



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

## 2Q2017 Results Briefing

August 7, 2017

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## SECTION I COMPANY OVERVIEW

### A Primary Shipbuilding Group in China



- 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
- One of the **most profitable** shipbuilding company







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



## SECTION II FINANCIAL HIGHLIGHTS

# Results Highlight – 2Q2017 YoY



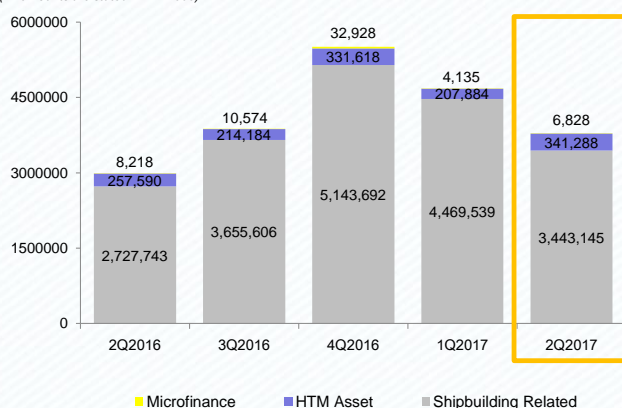
Financial Highlights	2Q2017	2Q2016	Change	Comments
	RMB'000	RMB'000	%	
Revenue	3,791,261	2,993,551	27	4 vessels delivered vs. 7 in 2Q2016, higher revenue from shipbuilding due to higher volume of shipbuilding activities for larger vessels, higher trading revenue and higher other shipbuilding related business
Gross Profit	804,835	684,235	18	Higher GP as a results of higher revenue. GPM reduced due to lower contract price of vessels and higher revenue from lower margin trading business
Gross Profit Margin	21.2%	22.9%	-	
Other Income	49,992	51,084	(2)	-
Other Gains	188,608	147,072	28	Fair value gains on its financial assets, from outstanding currency-hedging derivative financial instruments, and from the dissolution of four shipping companies under its shipping arm, which was offset by an exchange related loss.
Expenses #	115,339	292,856	(61)	Lower impairment provision of RMB8 million made for HTM investments, lower finance costs and revaluation gain from USD borrowings
Net Profit Attributable to Equity Holders (PATMI)	719,916	415,400	73	
PATMI Margin	19.0	13.9	-	

#: Includes Administrative and Finance Expenses

# Revenue Breakdown



(All amounts are stated in RMB'000)



Shipbuilding Related Revenue Breakdown (2Q2017)	Percentage (%)
Shipbuilding	66%
Trading	32%
Others*	2%
<b>Total</b>	<b>100%</b>

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

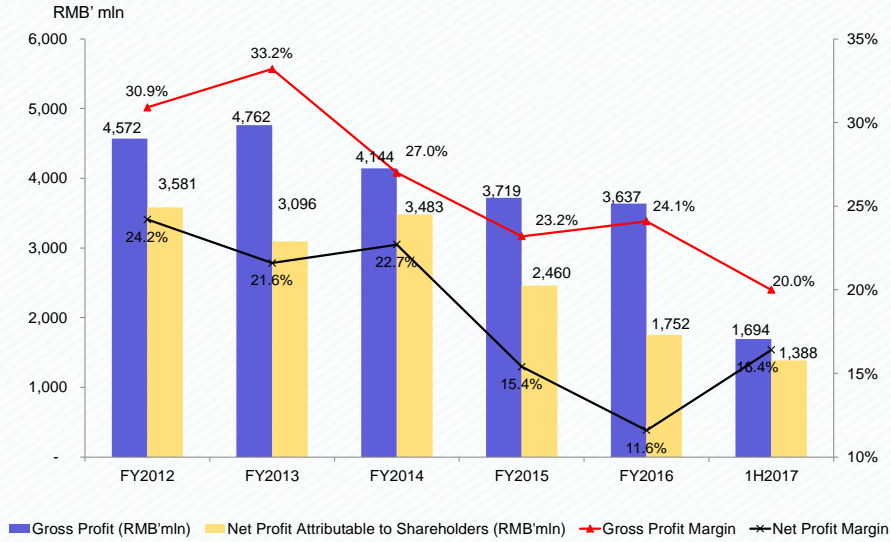
	Gross Profits		Gross Profit Margins	
	2Q2017	2Q2016	2Q2017	2Q2016
Shipbuilding Related	473,432	433,802	14%	16%
HTM Investment	324,638	242,532	95%	94%
Micro Finance	6,765	7,901	99%	96%



# Profitability Trend



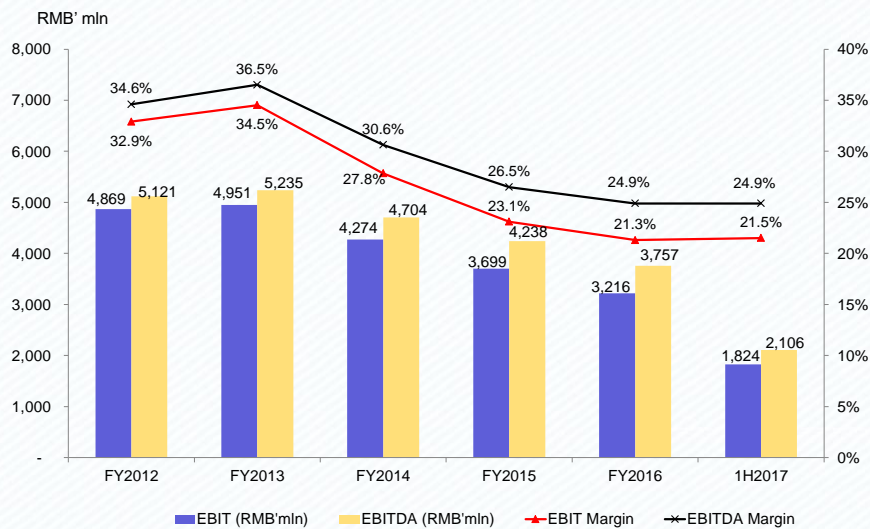
## Gross Profit and Net Profit Attributable to Shareholders



# Profitability Trend



## EBIT and EBITDA





Financial Highlights	30 Jun 2017	31 Dec 2016
	RMB'000	RMB'000
Property, Plant and Equipment	5,210,998	5,476,950
Restricted Cash	335,417	1,219,695
Cash & Cash Equivalents	6,299,733	7,085,796
Financial Assets, Held-to-Maturity	10,609,615	10,906,634
Total Debt	5,996,804	7,224,457
Total Equity	23,880,336	23,199,109
Gross Gearing	25.1%	31.1%
Net Gearing (including restricted cash)	Net Cash	Net Cash
Net Asset Value per Ordinary Share (RMB cents)	608.43	592.20



## SECTION III - A SEGMENTAL REVIEW

### Shipbuilding & Related Segments



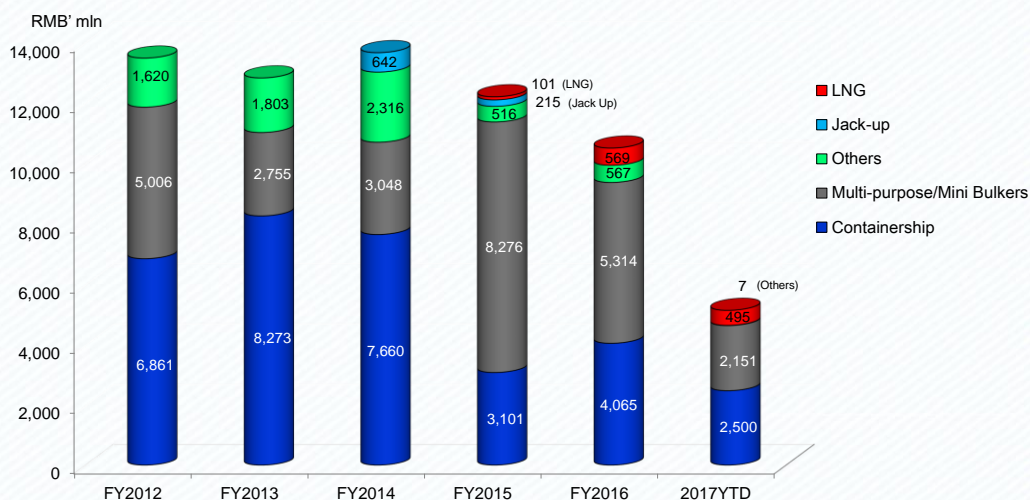
## Revenue Trend



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### Shipbuilding Revenue Breakdown



## Strong Order Book



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Total: 85 vessels; 3.80 million CGT @ US\$ 3.95 billion  
 46 containerships, 2.28 million CGT @ US\$ 2.32 billion  
 34 bulk carriers, 1.32 million CGT @ US\$ 1.38 billion  
 3 oil tankers, 0.07 million CGT @ US\$ 0.10 billion  
 2 VLGCs, 0.13 million CGT @ US\$ 0.15 billion

### Containerships

- 1,668TEU x 2 vessels
- 1,800TEU x 9 vessels
- 1,900TEU x 5 vessels
- 2,700TEU x 6 vessels
- 3,800TEU x 8 vessels
- 10,000TEU x 4 vessels
- 11,800TEU x 12 vessels

### Bulk Carriers

- 6,500DWT x 1 vessels
- 29,800DWT x 2 vessels
- 36,500DWT x 3 vessels
- 39,000DWT x 3 vessels
- 62,000DWT x 5 vessels
- 82,000DWT x 9 vessels
- 83,500DWT x 3 vessels
- 208,000DWT x 1 vessels
- 260,000DWT x 1 vessels
- 400,000DWT x 6 vessels

### VLGC

- 84,000VLGCs x 2 vessels

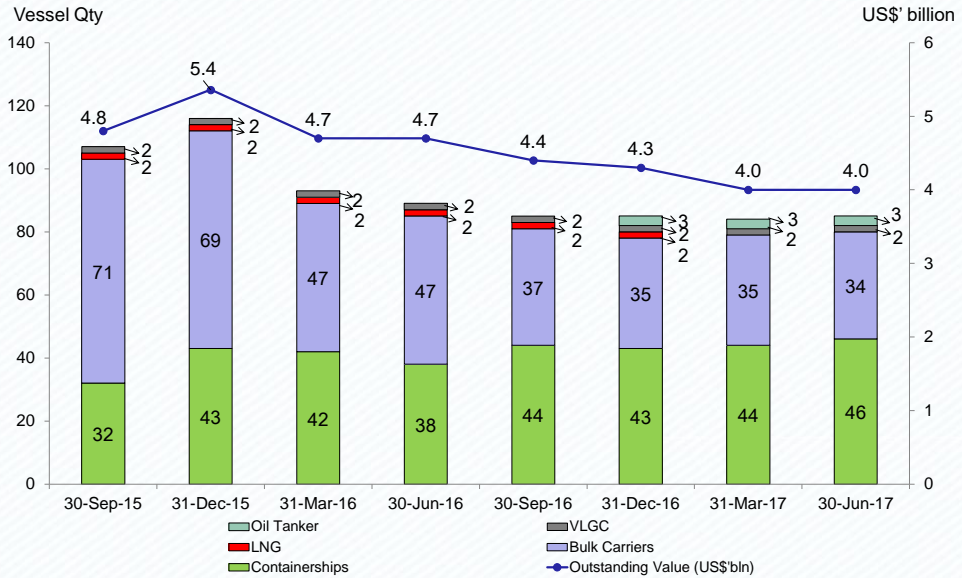
### Oil Tanker

- 39,000CT x 3 vessels

Note: Order book is as at 30 June 2017



# Historical Order Book



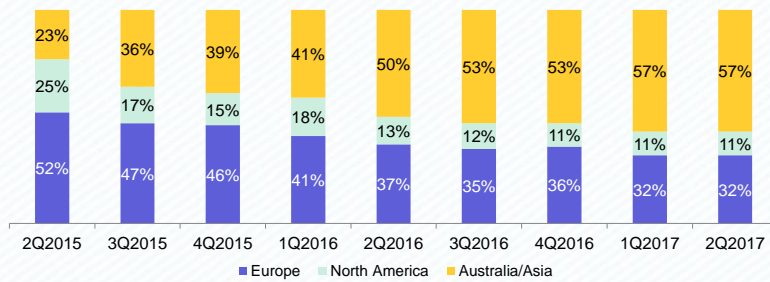
# Order Book Customer Profile



Figures are stated as at 30 Jun 2017

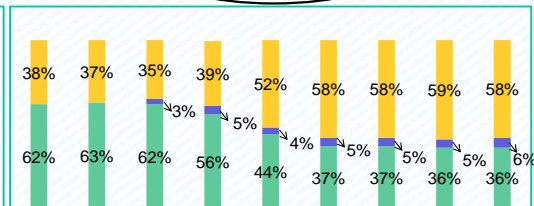
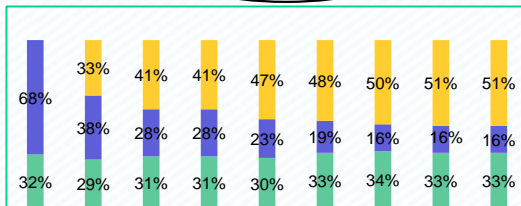
## Breakdown by Geographical Segments

2 VLGC Vessel and 3 Oil Tanker orders are from Asia



### Containerships

### Bulk Carriers



2Q2015 3Q2015 4Q2015 1Q2016 2Q2016 3Q2016 4Q2016 1Q2017 2Q2017

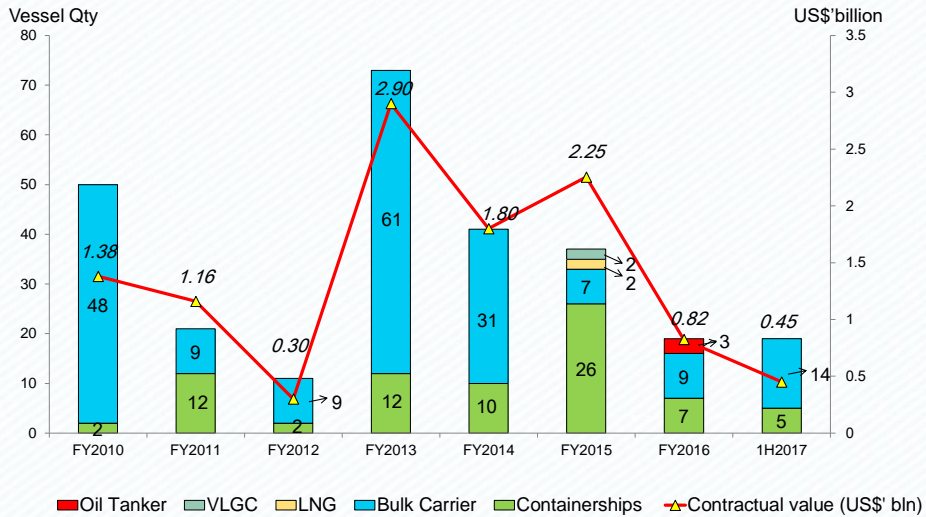
2Q2015 3Q2015 4Q2015 1Q2016 2Q2016 3Q2016 4Q2016 1Q2017 2Q2017

■ Europe ■ North America ■ Australia/Asia

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## 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:

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

Note – 2 units of 92,500DWT dry bulk carriers were disposed on the second-hand market in July 2017

### ▪ The strategy / plan for the business depends on the conditions of the shipbuilding market

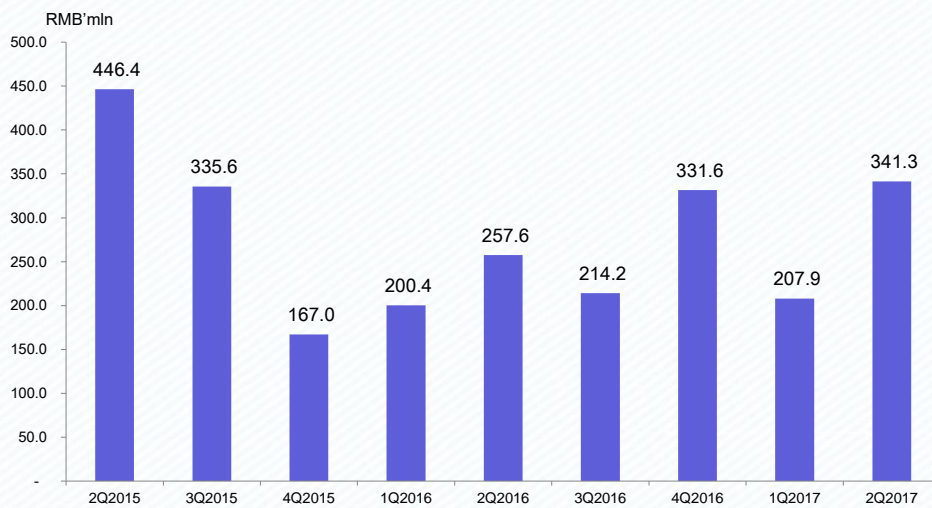


## SECTION III - B SEGMENTAL REVIEW

### Financial Investments



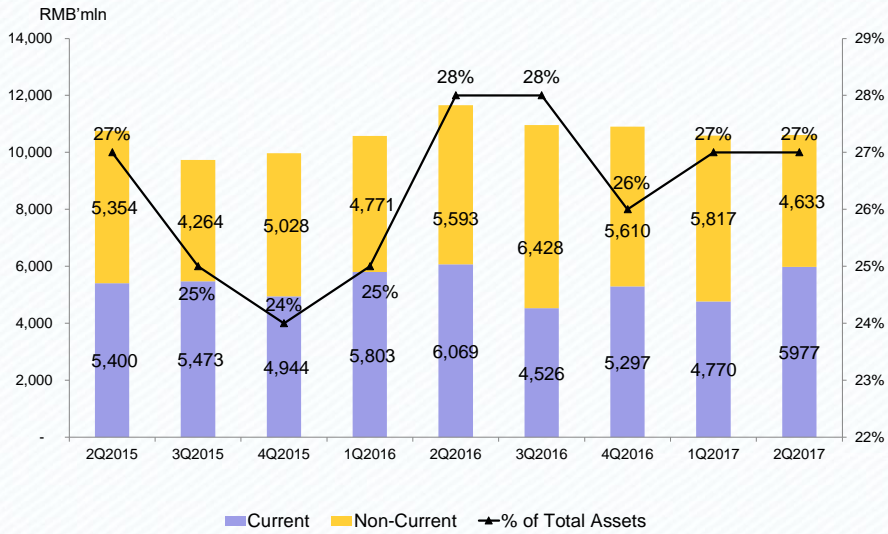
## Interest Income Trend - HTM Assets



Source: Company Data



# Held-to-Maturity Assets

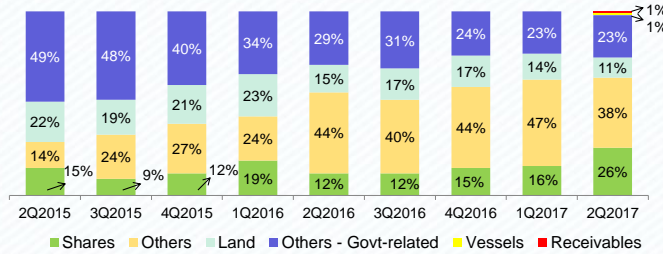


Source: Company Data

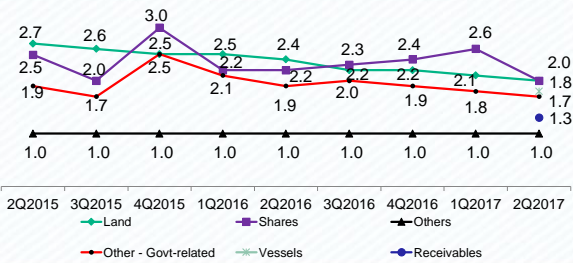
# Held-to-Maturity Assets



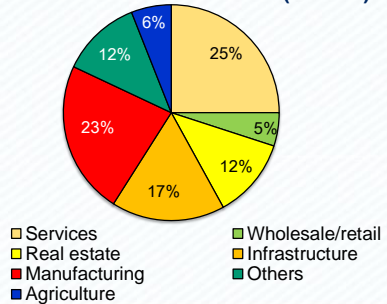
## Breakdown of Investment Amount for which collaterals are secured (%)

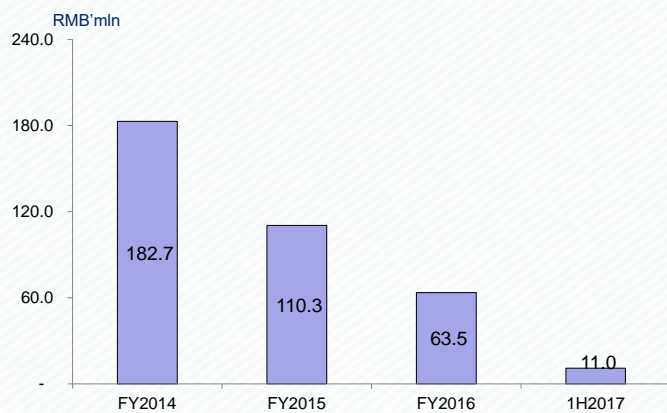


## Coverage Ratio

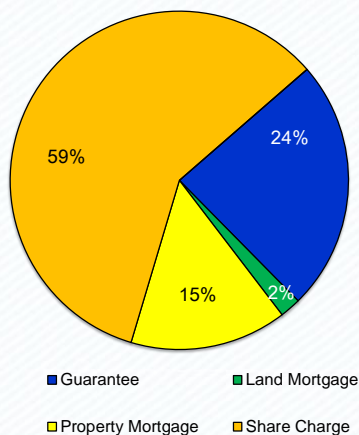


## Breakdown of Borrowers (2Q2017)





Breakdown of Collaterals  
 (As of 30 June 2017)



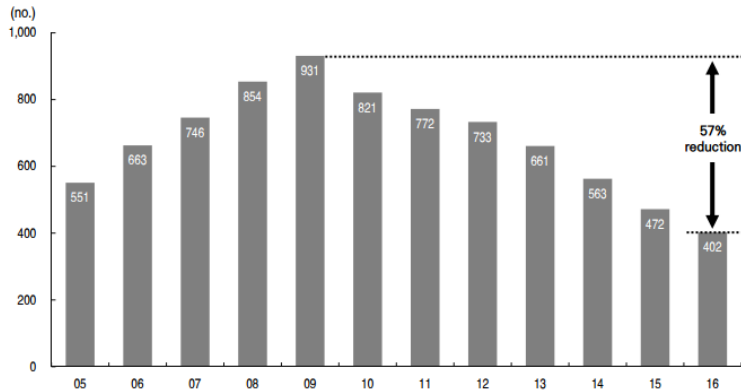
**SECTION IV**  
**TRENDS & STRATEGIES**

# 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



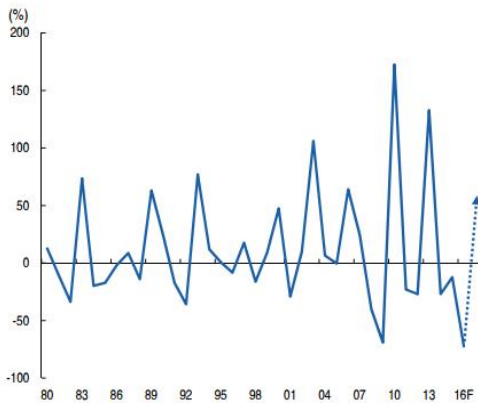
Source: Clarkson, Mirae Asset Daewoo Research

# 2017 Market Outlook



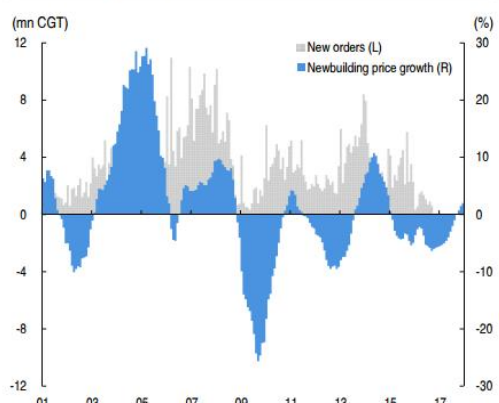
- During 2014-16, shipbuilders for the first time saw orders decline for three consecutive years
- Order growth is likely to recover in 2017 (on a low base of comparison) but orders to stay weak through 1H17
- Ship prices are projected to pick up in 2H17

Order growth and outlook: Historic-low level in 2016



Source: Clarkson, Mirae Asset Daewoo Research

Newbuilding price growth and outlook

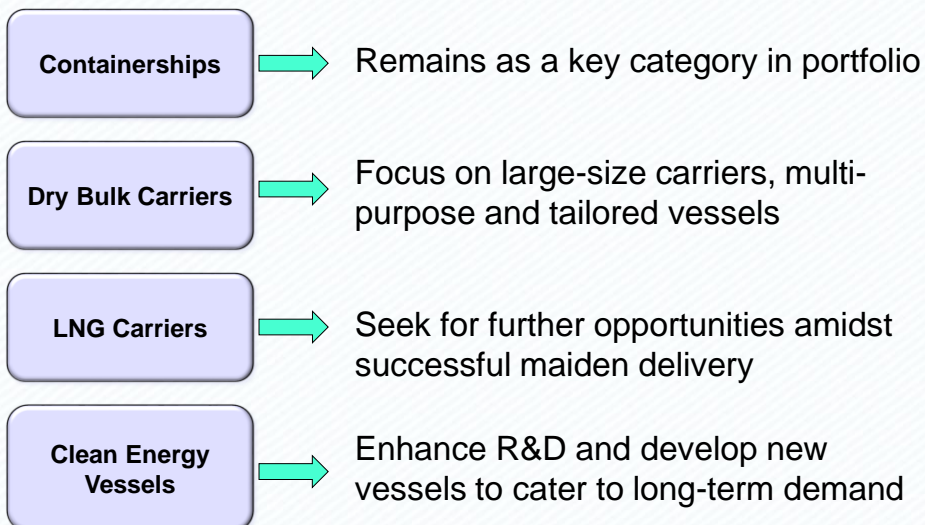


Source: Clarkson, Mirae Asset Daewoo Research





- Increased global shipping demand supported by the transportation of iron ore and grain, which led to increases in charter rates and a strong rebound of the Baltic Dry Index
- The increase in second-hand vessel prices also triggered increased enquiries for new build vessels
- Oversupply of vessels remains, sustainability of recovery remains to be seen





## SECTION V

### SOCIAL RESPONSIBILITY



## A Responsible Corporate Citizen



- 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
- A FORTUNE China 500 company



- 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





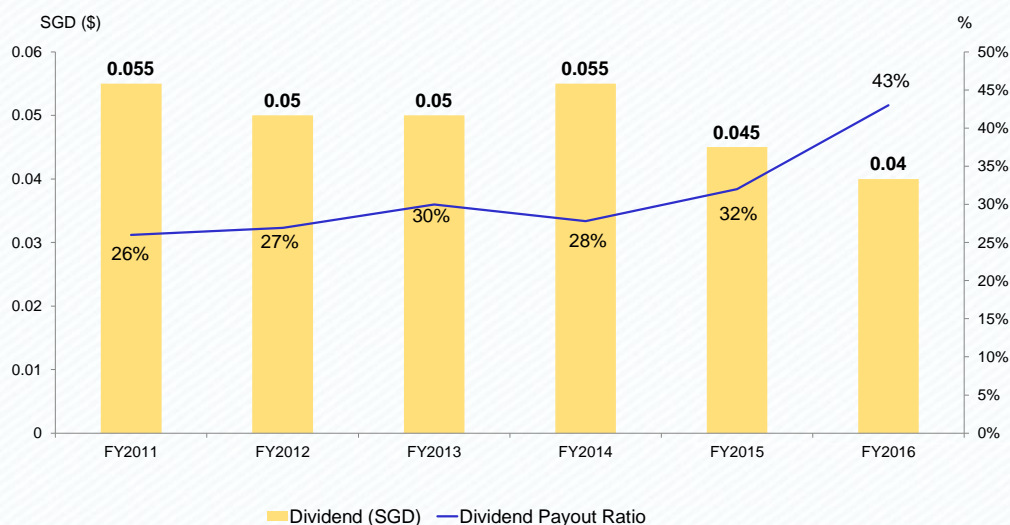
## Dividend Summary



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### Dividend and dividend payout ratio



## Top Shareholders



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No.	Holder Name	Position	Filing Date	%
1	YANGZI INTERNATIONAL	1,002,845,825	19/4/2016	<b>26.17</b>
2	LIDO POINT INVESTMENTS LTD	394,134,000	11/3/2015	<b>10.29</b>
3	HONGKONG HENGYUAN INVESTMENT	303,962,240	11/3/2016	<b>7.93</b>
4	BLACKROCK	187,288,156	22/6/2017	<b>4.89</b>
5	VANGUARD GROUP	48,946,816	30/6/2017	<b>1.28</b>
6	SEB	41,911,900	31/3/2017	<b>1.09</b>
7	VALUE PARTNERS GROUP LTD	36,190,800	31/12/2016	<b>0.94</b>
8	NORGES BANK	29,820,817	31/12/2016	<b>0.78</b>
<b>Total</b>		<b>2,045,100,554</b>		<b>53.37</b>

Source: Bloomberg, as of August 7, 2017

# Stock Performance



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Source: Bloomberg, as of August 7, 2017

## Thank You Q&A

For more information,  
please contact:

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