000DWT x 4 vessels
- 208,000DWT x 15 vessels
- 325,000DWT x 4 vessels

## Oil Tankers

1 unit

Total CGT – 0.04 million

Total value – US\$0.05 billion

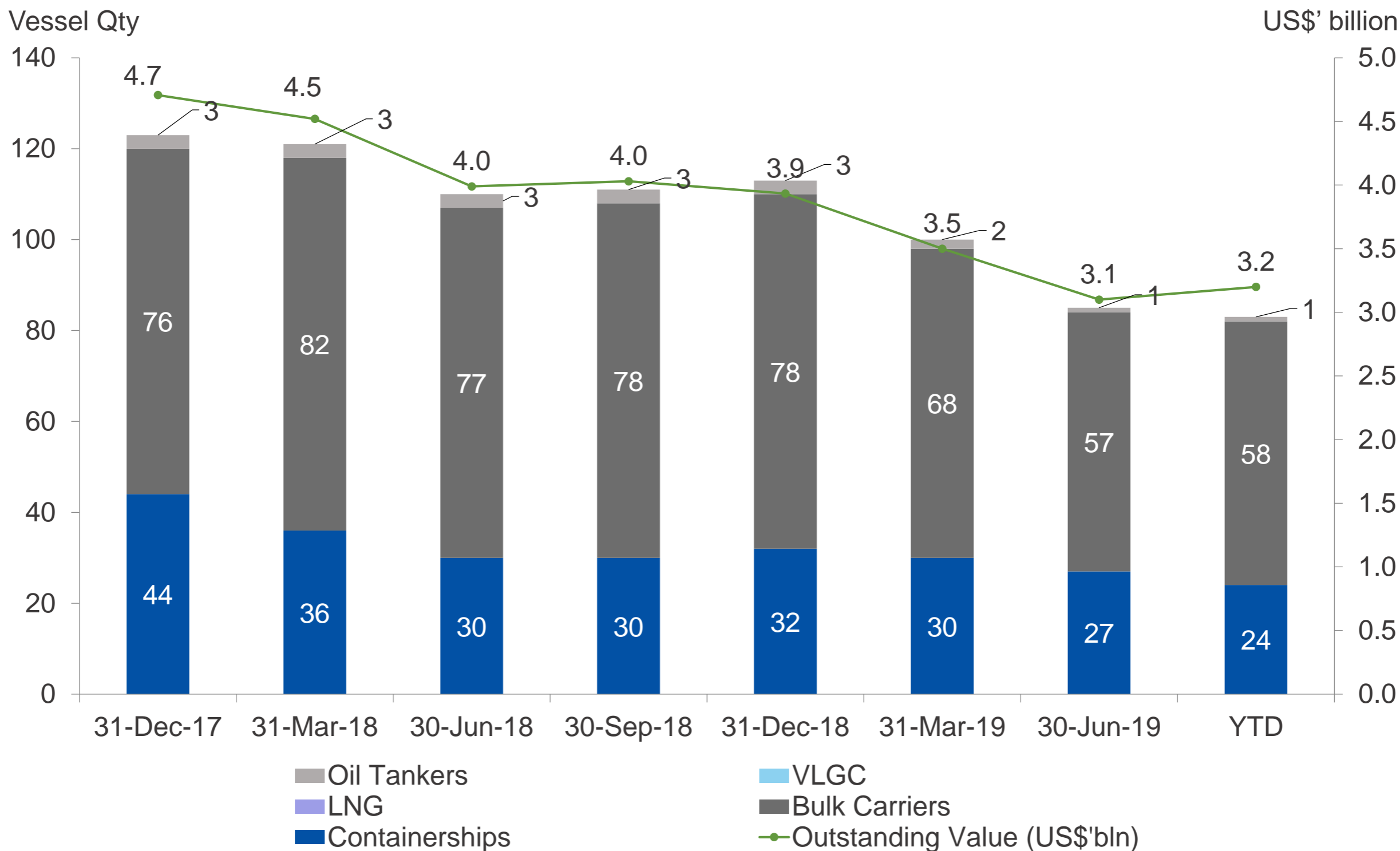
- 157,000CT x 1 vessel

**Note: Order book is as at  
 30September 2019**





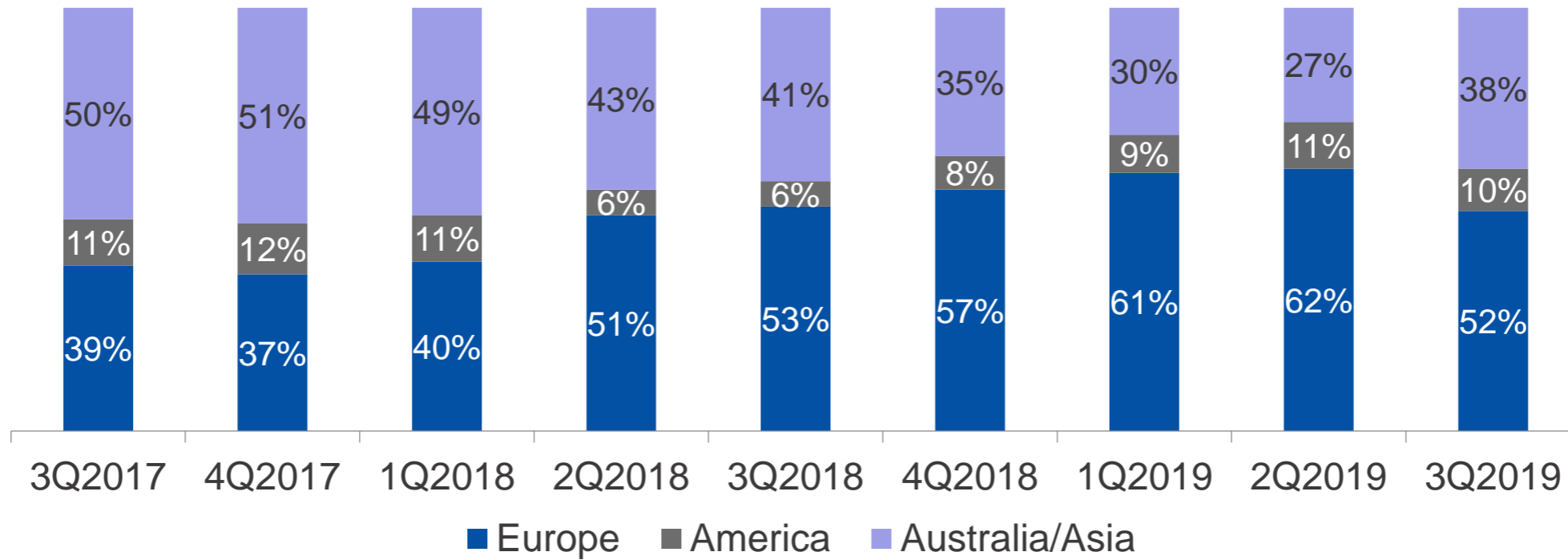
# Historical Order Book





# Order Book Customer Profile

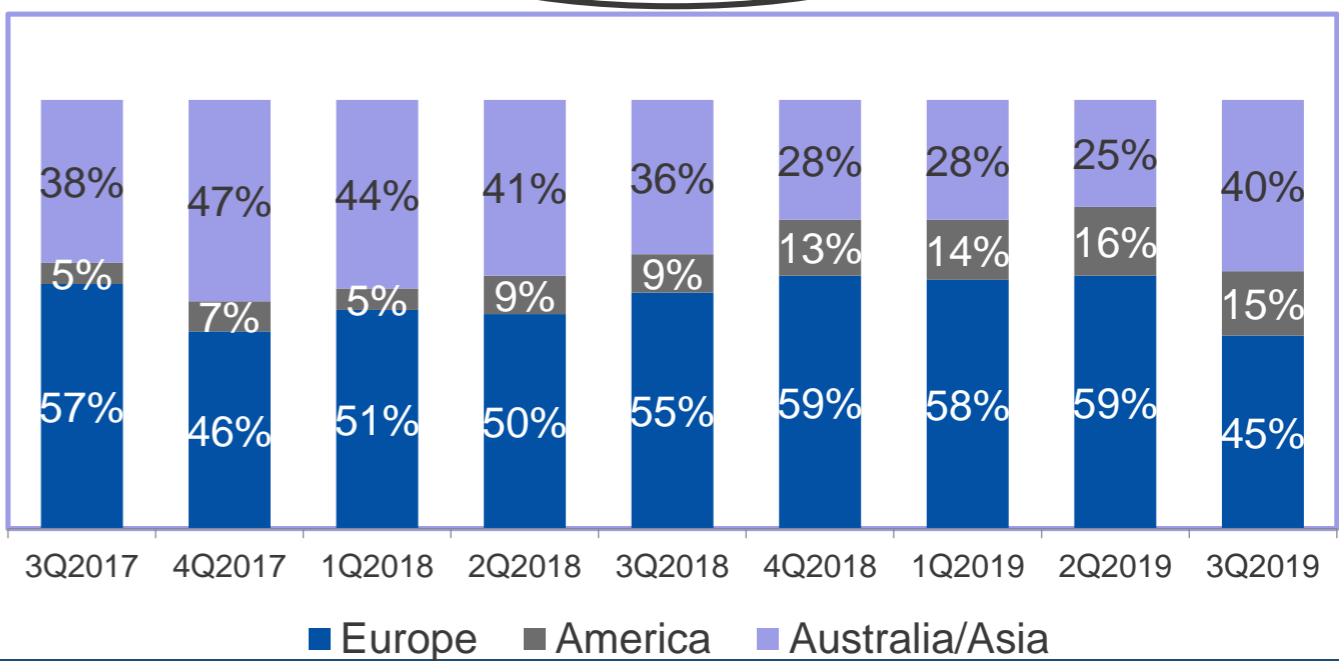
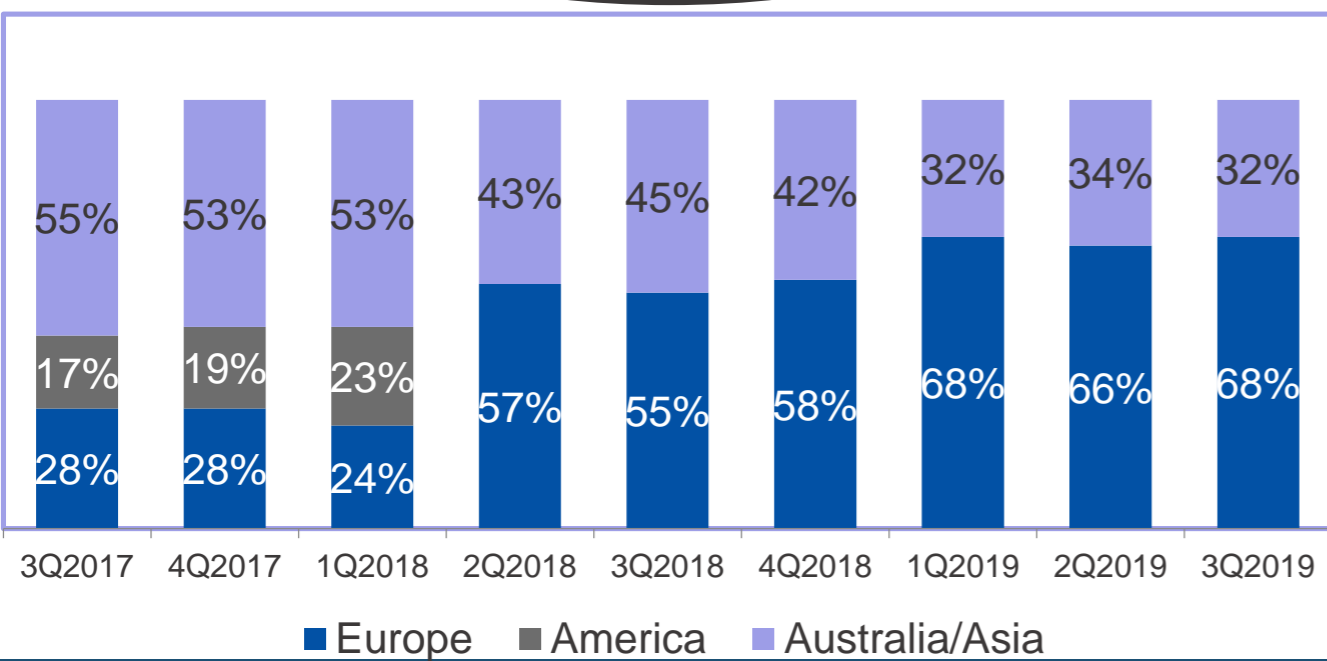
Figures are stated as at 30 Sep 2019



**Oil Tankers**  
1 order from Asia and 1 from Europe

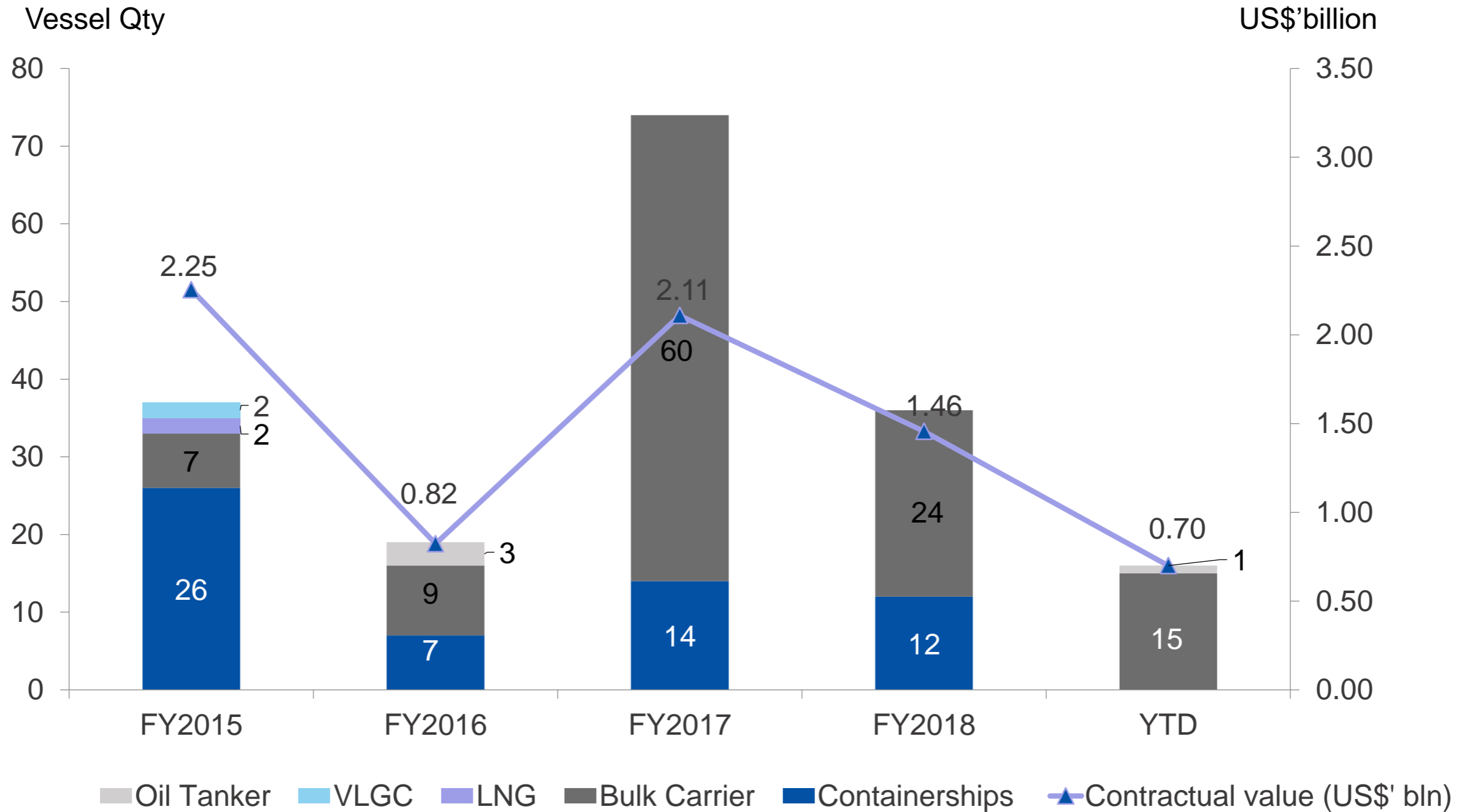
**Containerships**

**Bulk Carriers**



# Order-Winning Momentum

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





# Shipping and Chartering

## Strategy

- Leveraging on shipbuilding facilities, build and manage vessels and generate revenue
- To balance utilization
- A ready fleet to better meet shipowners' demand
- Flexible on fleet size and ready to sell when valuation is desirable
- **The current order book (slide 16) are all for external customers**

## Current fleet (self-managed)

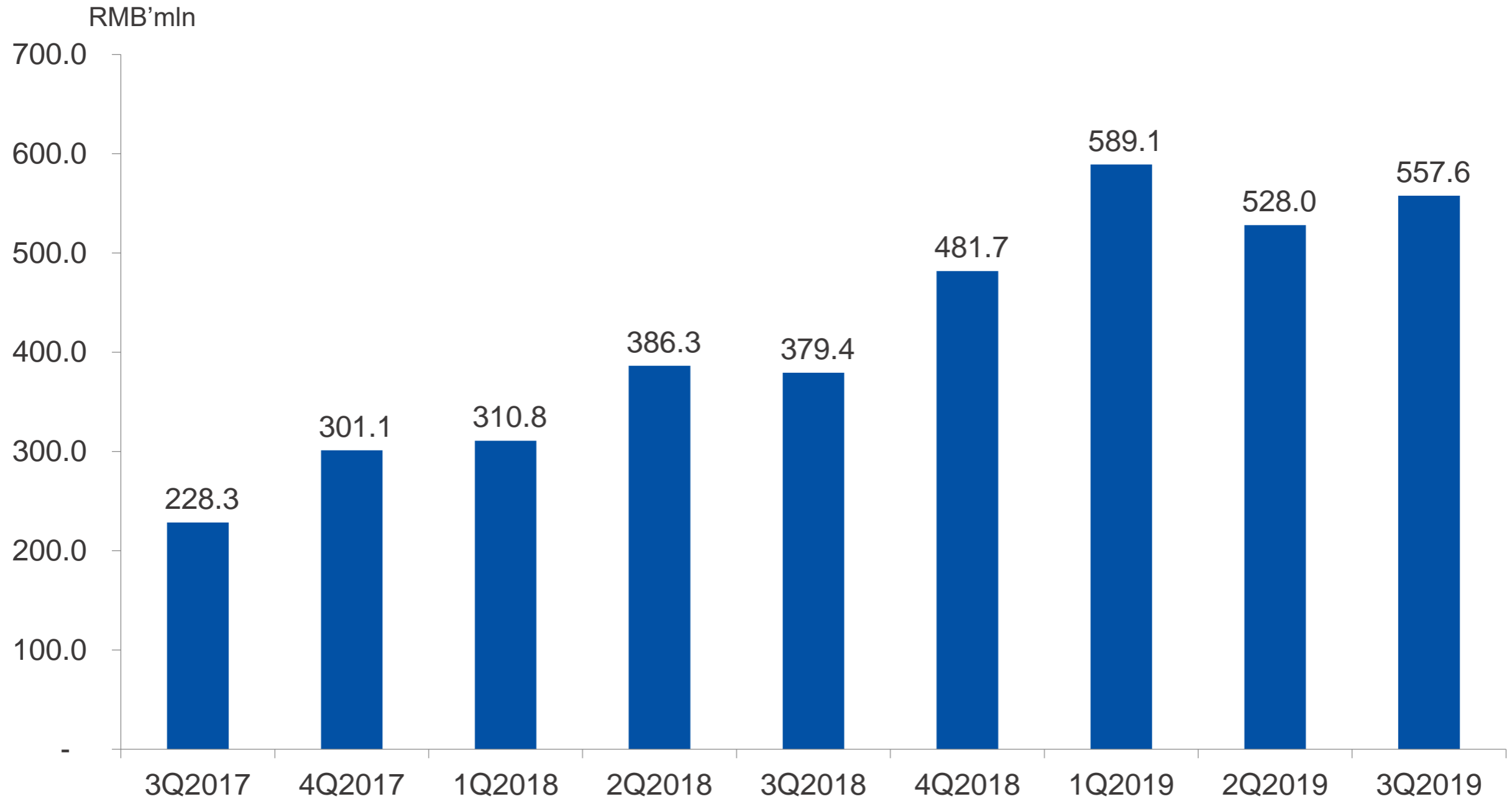
- 7 x 92,500DWT, bulk carriers
- 4 x 82,000DWT, bulk carriers
- 3 x 64,000DWT, bulk carriers
- 1 x 19,900DWT, stainless steel chemical tanker
- 1 x 12,000DWT, stainless steel chemical tanker
- 4 X 47,350DWT, bulk carriers
- 1 X 79,600DWT, bulk carrier
- 1 x 12,500MPV, multiple purpose vessel



## **SECTION III SEGMENTAL REVIEW**

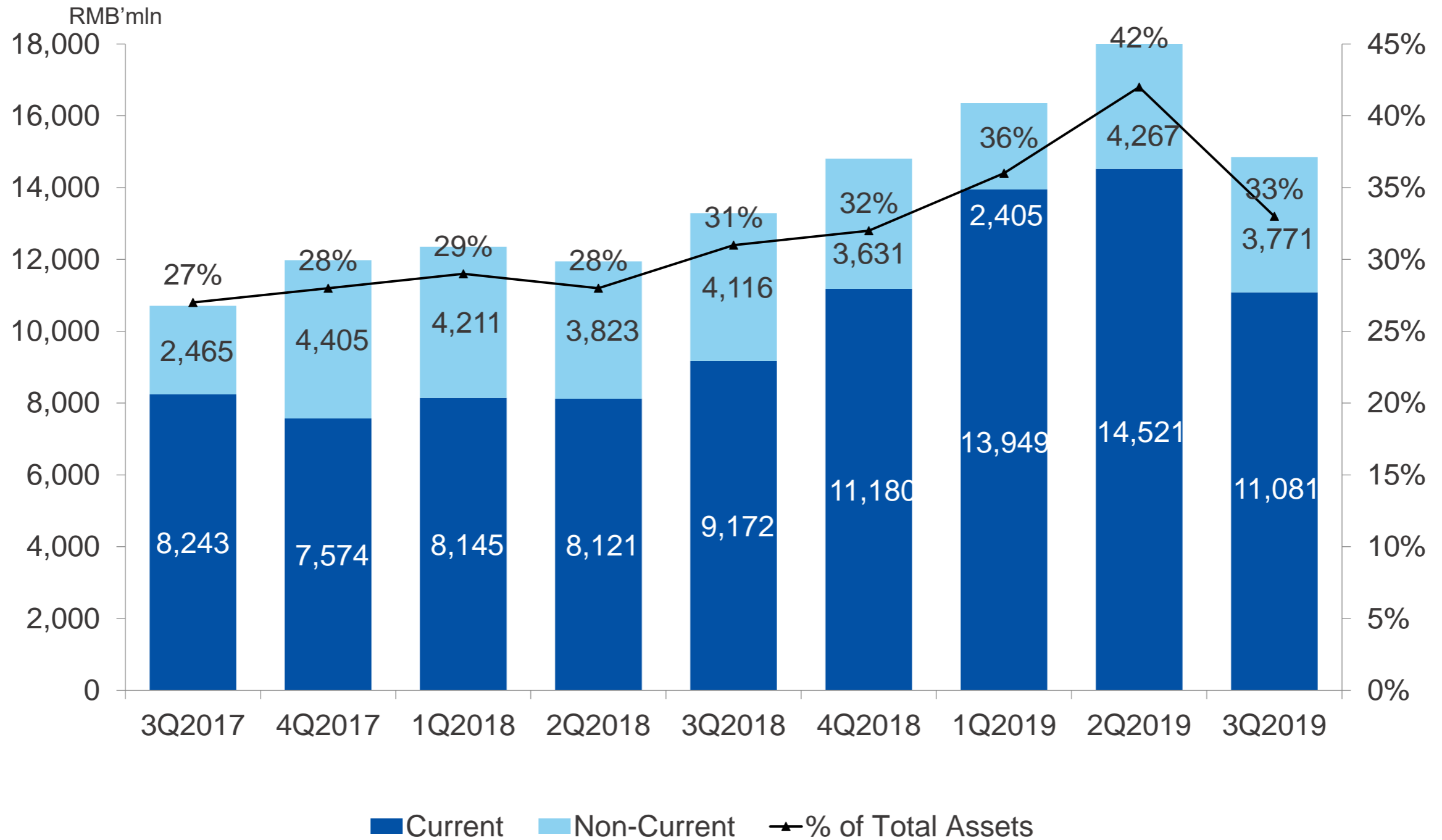
### **Financial Investments**

# Interest Income Investment Segment



Source: Company Data

# Outstanding Balance Debt Investments at Amortised Cost



Source: Company Data

# Debt Investment at Amortised Costs

## Investment Process



### Team

- A team of 40 people, consisting of professionals with extensive experience with banking, legal and auditing backgrounds

### Due Diligence

- Thorough due diligence based on the product proposal
- Vote by investment committee
- Legal review and opinion
- Project approval and fund disbursement
- Designated team monitor and review project status (coverage ratio, payment progress etc.) in weekly meetings

### Structure - Role of Trust Company

- Documentation
- Legal structure
- Safekeeping of collaterals

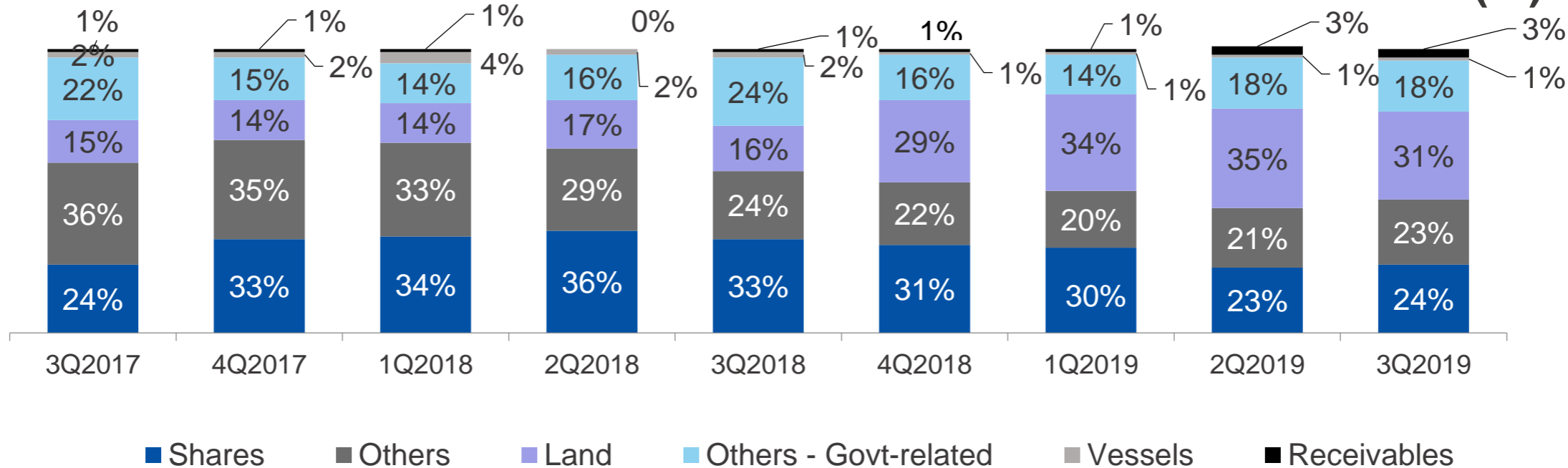
### Current Strategy

- Increase the 'current' portion in the portfolio for higher liquidity and tighter risk control
- Increase the requirement on collaterals and enhance coverage ratio when credit environment in China tightens

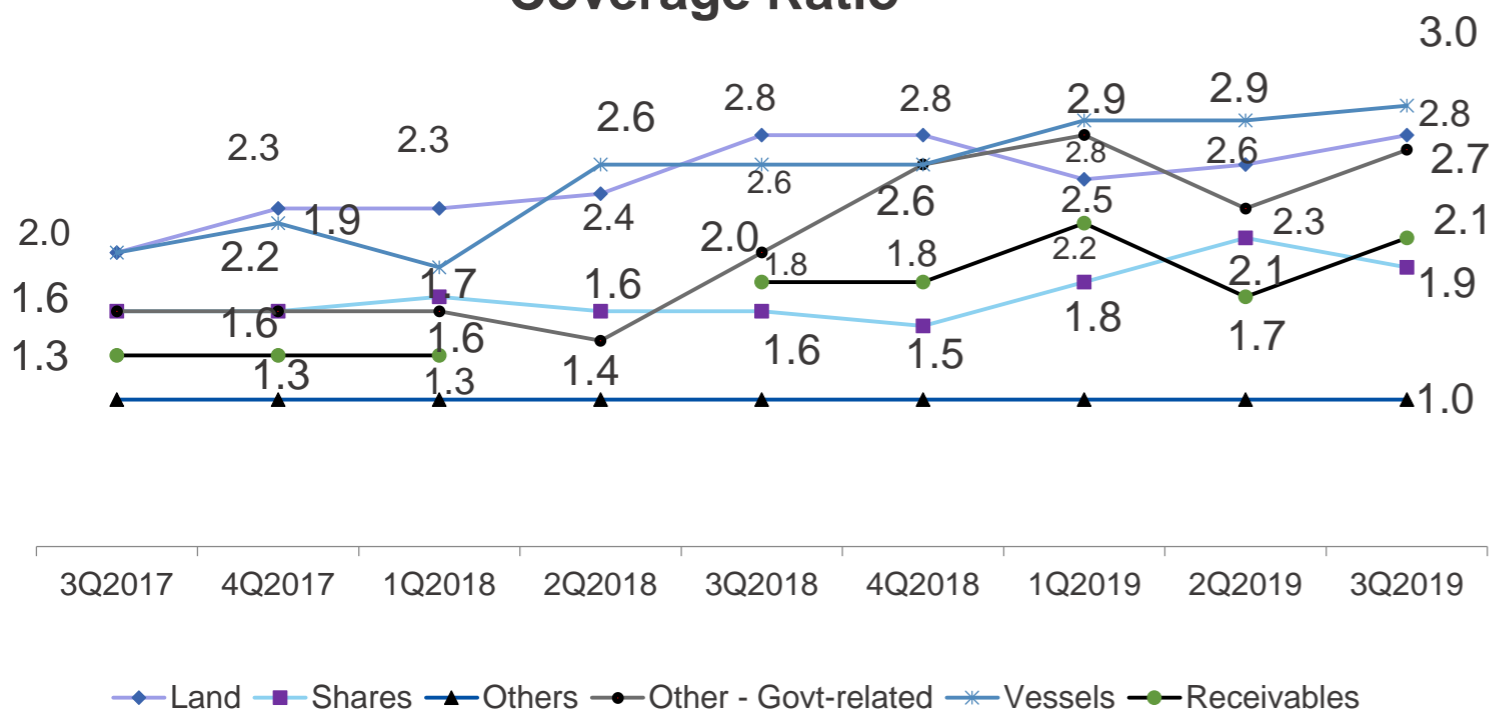


# Debt Investment at Amortised Costs

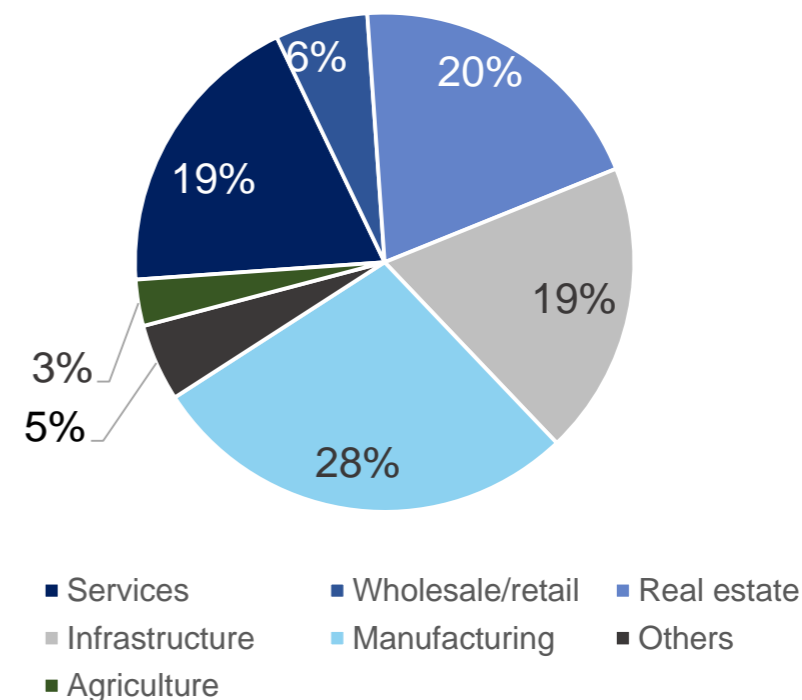
## Breakdown of Investment Amount for which collaterals are secured (%)



## Coverage Ratio



## Breakdown of Borrowers (3Q2019)





揚子江船業

## SECTION IV

# TRENDS & STRATEGIES

# Industry update

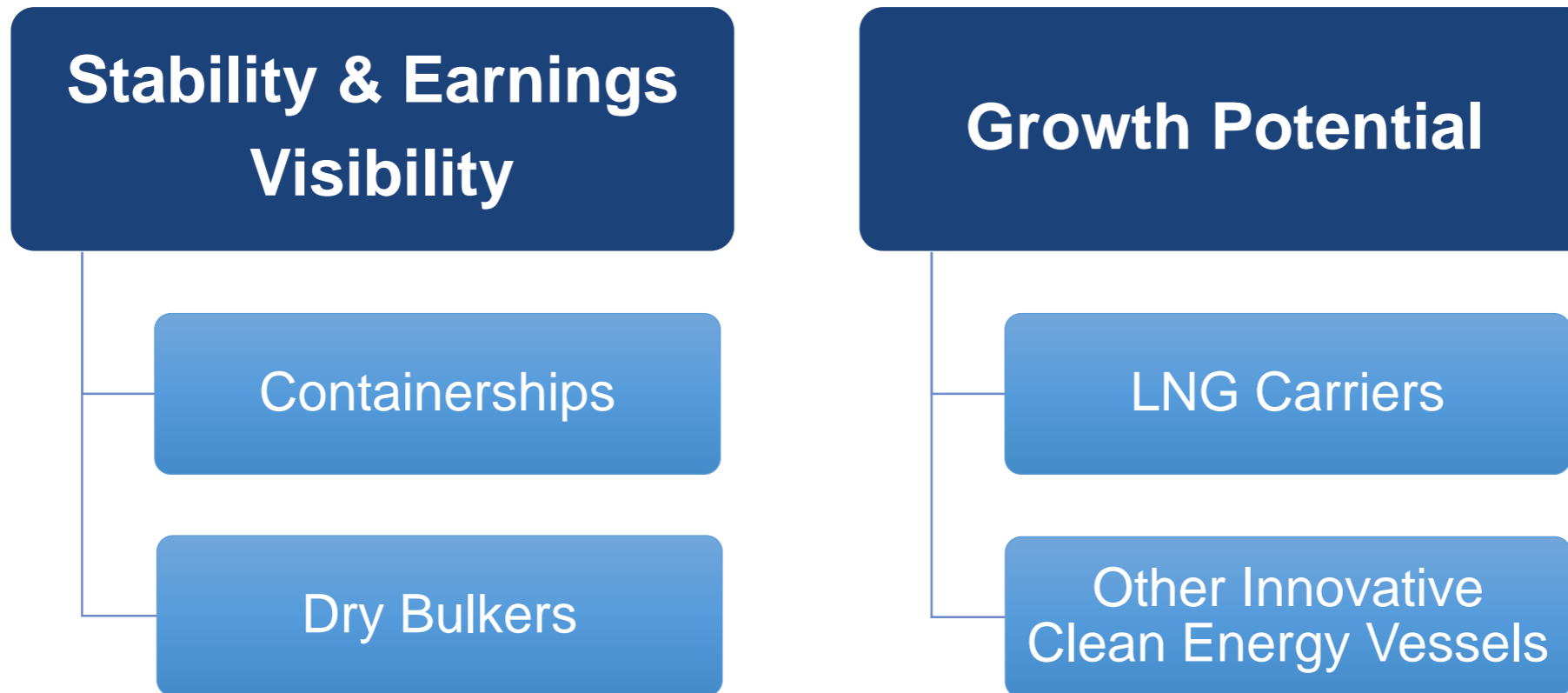
Industry research published in earlier 2019 suggested shipping demand growth to outpace supply for both containerships and dry bulkers in the near-mid term.

However -

- The Impending IMO2020 rule to certain extent disrupted the new order placement plan
  - Shipowners taking time to evaluate various options
- Trade tension and weak economic outlook weigh on shipping demand and sentiment
- In the near term, active vessel supply lowered due to
  - lengthened scrubber retrofit time
  - slower operating speeds
- In the mid-to-long term, demand expected to get support from
  - increased demolition and faster pace of recycling
  - demand for high-efficiency, green vessels



# Business Strategy



## Growing the LNG carrier business

### *Yangzi-Mitsui Shipbuilding Co., Ltd.*

- Operation started in August 2019
- Joint venture with Mitsui E&S Shipbuilding Co., Ltd. and Mitsui & Co., Ltd. of Japan
- Yangzijiang holds 51% stake in the JV
- Based at Taicang yard in Jiangsu, China

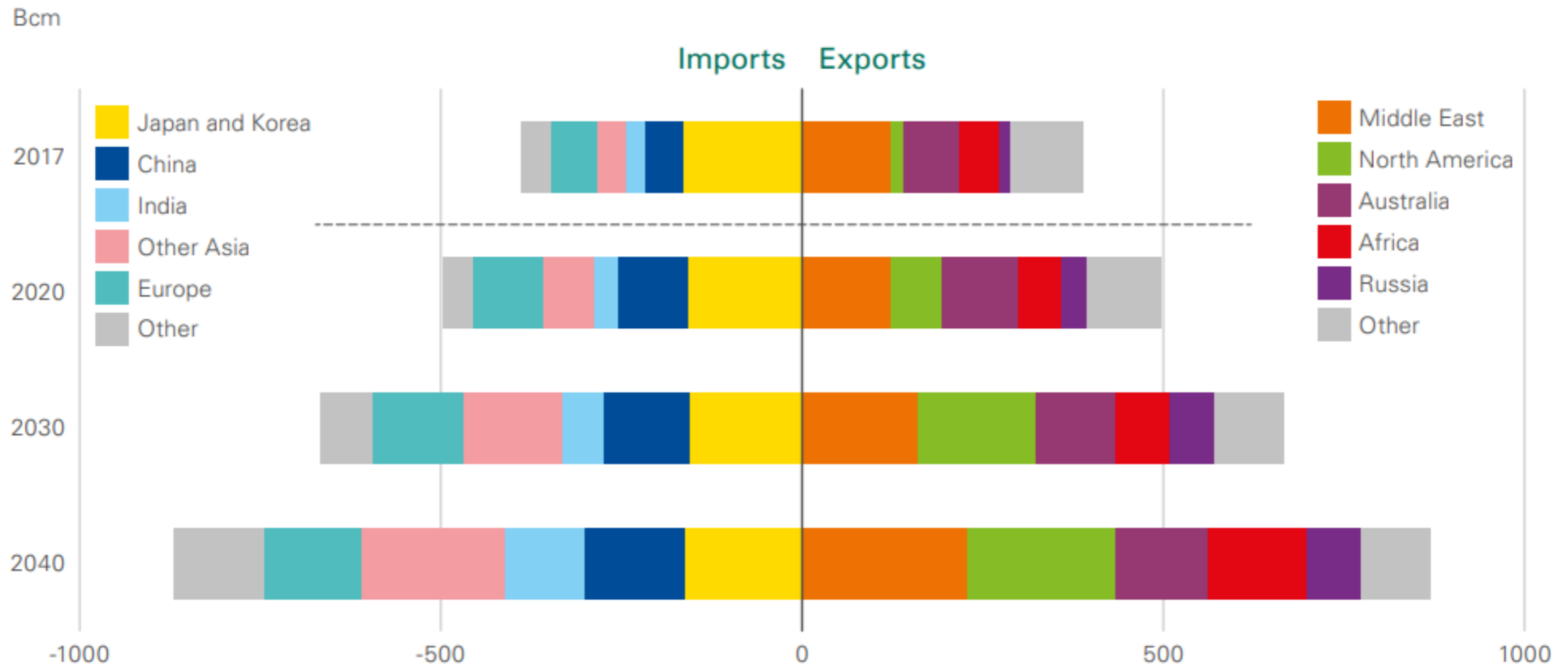
### *Odfjell Terminal (Jiangyin) Company Ltd*

- 16 July 2019: Group's acquisition of 55% stake
- Plans to upgrade the terminal for LNG handling
- Existing facilities located in the downstream of Yangtze River region

# LNG Carrier Outlook

Global LNG volumes are set to expand substantially, leading to a more competitive, globally integrated gas market. Asia remains the dominant market for LNG imports, whereas the increase in LNG exports is led by North America, followed by the Middle East, Africa and Russia.

LNG shipping demand will remain strong, and the size of the LNG carrier fleet is expected to catch up in the next few years.



Source: BP Energy Outlook, 2019



## SECTION V

# SOCIAL RESPONSIBILITY

# Corporate 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
- 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
- A FORTUNE China 500 company

# Corporate Responsibility

- Group Executive Chairman, Mr. Ren Yuanlin believes 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 Yuanlin Foundation primarily funds a charity for improving elderly service facilities; finances technological innovation, helps in disaster rescue and helps poor people. The Foundation has funded the operations for 20031 cataract patients, and the cataract project has received the highest charity recognition by the Jiansu provincial government Jiangyin Yuanlin Rehabilitation Centre Project set up and in progress (*Artist's impression as shown below*)
- Jiangyin Yuanlin Rehabilitation Centre started trial operation in late 2018 (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





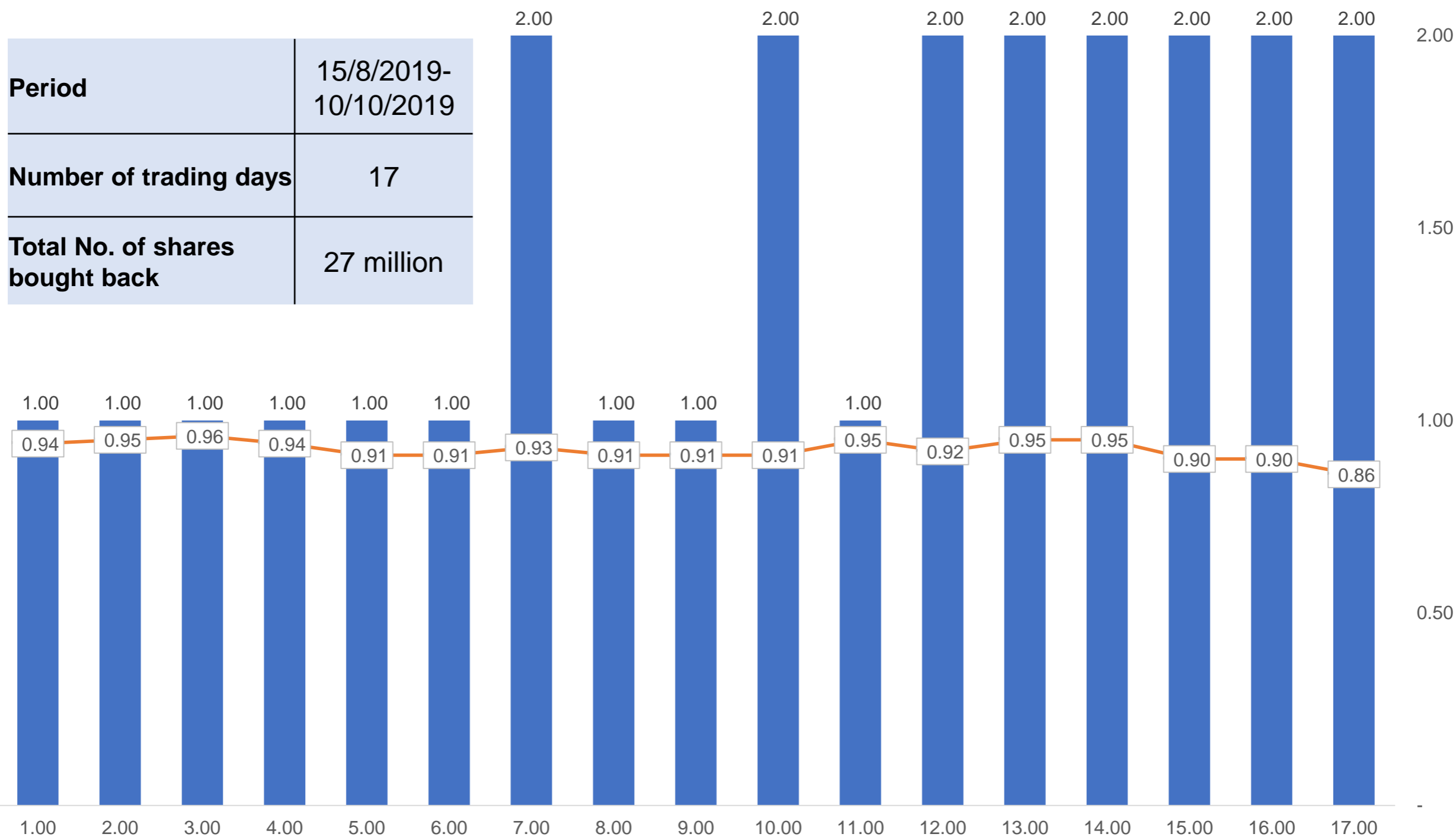


## SECTION VI

# STOCK INFORMATION



# Share Buyback



Source: Bloomberg, as of 11 November, 2019

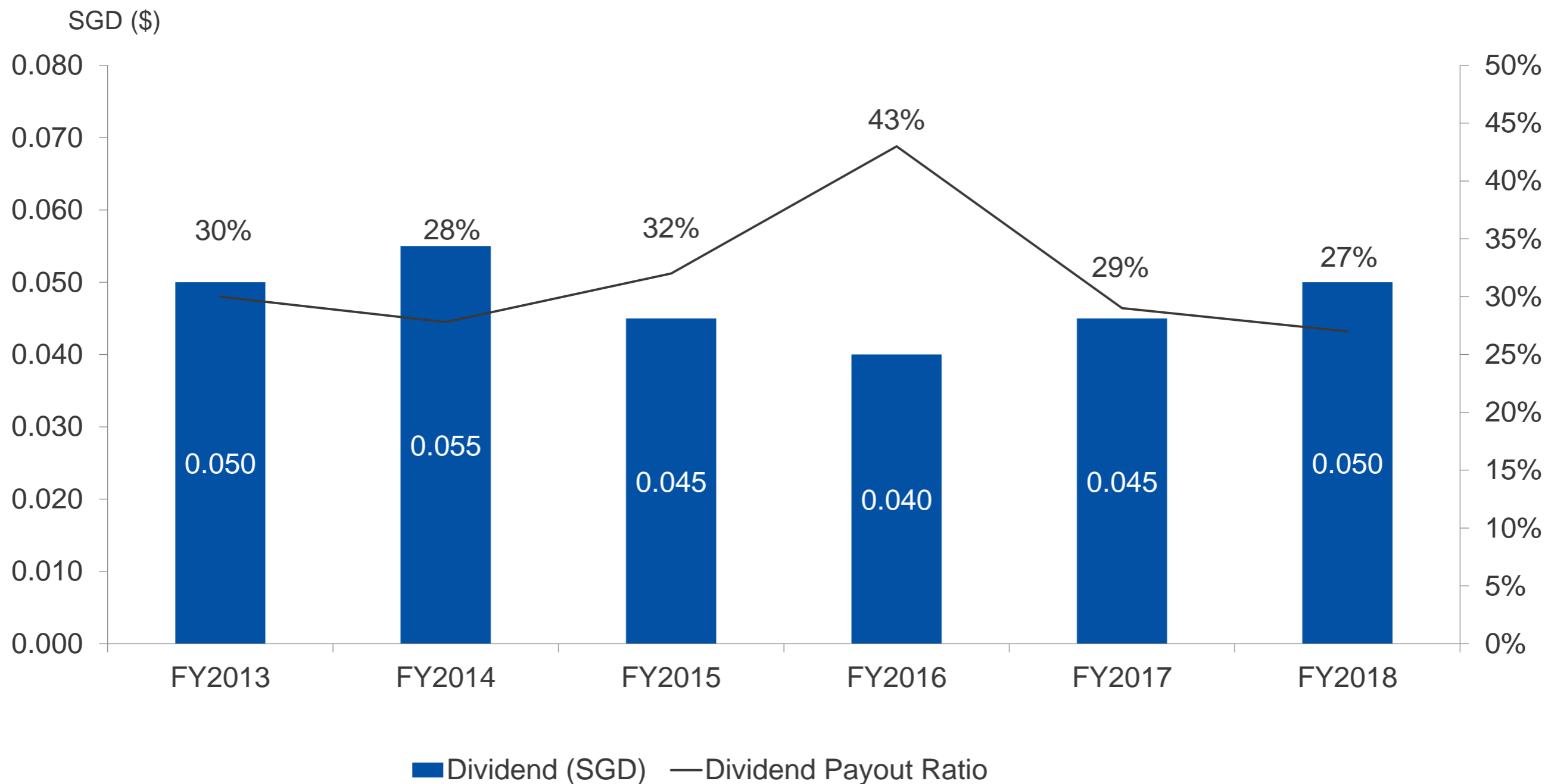
■ Amount (million shares)

— Average Price



# Dividend Summary

## Dividend and dividend payout ratio





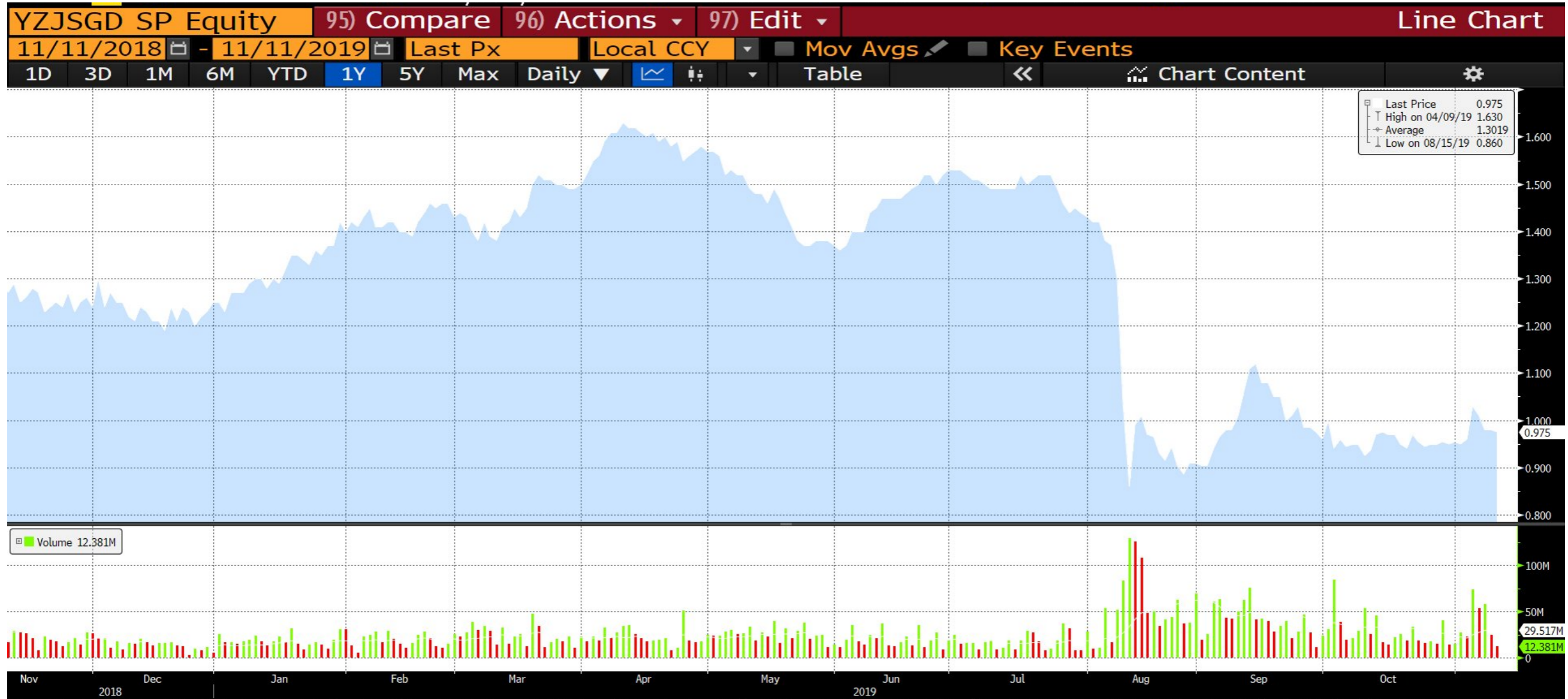
# Top Shareholders

| No.          | Holder Name                        | Position           | Filing Date | %            |
|--------------|------------------------------------|--------------------|-------------|--------------|
| 1            | YANGZI INTERNATIONAL               | 852,845,825        | 12/4/2019   | 21.76        |
| 2            | LIDO POINT INVESTMENTS LTD         | 394,134,000        | 22/3/2019   | 10.06        |
| 3            | HENGYUAN ASSET INV LIMITED         | 197,268,780        | 1/8/2019    | 5.03         |
| 4            | BLACK ROCK INC                     | 195,107,017        | 12/12/2018  | 4.98         |
| 5            | VANGUARD GROUP                     | 79,410,388         | 30/9/2019   | 2.03         |
| 6            | MERIAN GLOBAL INVESTORS            | 34,309,700         | 30/8/2019   | 0.88         |
| 7            | AMERIPRISE FINANCIAL INC           | 31,937,100         | 30/8/2019   | 0.81         |
| 8            | PRUDENTIAL FINANCIAL INC           | 27,461,003         | 8/11/2019   | 0.70         |
| 9            | NORGES BANK                        | 24,127,643         | 31/12/2018  | 0.62         |
| 10           | GOVERNMENT PENSION INVESTMENT FUND | 20,529,010         | 31/3/2019   | 0.52         |
| <b>Total</b> |                                    | <b>185,713,047</b> |             | <b>47.39</b> |

Source: Bloomberg, as of 11 November, 2019



# Stock Performance



Source: Bloomberg, as of 11 November, 2019



Yangzijiang Shipbuilding (Holdings) Ltd.  
扬子江船业(控股)有限公司



Thank You

Q&A

For more information,  
please contact:

**Financial PR Pte Ltd**

Investor Relations

Romil Singh / Reyna Mei

[romil@financialpr.com.sg](mailto:romil@financialpr.com.sg)

[reyna@financialpr.com.sg](mailto:reyna@financialpr.com.sg)

Tel: (65) 6438 2990

Fax: (65) 6438 0064