



Yangzijiang Shipbuilding (Holdings) Ltd.
16 Raffles Quay #41-02
Hong Leong Building
Singapore 048581
(Co. Reg. No. 200517636Z)

MEDIA RELEASE – FOR IMMEDIATE RELEASE

Yangzijiang reports RMB585 million in earnings for 3Q2020

- **3Q2020 gross profit of RMB1.3 billion was 19% higher year-on-year, despite minimal trading volume and fewer vessels delivered weighing on revenue**
- **Core shipbuilding revenue was RMB2.6 billion for 3Q2020, compared to 3.2 billion for 3Q2019, with gross margin improving from 14% to 27%**
- **Group secured new orders for USD317 million in total since its half-year 2020 results announcement on 5 August**
- **Encouraging signs of recovery emerged in recent months, such as containers on major routes in short supply, spiked charter rates, and major shipping companies posting better-than-expected financial results**

SINGAPORE – 4 November 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 RMB585 million for the three months ended 30 September 2020 (“**3Q2020**”).

Financial Analysis

Group’s total revenue fell 34% year-on-year (“yoy”) from RMB5.4 billion for 3Q2019 to RMB3.6 billion for 3Q2020, as trading revenue declined from RMB1.5 billion for 3Q2019 to RMB0.3 billion for 3Q2020 due to lower trading volume. For the core shipbuilding business, as 9 vessels were delivered in 3Q2020, compared to 13 vessels delivered in 3Q2019, revenue from core shipbuilding was RMB2.6 billion for 3Q2020, compared to RMB3.2 billion for 3Q2019. Revenue from other shipbuilding businesses, which consist of shipping logistics & chartering and ship design services, was slightly higher at RMB194 million for 3Q2020 compared to RMB186 million for 3Q2019 due to expanded fleet size.

Financial Highlights	3Q2020	3Q2019	Change	9M2020	9M2019	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	3,583,326	5,423,876	(34)	11,848,647	18,747,926	(37)
Gross Profit	1,264,421	1,059,814	19	3,248,331	3,424,805	(5)
Gross Profit Margin	35%	20%	15 ppts*	27%	18%	9 ppts
Expenses**	288,046	189,588	52	816,793	611,147	34
Other Income	104,762	70,412	49	267,429	252,735	6
Other (losses)/gains, net	(290,880)	(44,455)	554	(262,088)	119,045	n.m.
Net Profit Attributable to Equity Holders	585,190	702,260	(17)	1,762,942	2,462,746	(28)
PATMI Margin	16%	13%	3 ppts	15%	13%	2 ppts

*Ppts: Percentage points

** Expenses include finance expenses and administrative expenses, which include impairment loss

The Group's debt investment at amortised costs increased from RMB14.4 billion at the end of 2019 to RMB16.2 billion as at 30 September 2020. Net interest income derived from the investment decreased slightly from RMB532 million for 3Q2019 to RMB502 million for 3Q2020, as the average interest rate on new investments declined marginally compared to that of last year.

The Group's shipbuilding business registered a gross profit margin of 27% for 3Q2020, higher than the 14% for 3Q2019, mainly due to the construction and delivery of several large size containerships which carry a higher profit margin during the quarter and a net reversal of RMB94 million loss provision for onerous contracts in 3Q2020. Trading business contributed a gross profit of RMB4 million in 3Q2020 with a typically low gross profit margin of around 1%. Other shipbuilding related businesses such as shipping logistics & chartering and ship design services registered a gross profit margin of 33% for 3Q2020, lower than the 38% for 3Q2019, mainly due to lower charter rates. Gross profit for 3Q2020 was RMB1.3 billion at Group level, 19% higher than that of 3Q2019.

The Group recorded other losses of RMB291 million for 3Q2020 (vs. RMB44 million for 3Q2019), mainly due to translation losses on USD bank deposits and USD denominated shipbuilding construction contract assets in RMB terms. The Group also recorded a higher impairment loss on debt investment at amortised costs of RMB190 million for 3Q2020 (vs. RMB63 million for 3Q2019).

The Group delivered a net profit attributable to shareholders of RMB585 million for 3Q2020, 17% lower than the RMB702 million for 3Q2019. Fully diluted earnings per share was RMB14.95 cents for 3Q2020, compared to RMB17.84 cents for 3Q2019¹.

¹ Based on the weighted average outstanding number of ordinary shares of 3,915,149,095 and 3,936,138,826 for 3Q2020 and 3Q2019 respectively

Balance Sheet (RMB'000)	30 Sep 2020	31 Dec 2019
Property, Plant and Equipment	5,583,150	5,678,063
Restricted Cash	17,048	17,049
Cash & Cash Equivalents	9,938,865	10,183,019
Debt Investment at Amortised Costs	16,199,331	14,428,382
Total Borrowing	5,528,582	5,032,932
Total Equity	32,854,021	32,054,525
Gross Gearing (Borrowings / Equity)	16.8%	15.7%
Net gearing*	Net cash	Net cash

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

Group maintained a strong financial position with net cash as at 30 September 2020. Net asset value per share rose from RMB7.94 as at 31 December 2019 to RMB8.17 as at 30 September 2020.

REVIEW / OUTLOOK/ FUTURE PLANS

The ongoing uncertainties in the shipping market amid the COVID-19 pandemic have further hampered the new order recovery for major vessel types in 3Q2020. According to Danish Shipping, global new shipbuilding orderbook to fleet ratio dropped to 7% in DWT terms in October 2020, the lowest level since 1989. This compares to 2009 when the ratio reached a high of 52% before it trended down over the decade. According to Clarksons, global new shipbuilding orders of 9.75 million CGT for the first nine months of 2020 was only about half of that for the same period in 2019.

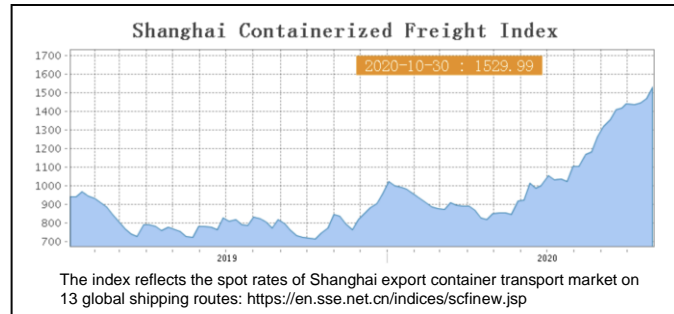
Since the Group's recent order book update on the six 1,800TEU containerships and two 82,000DWT dry bulkers worth a total of USD178 million (announced on 31 August 2020), the Group has further secured new shipbuilding orders for five bulk carriers and one chemical tanker worth a total of USD139 million. Year to date, the Group has secured new shipbuilding orders for 29 vessels worth approximately USD834 million. As of 30 September 2020, the Group had an outstanding order book of USD2.4 billion for 67 vessels. These orders will provide the Group with a stable revenue stream for at least the next 1.5 years.

“We noticed some encouraging signs of recovery in the shipping market in the past few months. Demand for containers on major routes has been strong while the rationalized shipping supply struggled to cope with it. Container charter rates rebounded strongly, and we are glad to see that major shipping companies, in our downstream, posted above-expectation financial results. As the market gradually adapts to new trade and shipping patterns brought about by the COVID-19, including the need for shorter trips within regions and expedited services, Yangzijiang is in an advantageous position to capture the business opportunities amid and post the pandemic.”

---- Mr. Ren Letian (任乐天)

Executive Chairman and CEO, Yangzijiang Shipbuilding (Holdings) Ltd

The heightened demand for containers on major shipping routes sent spot container freight rates (SCFI chart on the right) to a multi-year high. According to a [recent report by Fitch Ratings](#), this was “driven by shipping companies’ supply discipline, despite a decline in demand at the start of the coronavirus pandemic”.



The report noted that “the largest companies reduced available shipping capacity by more than 13% during 2Q20 to meet a 11% decline in global demand”. It attributed the increase in transpacific rates to “increased shipping volumes since June 2020, driven by re-stocking, increased demand for personal protective equipment, and the growth in inventories ahead of the holiday season to cover potential disruptions.”

In the dry bulk market, the [BDI index](#) recovered strongly since July and [hit a new 2020-high in October](#), as stimulus measures in China led to record-high steel production and iron ore imports.

--The End--

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.

By Financial PR Pte Ltd
For more information, please contact:

Romil SINGH / Reyna MEI
Email: romil@financialpr.com.sg / reyna@financialpr.com.sg
Tel: (65) 6438 2990 / Fax: (65) 6438 0064