



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



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Corporate Presentation

February 2020

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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

The largest private shipbuilding company in China

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	4Q2019	4Q2018	Change	Comments
	RMB'000	RMB'000	%	
Revenue	4,849,249	4,944,844	(2)	13 vessels delivered 4Q2019 vs 11 vessels in 4Q2018. Higher revenue from core shipbuilding and other shipbuilding related business and lower revenue from trading business
Gross Profit	903,749	688,726	31	Core shipbuilding margin was 12% in 4Q2019, higher than that of 4Q2018, due to a net reversal of loss provision for onerous contracts
Gross Profit Margin	18.6%	13.9%	4.7ppts	
Other Income	189,053	154,514	22	Mainly consists of dividend income from financial assets at fair value through profit or loss, and interest income from bank deposits and ship finance lease
Other Gains, net	6,903	276,089	(97)	Decrease was due to lower foreign exchange related gains
Expenses #	215,775	18,567	n.m.	Total admin expenses increased to RMB163 million from a negative expense of RMB17 million in 4Q2018
Net Profit Attributable to Equity Holders (PATMI)	642,323	912,080	(30)	
PATMI Margin	13.2%	18.4%	(5.2)ppts	

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



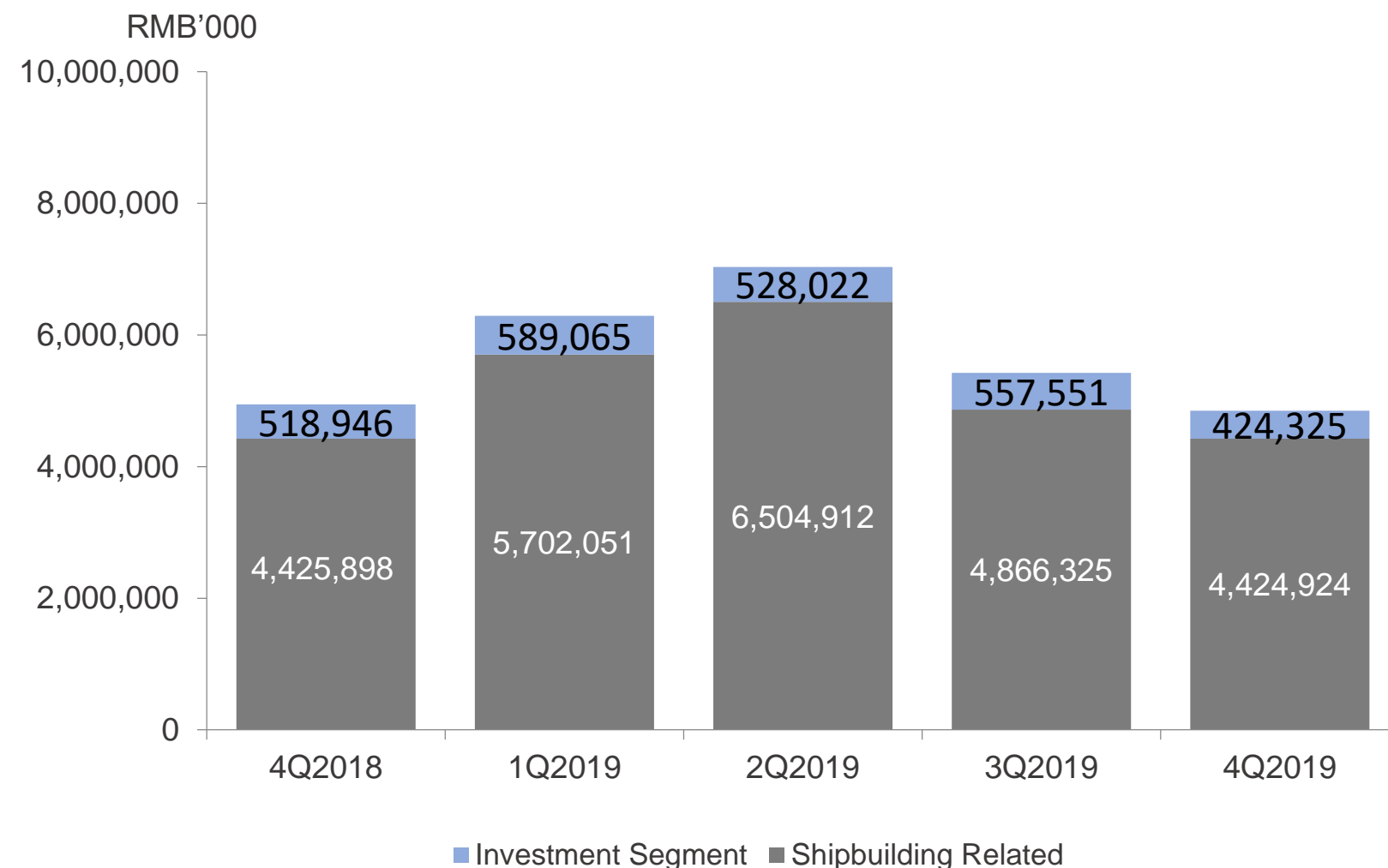
Results Highlight – Income Statement

Financial Highlights	FY2019	FY2018	Change	Comments
	RMB'000	RMB'000	%	
Revenue	23,597,175	23,238,289	2	59 vessels delivered FY2019 vs 46 vessels in FY2018. Lower revenue from core shipbuilding in FY2019 due to fewer large size containerships. Higher revenue from trading business
Gross Profit	4,328,554	4,111,776	5	Core shipbuilding margin was 15% in FY2019 vs 18% in FY2018, due to higher raw material and labour costs
Gross Profit Margin	18.3%	17.7%	0.6ppts	
Other Income	441,788	396,028	12	The increase was mainly due to higher interest income from bank deposits
Other Gains, net	125,948	290,946	(57)	Other gains mainly comprise foreign exchange related gains, fair value change on financial assets, at fair value through profit or loss and subsidy income etc
Expenses #	826,922	802,728	3	Total administrative expenses decreased to RMB640 million from RMB669 million in FY2018. Finance cost increased to RMB187 million from RMB134 million in FY2018, mainly due to total borrowings increased as compared to the previous corresponding period.
Net Profit Attributable to Equity Holders (PATMI)	3,105,069	3,070,345	1	
PATMI Margin	13.2%	13.2%	-	

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



Revenue Breakdown



Shipbuilding Related Revenue Breakdown (4Q2019)	Percentage (%)
Shipbuilding	74%
Trading	20%
Others*	6%
Total	100%

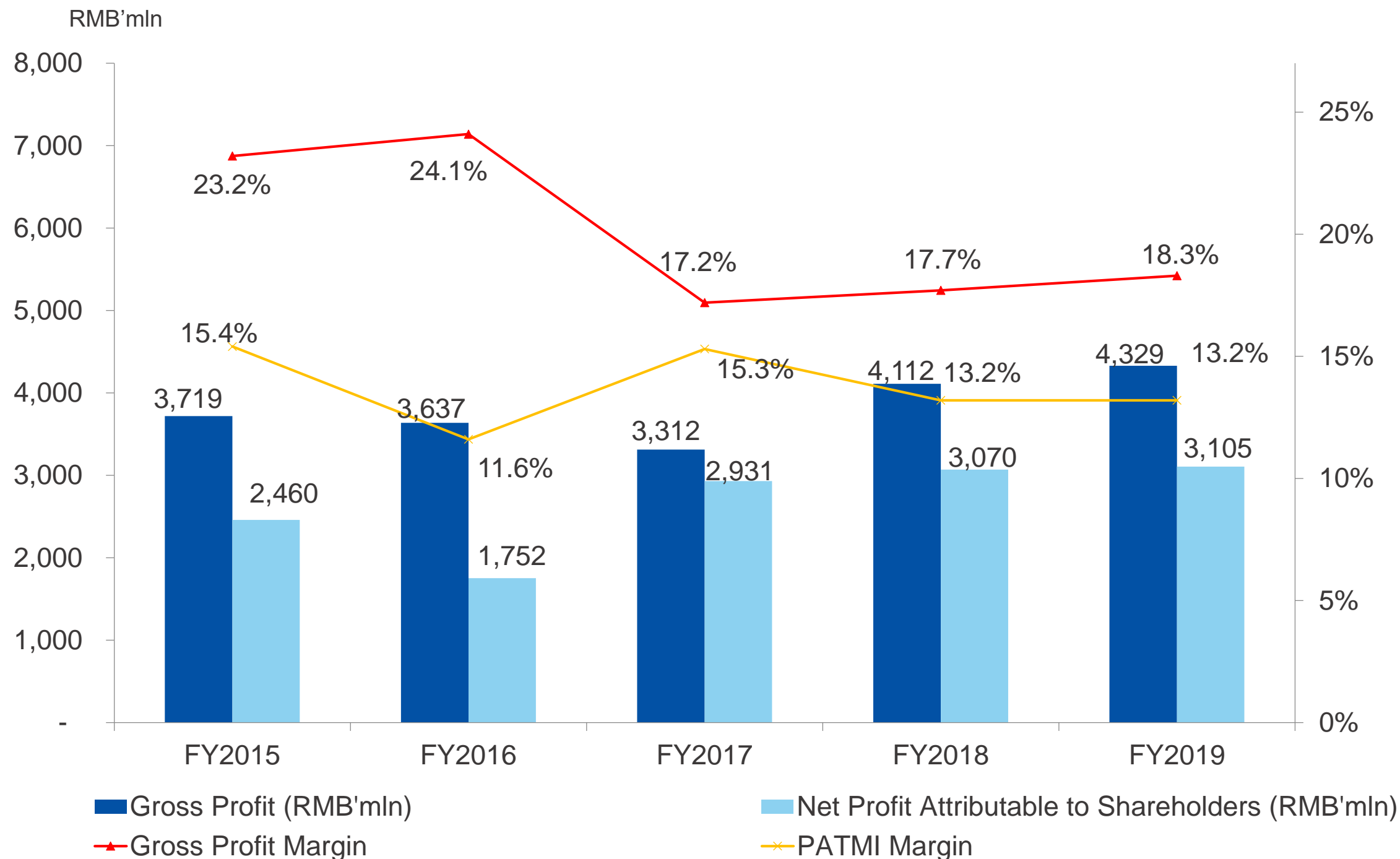
* Includes revenue from shipping logistics and chartering and ship design services etc.

RMB'000	Gross Profits		Gross Profit Margins	
	4Q2019	4Q2018	4Q2019	4Q2018
Shipbuilding Related	497,088	403,907	11%	9%
Investment Segment	406,661	495,900	96%	96%



Profitability Trend

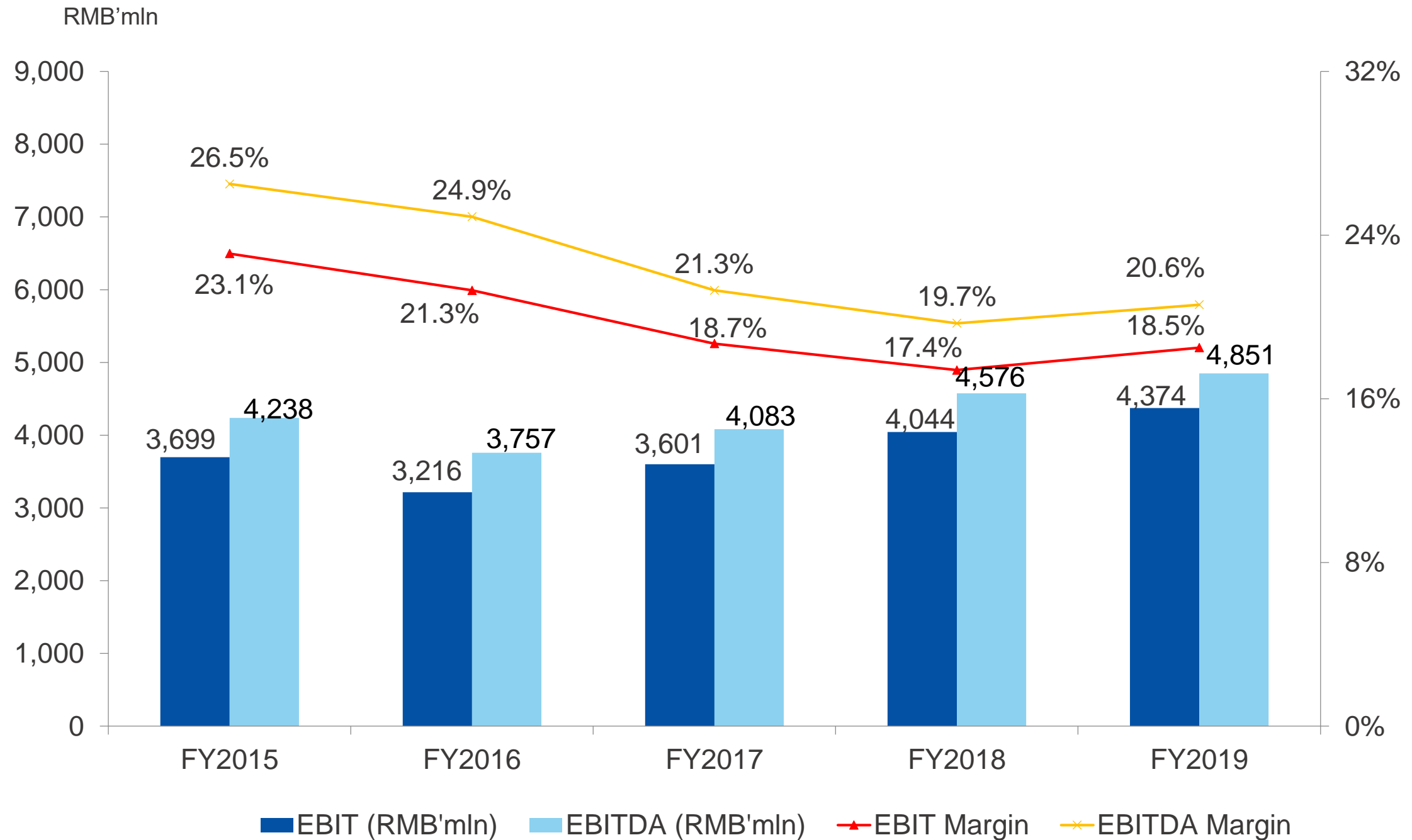
Gross Profit and Net Profit Attributable to Shareholders





Profitability Trend

EBIT AND EBITDA





Results Highlight – Balance Sheet

Financial Highlights	31 Dec 2019	31 Dec 2018
	RMB'000	RMB'000
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 Investments at Amortised Costs	14,428,382	14,810,376
Total Debt	5,032,932	4,043,981
Total Equity	32,054,525	29,818,399
Gross Gearing	15.7%	13.6%
Net Gearing (including Restricted Cash)	Net Cash	Net Cash
Net Asset Value per Ordinary Share (RMB cents)	793.51	737.54



SECTION III SEGMENTAL REVIEW

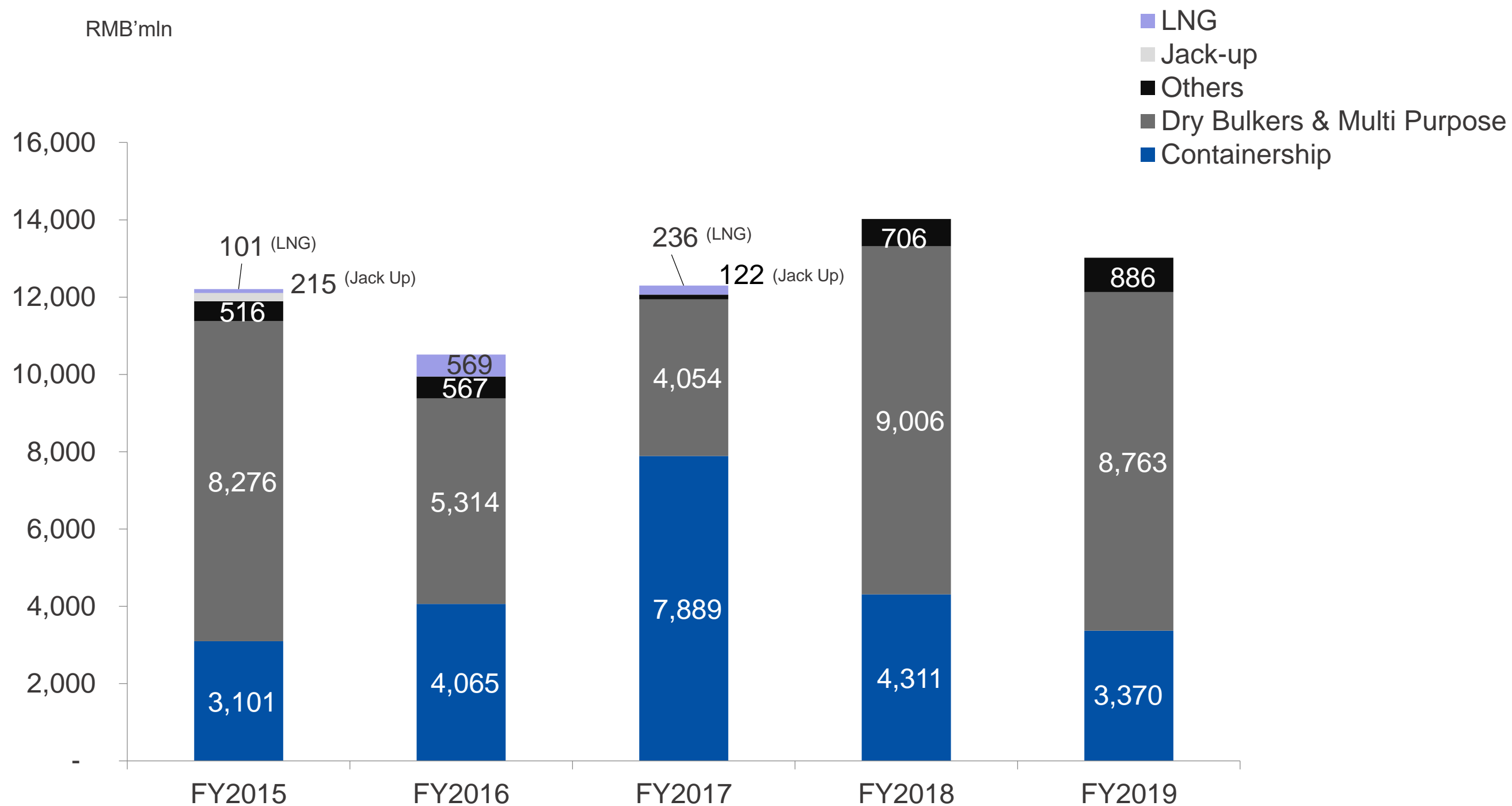
**Shipbuilding &
Related Segments**



Revenue Trend

Shipbuilding Revenue Breakdown

RMB'mln





Overview of Order Book

75 vessels

US\$2.92 billion contract value

3.24 million CGT

Delivery: 2020 - 2021

Containerships

20 units

Total CGT – 0.90 million

Total value – US\$0.84 billion

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

Bulk Carriers

52 units

Total CGT – 2.28 million

Total value – US\$2.00 billion

- 29,800DWT x 1 vessels
- *Under YAMIC*
- 31,800DWT x 4 vessels
- 45,000DWT x 3 vessels
- 62,000DWT x 1 vessels
- 82,000DWT x 19 vessels
- *Inc. 11 under YAMIC*
- 83,500DWT x 5 vessels
- 180,000DWT x 2 vessels
- 208,000DWT x 13 vessels
- 325,000DWT x 4 vessels

Oil&Chemical Tankers

1 unit & 2 units

Total CGT – 0.06 million

Total value – US\$0.1 billion

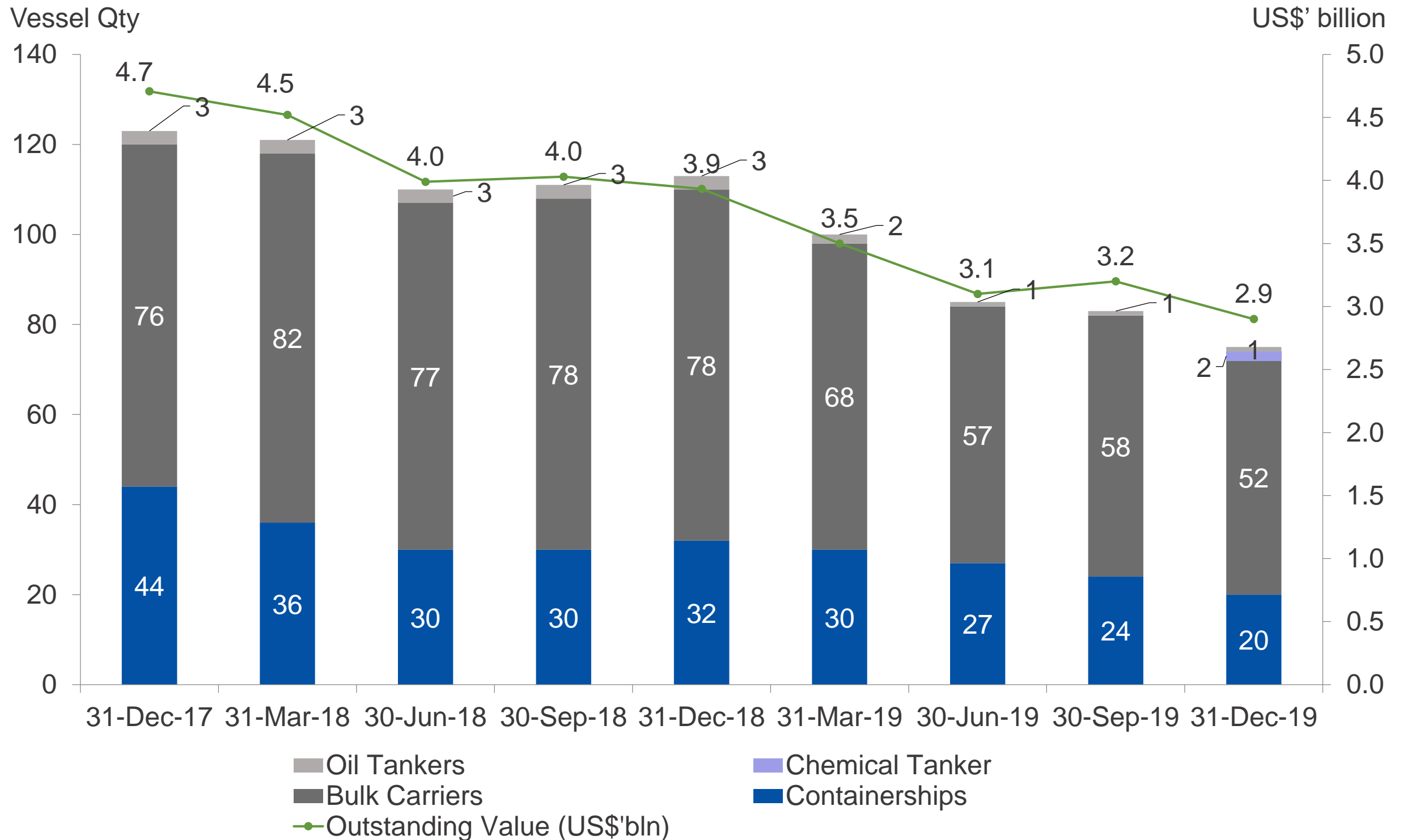
- 157,000CT x 1 vessel
- 13,000DWT x 2 vessels

Note:

1. Order book is as at 31 December 2019
2. 4 orders worth USD104 million became effective in 2020, including 2 units of 40,000DWT and 2 units of 82,000DWT bulk carriers, all under YAMIC. These orders are not included in the outstanding order book above



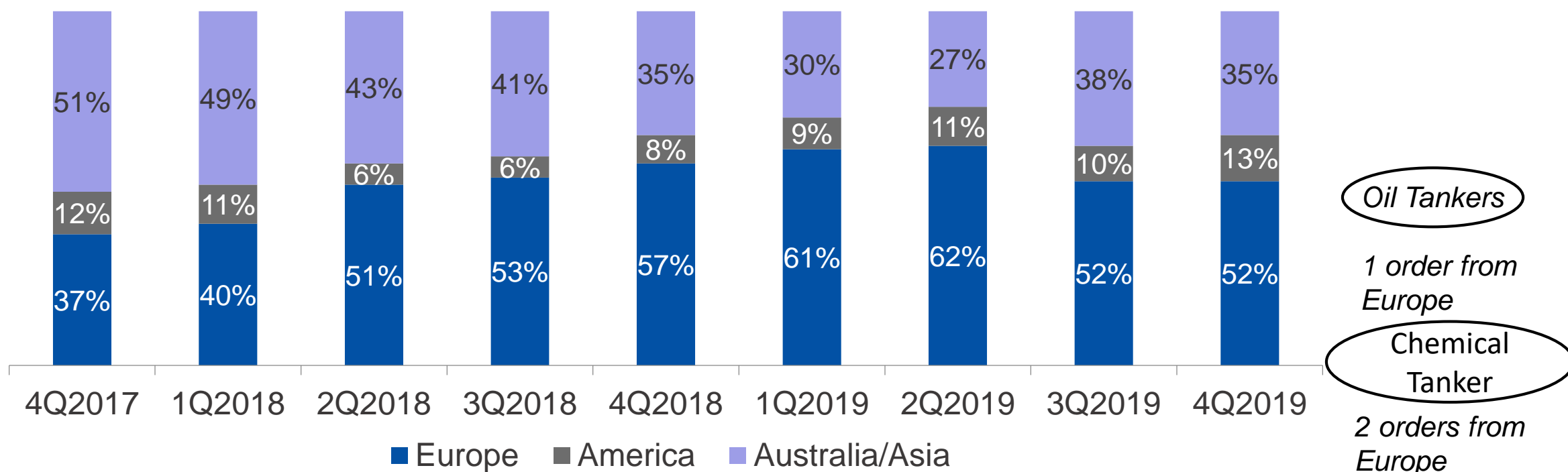
Historical Order Book





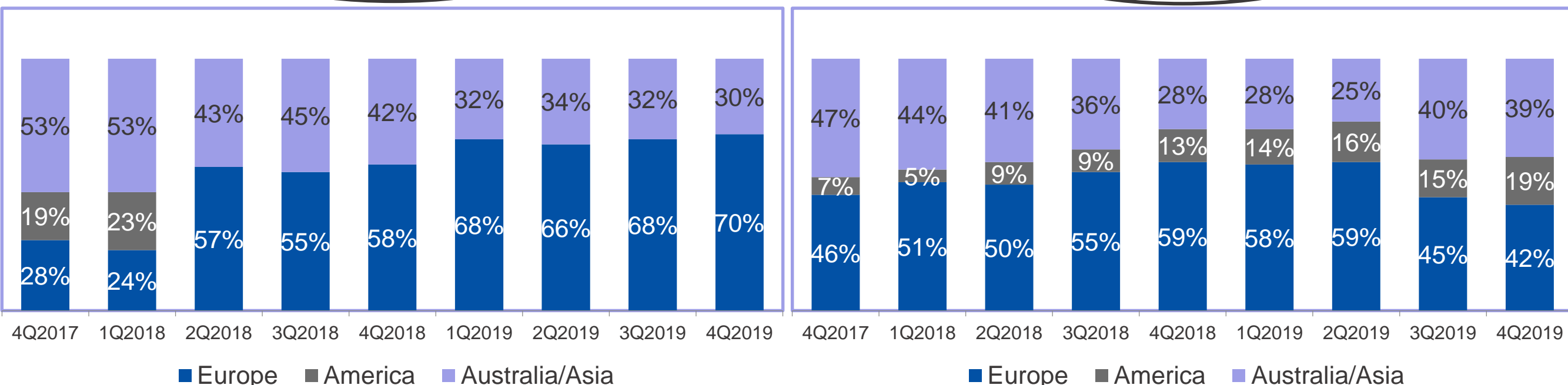
Order Book Customer Profile

Figures are stated as at 31 Dec 2019



Containerships

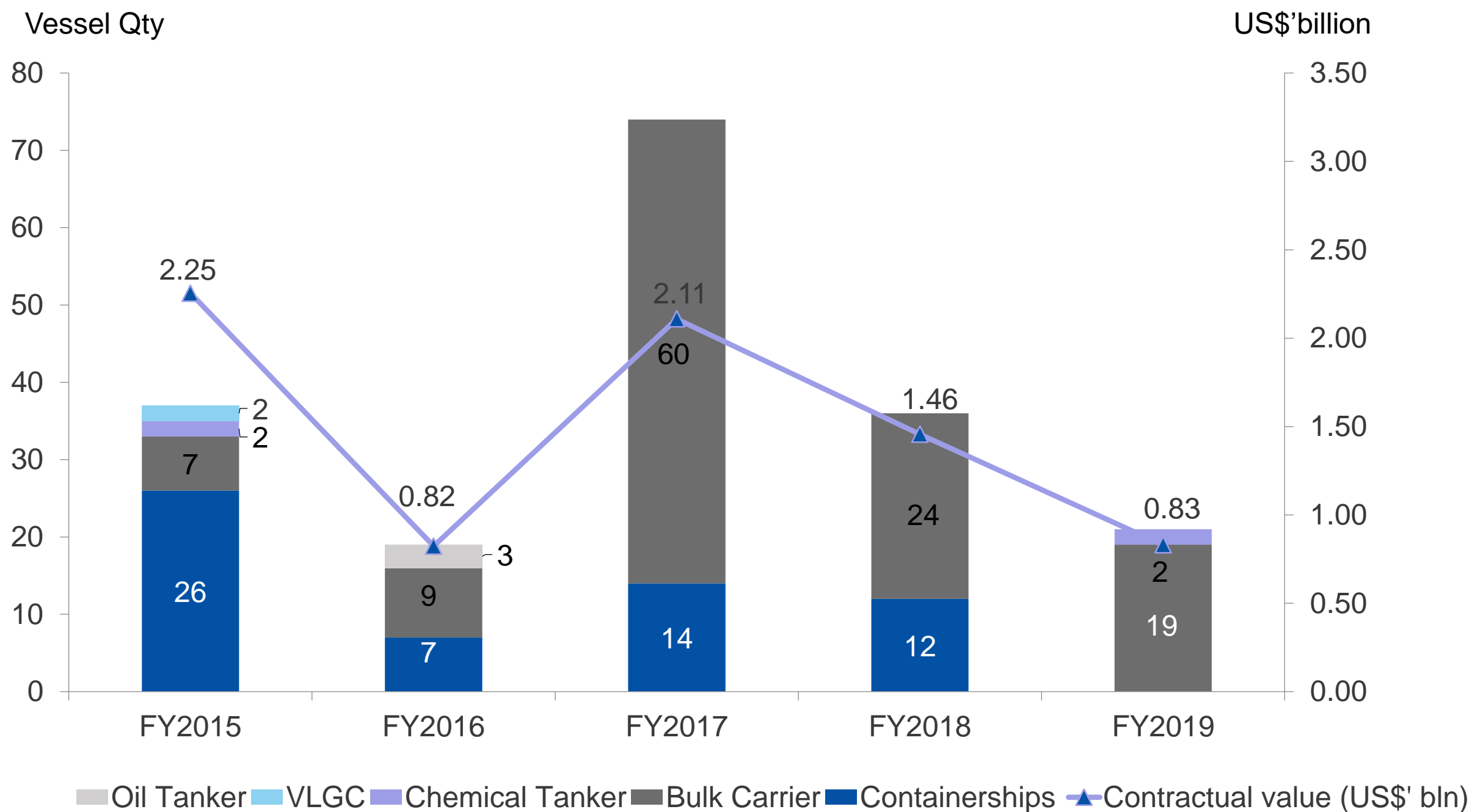
Bulk Carriers





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 17) are all for external customers**

Current fleet (self-managed)

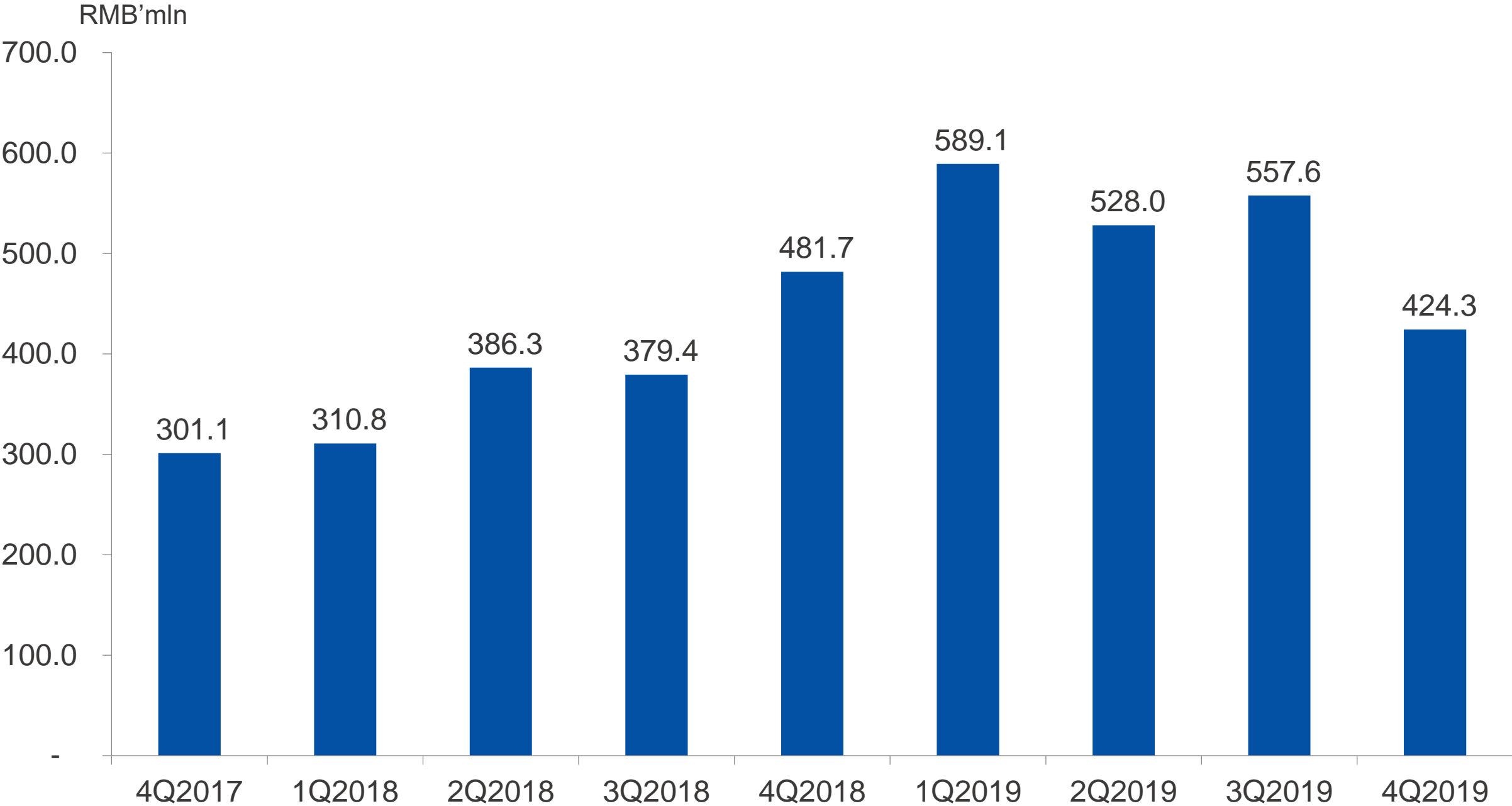
- 7 x 92,500DWT, bulk carriers
- 5 x 82,000DWT, bulk carriers
- 3 x 64,000DWT, bulk carriers
- 1 x 19,900DWT, stainless steel chemical tanker
- 1 x 12,000DWT, stainless steel chemical tanker
- 4 X 47,350DWT, bulk carriers
- 1 X 79,600DWT, bulk carrier
- 1 x 12,500MPV, multiple purpose vessel



SECTION III SEGMENTAL REVIEW

Financial Investments

Interest Income Investment Segment

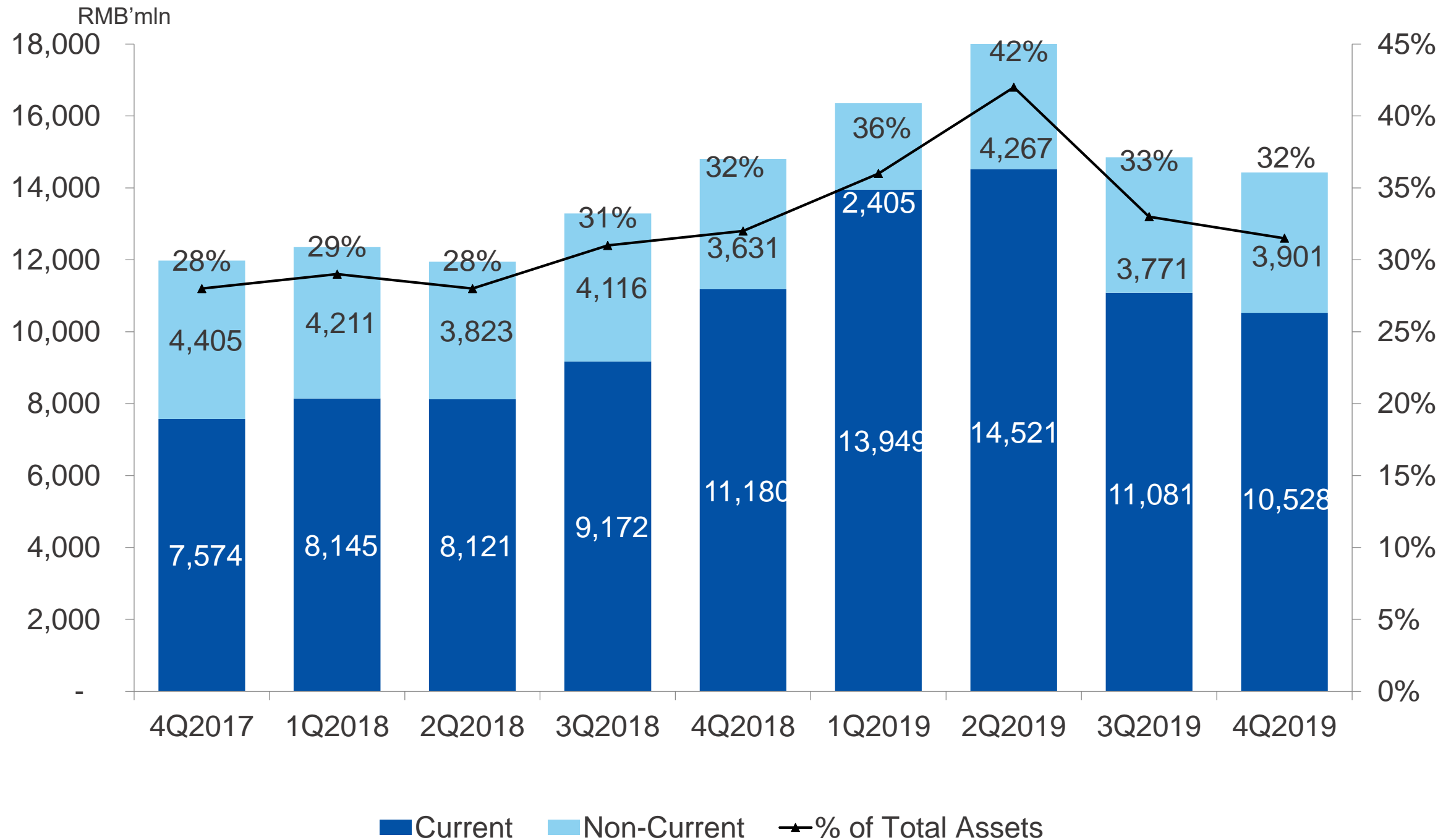


Source: Company Data

Outstanding Balance Debt Investments at Amortised Cost



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Source: Company Data

Debt Investment at Amortised Costs Investment Process



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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

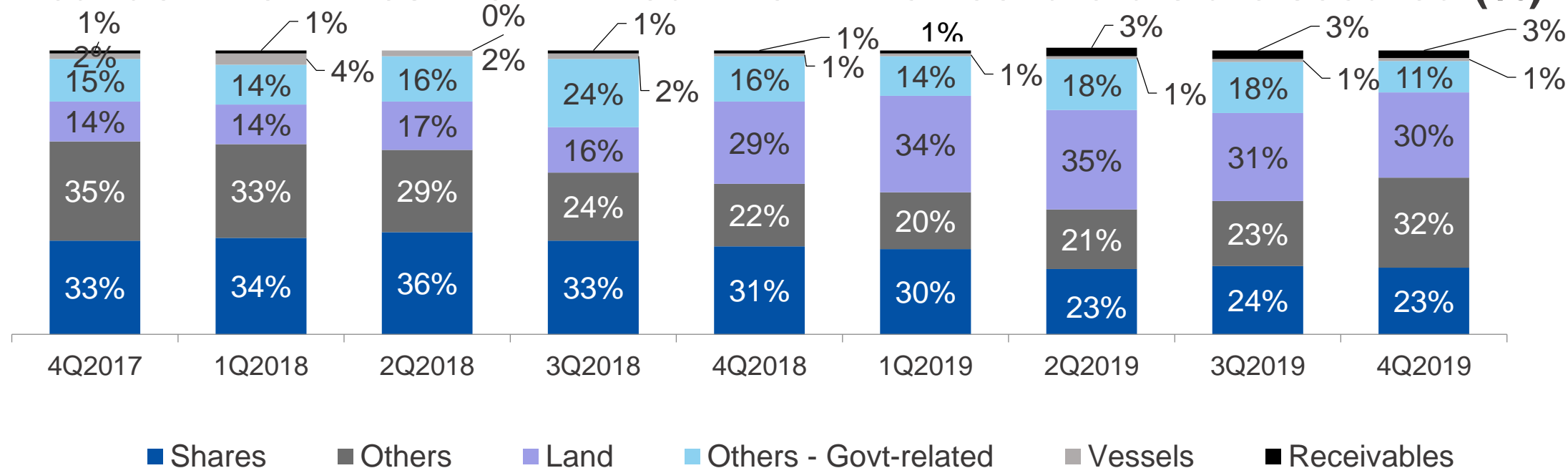
Current Strategy

- Maintain adequate liquidity and tighten risk control
- Increase the requirement on collaterals and enhance coverage ratio when credit environment in China tightens

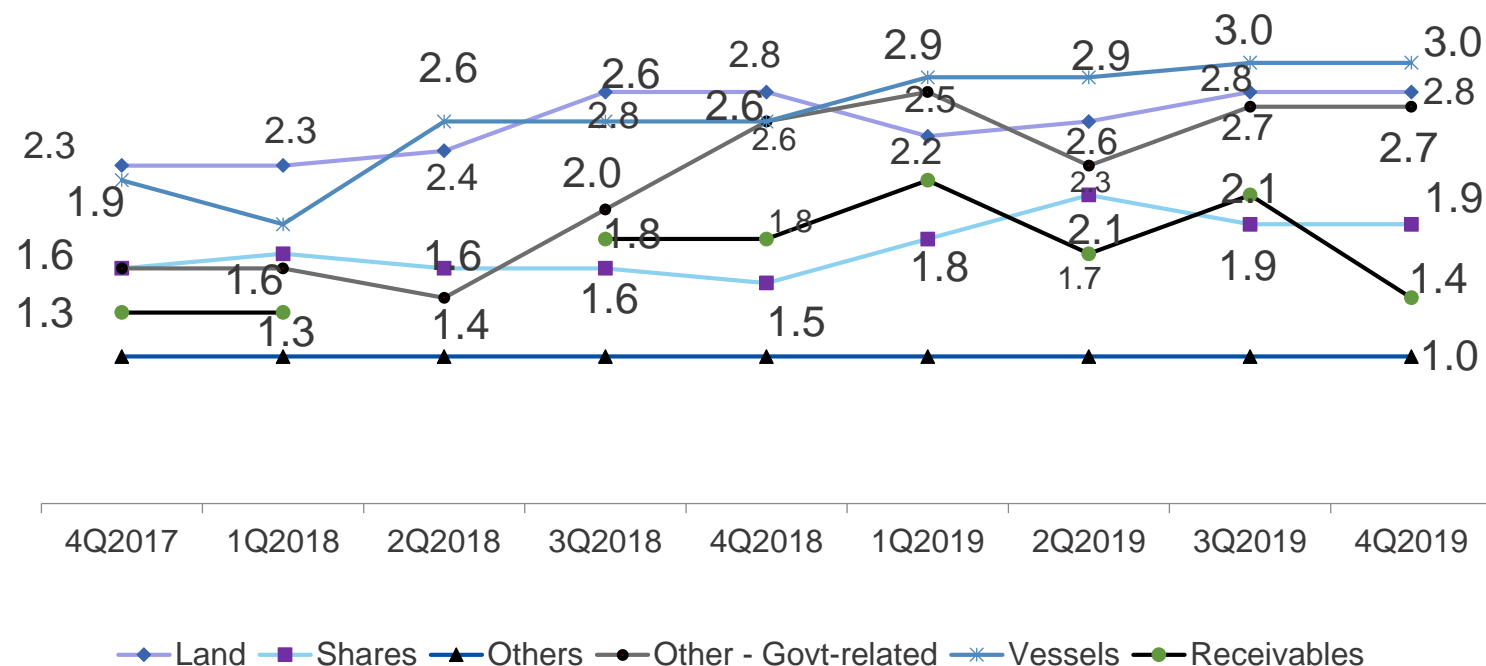


Debt Investment at Amortised Costs

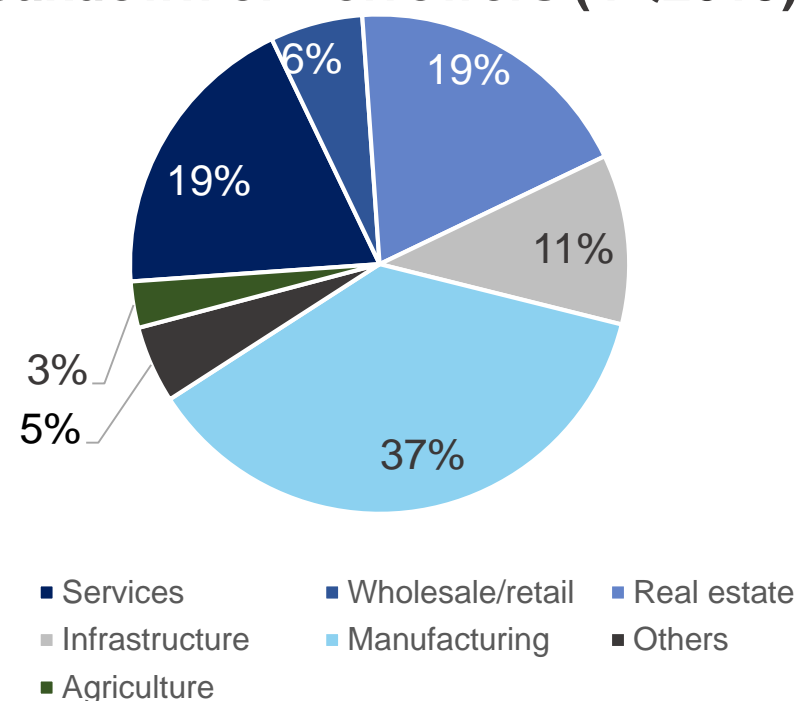
Breakdown of Investment Amount for which collaterals are secured (%)



Coverage Ratio



Breakdown of Borrowers (4Q2019)





揚子江船業

SECTION IV

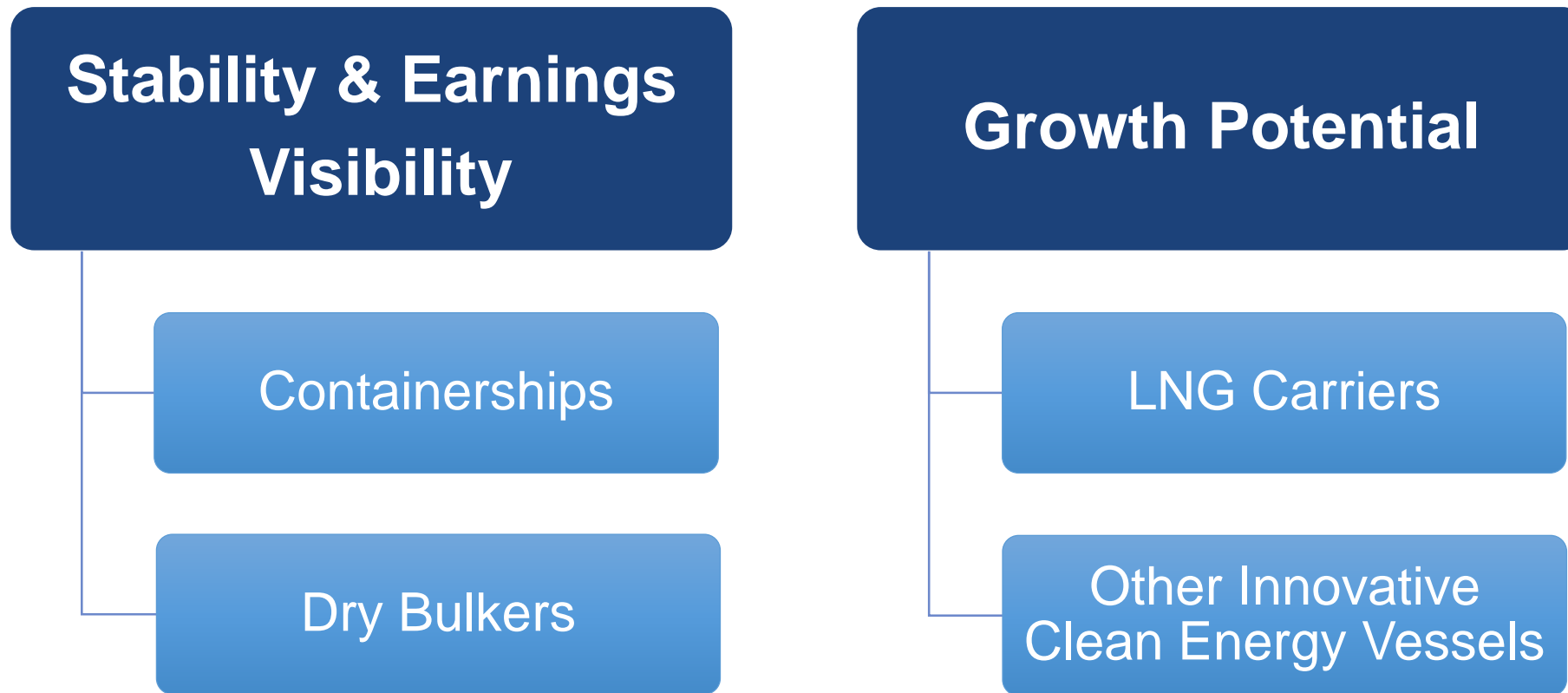
TRENDS & STRATEGIES



Industry update

- Market in 2019 remained challenging - weak economic outlook, trade tension and the IMO rule on sulphur emission
- Most of shipowners cut or postponed their investment in new vessels in 2019
- Global new shipbuilding orders declined by 31% in DWT terms in 2019 compared to 2018, global shipbuilding delivery increased by 22%
- Global outstanding order book continued to decline and reached the lowest level since 2004, at the beginning of 2020
- Coronavirus situation further weigh on economy and shipbuilding order placement

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

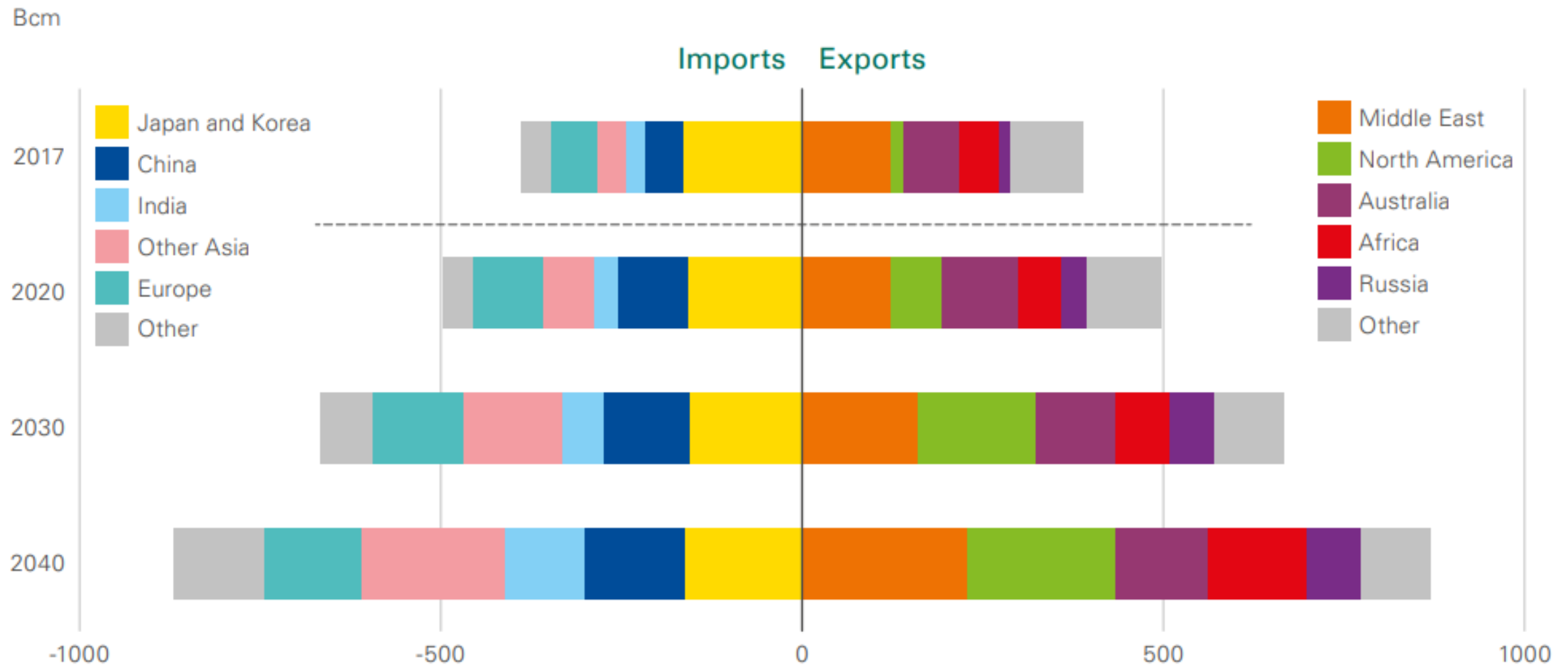
Jiangsu Yangzi Jlasheng Terminal Co Ltd.

- 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



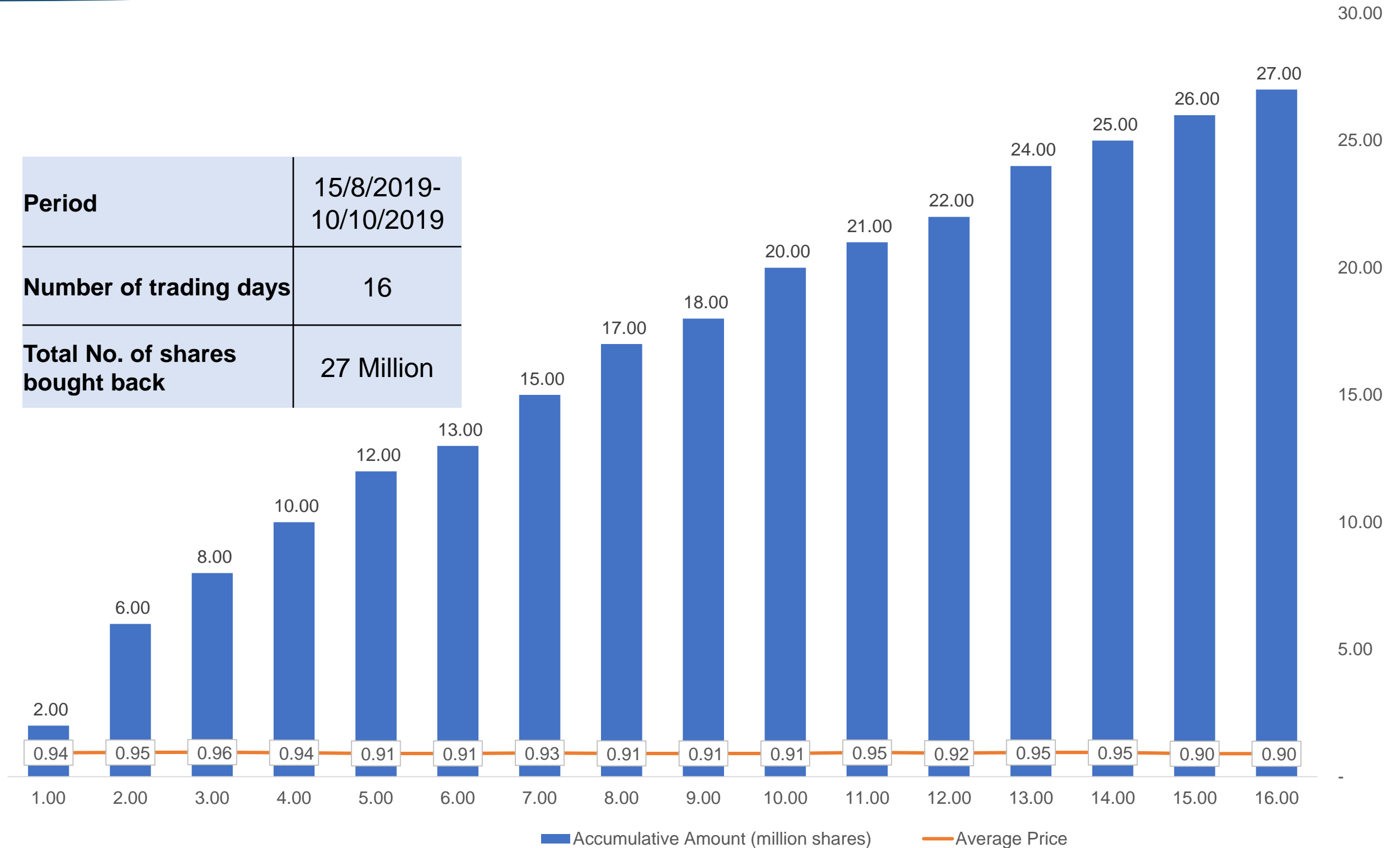


SECTION VI

STOCK INFORMATION



Share Buyback

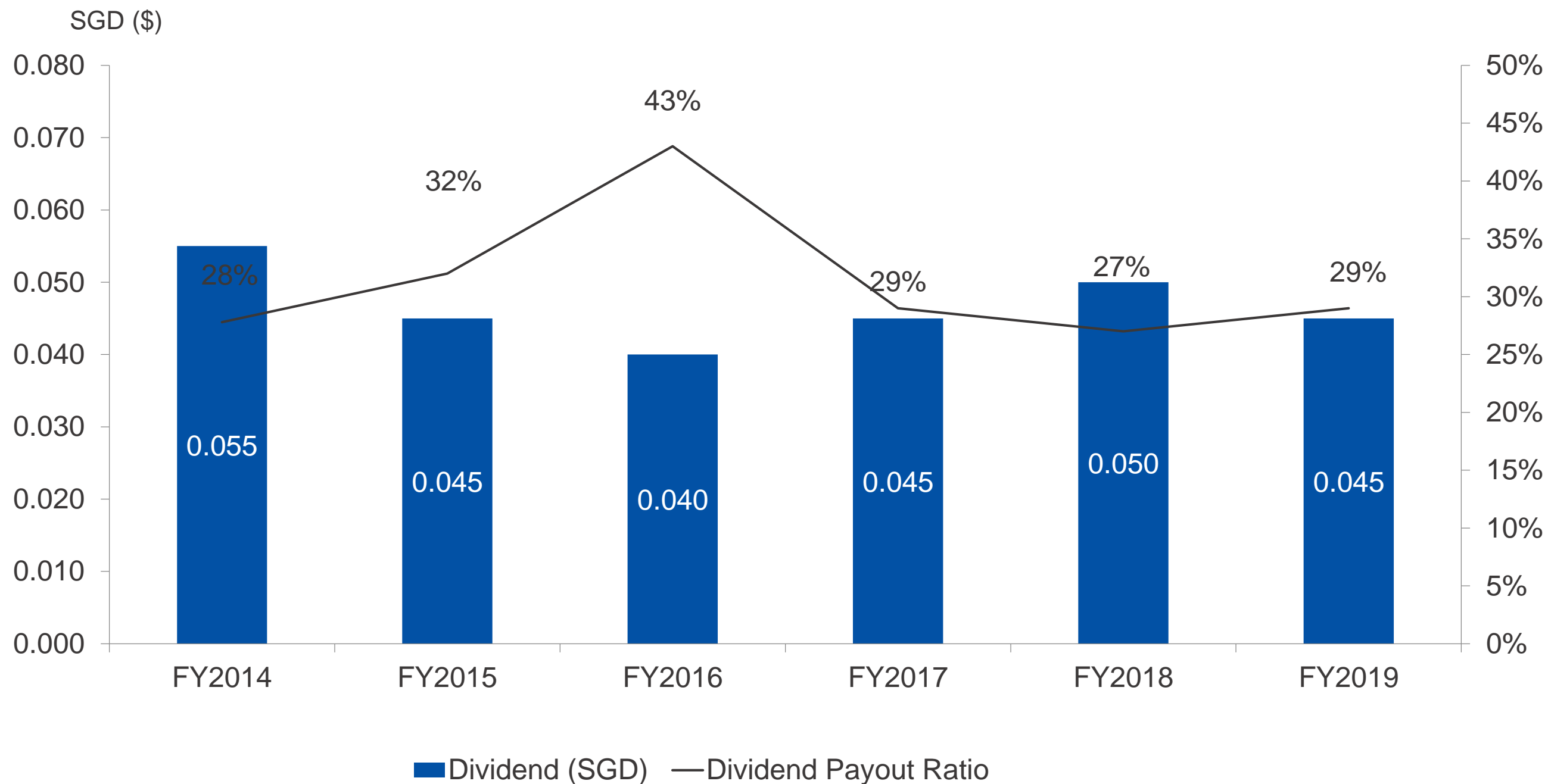


Source: Bloomberg, as of 27 Feb, 2020



Dividend Summary

Dividend and dividend payout ratio





Top Shareholders

No.	Holder Name	Position	Filing Date	%
1	YANGZI INTERNATIONAL	852,845,825	04/12/2019	21.76
2	LIDO POINT INVESTMENTS LTD	394,134,000	11/12/2019	10.06
3	BLACK ROCK INC	195,107,017	12/12/2018	4.98
4	HENGYUAN ASSET INV LIMITED	163,697,370	08/01/2019	4.18
5	VANGUARD GROUP INC/WAYNE	33,039,119	01/31/2020	0.84
6	MERIAN GLOBAL INVESTORS UK LTD	26,463,100	06/30/2018	0.68
7	INVESTEC ASSET MGT GUERNSEY LTD	25,215,000	12/31/2019	0.64
8	GOVERNMENT PENSION FUND GLOBAL	24,127,643	12/31/2018	0.62
9	VANGUARD GROUP INCE	22,608,188	01/31/2020	0.58
10	GOVERNMENT PENSION INVESTMENT FUND JAPAN	20,529,010	03/31/2019	0.52
Total		1,757,766,272		44.86

Source: Bloomberg, as of 27 February, 2020



Stock Performance



Source: Bloomberg, as of 27 February, 2020



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杨子江船业(控股)有限公司



Thank You

Q&A

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