

Yangzijiang Shipbuilding (Holdings) Ltd.

Results Briefing
FY2009
23 February 2010



Yangzijiang Shipbuilding (Holdings) Ltd.



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Agenda

- **Group Overview**
- **Financial Overview**
- **Operational Highlights**
- **Outlook / Future Plans**

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Yangzijiang Shipbuilding (Holdings) Ltd.

Section 1 Group Overview



Yangzijiang Shipbuilding (Holdings) Ltd.



Investment Merits

Why Yangzijiang??



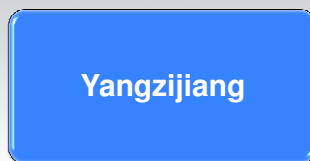
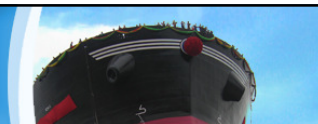
- Good earnings growth - **FY2009 PATMI up 45% to RMB2.3 billion (CAGR of 71% in PATMI for FY2004 to FY2009)**
- Strong order book - **127 vessels worth US\$5.6 billion** as at 31 December 2009
- Looking towards diversifying revenue stream and venture into new business segments - ship breaking / repair
- Customers - mostly big companies with strong financial backbone
- Employs a **timely delivery schedule** - continues to deliver vessels as per schedule
- **Low slip-ups and conversion costs** - the company does **mass production** employing **economies of scale** (maintaining operating costs at about 2% of revenue)
- **Well experienced company (and management)** - has seen the industry cycles and well capable of surviving the downturn and minimizing the impact from it
- With **enough cash** on the balance sheet, **possible M&A activities**
- Maintain **stable dividend payout levels / share buybacks**



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Group Profile



Yangzijiang

JYS – old yard

JNYS – new yard

A leading shipbuilder in the PRC listed on the SGX and part of STI's reserve list, builds wide range of commercial vessels (containerships, bulk cargo carriers and multi-purpose cargo vessels) through two yards across the Yangtze River

Located in Jiangyin city, the yard spans about 800 m of deep-water coastline and covers an area of about 200,000 sq m (excluding the coastal area)

Located in Jingjiang city, the yard has 1,940 m of deep-water coastline, production area of 1,508,857 sq m, a dry dock that can accommodate two 100,000 dwt vessels and two half 100,000 dwt vessels at one time



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Excellent track record

Uncompromising Quality & Prompt Delivery



Competitive advantages

- High level of quality and well acclaimed by shipbuilding surveyors
- Repeat orders from long term clients
- Prompt in delivery of vessels
- Well managed operations – less cost overruns

Group's niche

- Sophisticated designs = minimum modifications
- Least retrofitting of tools = significant reduction of fixed cost per vessel
- Mass production = economies of scale

Building capacity

- For the Group, it will be ramped up to 1 million CGT
- For the old yard, it is currently 0.2 million CGT
- For the new yard, it will be progressively expanded to 0.8 million CGT



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Quality Clients



- ◆ Canadry (Italy)
- ◆ Carisbrooke (UK)
- ◆ Cosco (China)
- ◆ D'amato (Italy)
- ◆ Formosa (Taiwan)
- ◆ GuangDong Yudean (China)
- ◆ Hansa Shipping (Germany)
- ◆ IMS Shipping (Italy)
- ◆ Peter Dohle (Germany)
- ◆ Rickers Reederei (Germany)
- ◆ Seaspan (Canada)
- ◆ Tomas Schulte (Germany)



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Share Information



Share price (as at close of 19 February 2010)	S\$1.03
Market capitalization	S\$3,763 million
52 week high / low	S\$1.28 / S\$0.36
P/E	8.86
P/B	4.21
Dividend yield (gross indicated)	1.75%
Number of shares	3,653.5 million
Major shareholders:	Ren Yuanlin (29.23%) Wan Dong (13.97%) Public Float (35.54%)

Source: Bloomberg (19 February 2010)



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Section 2 Financial Overview



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Results Highlight

For 4Q2009 yoy



Financial Highlights	4Q2009	4Q2008	Change	Reason/s
	RMB'000	RMB'000	%	
Revenue	3,443,410	1,868,488	84	More vessels delivered 1 st inclusion of provision for potential cost variation in 4Q2008 for all vessels under construction as at 31 Dec 2008
Gross Profit	677,095	238,108	184	
Gross Profit Margin	19.7%	12.7%	-	Increased investment in held-to-maturity products
Other Income	180,583	122,012	48	
Other Gains/(Losses)	(61,307)	73,155	(184)	Less favourable forward contract rates & EUR/RMB mark to market variation
Operating Expenses	69,689	38,032	83	Maintained at 2% of revenue
Net Profit Attributable to Equityholders	645,085	395,075	63	
Net Profit Margin	18.7%	21.1%	-	

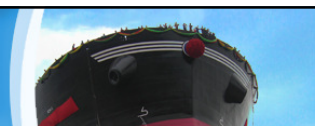
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Results Highlight

For 4Q2009 qoq



Financial Highlights	4Q2009	3Q2009	Change
	RMB'000	RMB'000	%
Revenue	3,443,410	2,591,408	33
Gross Profit	677,095	523,278	29
Gross Profit Margin	19.7%	20.2%	-
Other Income	180,583	87,972	105
Other Gains, Net	(61,307)	35,509	(273)
Operating Expenses	69,689	45,810	52
Net Profit Attributable to Equityholders	645,085	554,227	16
Net Profit Margin	18.7%	21.4%	-

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Results Highlight

For FY2009

Financial Highlights	FY2009	FY2008	Change
	RMB'000	RMB'000	%
Revenue	10,623,642	7,359,096	44
Gross Profit	2,234,672	1,363,012	64
Gross Profit Margin	21.0%	18.5%	-
Other Income	360,527	232,431	55
Other Gains, Net	178,708	274,239	(35)
Operating Expenses	212,539	160,421	32
Net Profit Attributable to Equityholders	2,289,951	1,579,760	45
Net Profit Margin	21.6%	21.5%	-

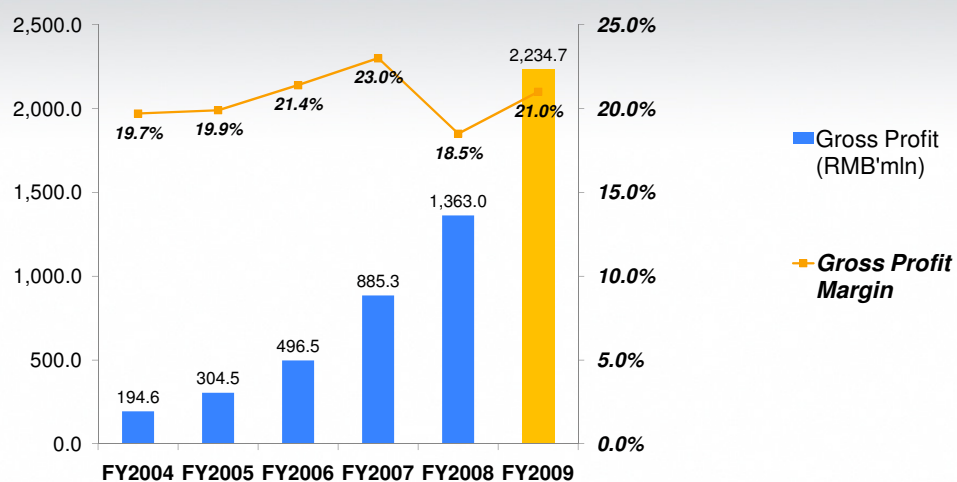
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Profitability Trends

Gross Profit



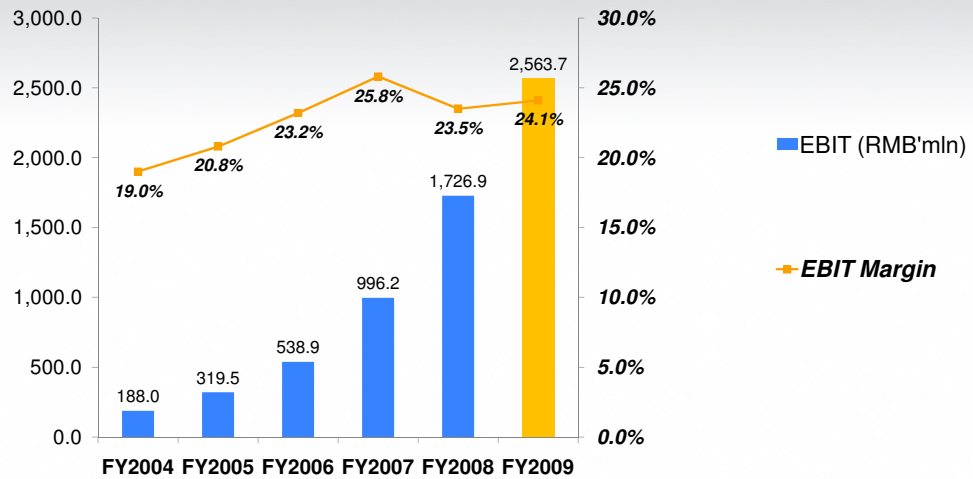
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Profitability Trends

EBIT

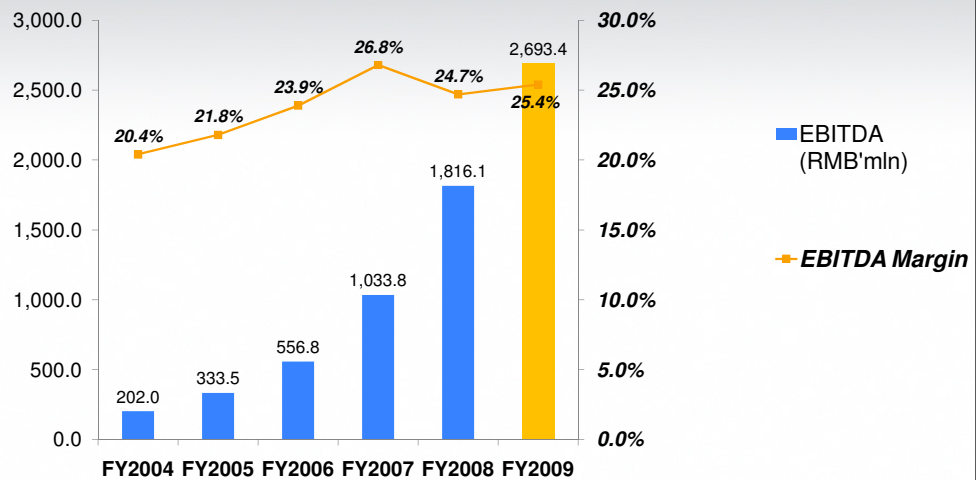


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Profitability Trends

EBITDA

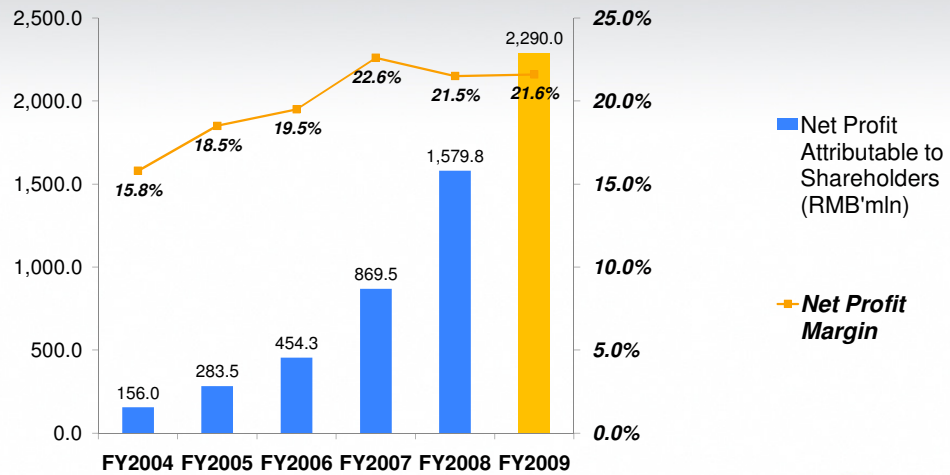


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Profitability Trends

Net Profit Attributable to Shareholders

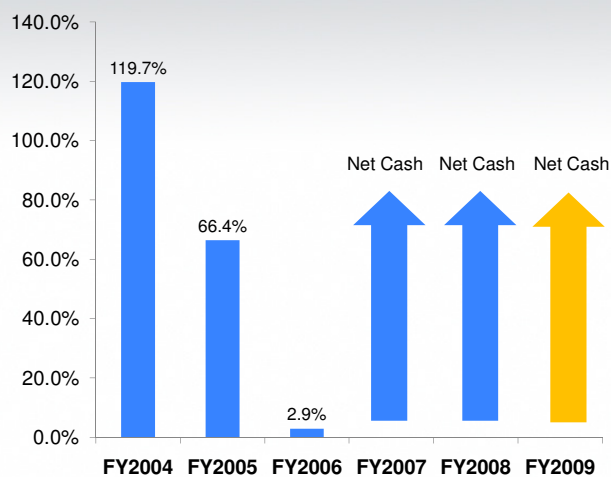


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Strong Financial Position

Net Gearing



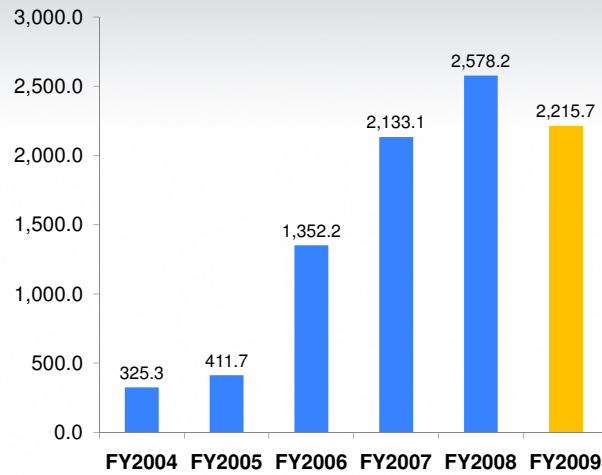
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Strong Financial Position



Operating Cash Flow (RMB'mln)



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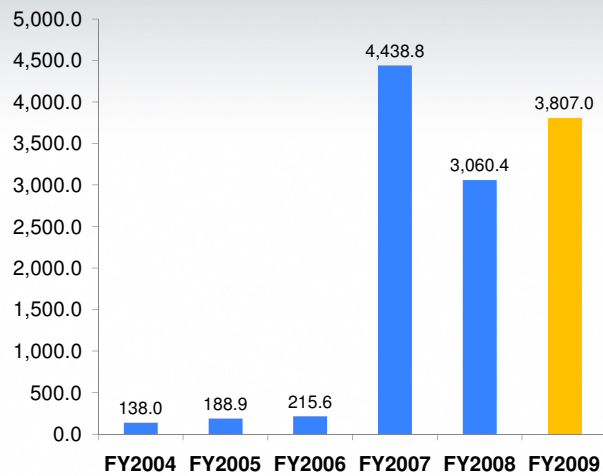


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Strong Financial Position



Cash & Cash Equivalents (RMB'mln)



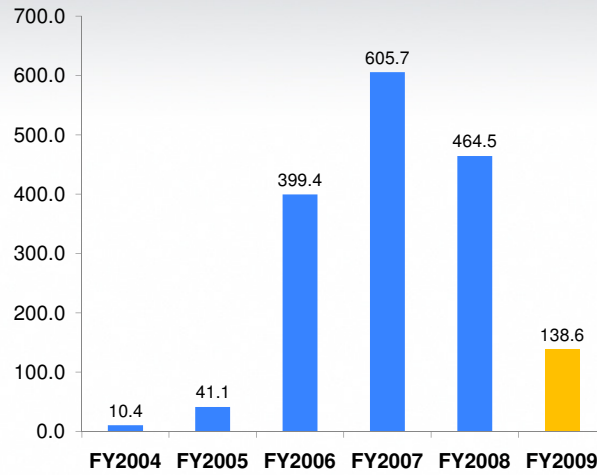
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CAPEX

Capital Expenditure (RMB'mln)



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Section 3 Operational Highlights

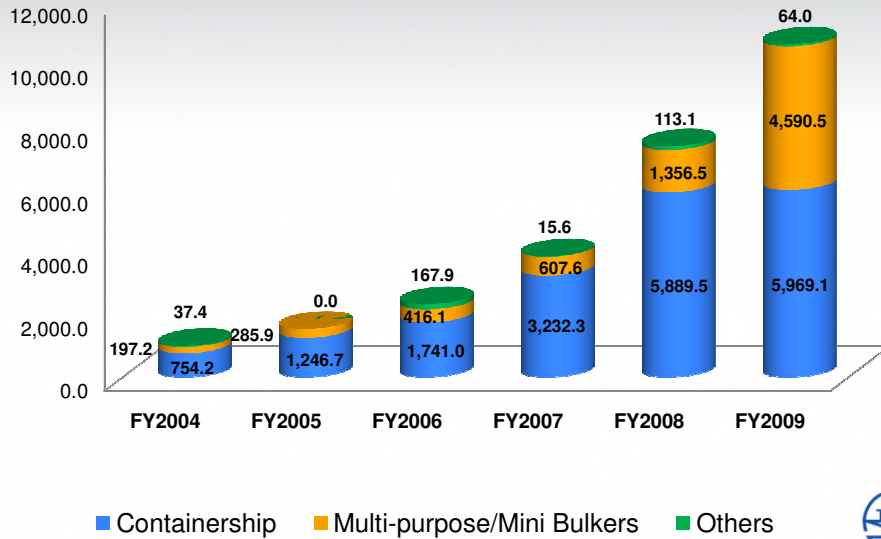


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Revenue Trend

Total Revenue (RMB'mln)



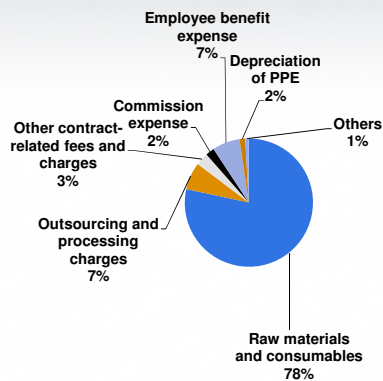
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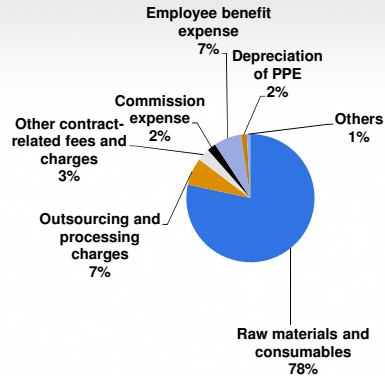
Stable & Competitive

Cost Structure

Breakdown of FY2009 cost of sales



Breakdown of FY2008 cost of sales



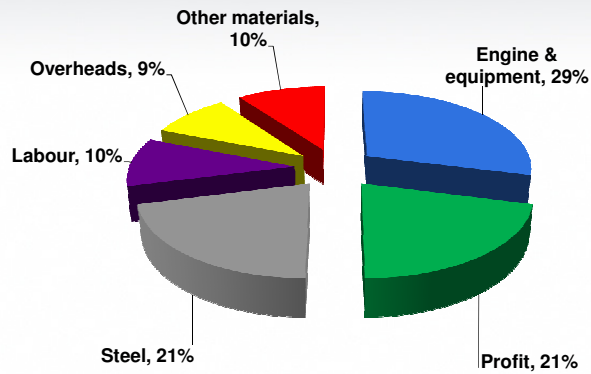
Note: Others comprise of utilities and transportation expenses

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Cost Structure

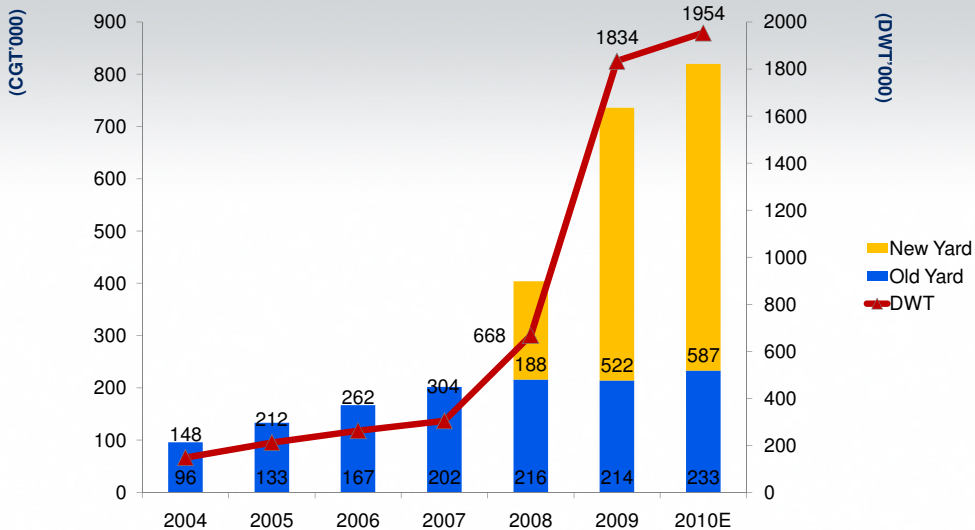
Usual cost structure



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Production Capacity



Note: Currently the new yard is operating at a capacity utilization rate of about 80-90%, while the old yard at full capacity

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Strong Order Book

Total: 127 vessels; 2.37million CGT @ USD 5.6 billion
 54 containerships, 1.25 million CGT @ USD 3.2 billion
 73 bulk carriers, 1.12 million CGT @ USD 2.4 billion

New Yard: - 4250 TEU (38 vessels) - 92500 DWT (42 vessels)

Old Yard: - 2500 TEU (12 vessels) - 19000 DWT (2 vessels)
 - 1350 TEU (4 vessels) - 12600 DWT (4 vessels)
 - 7600 DWT (16 vessels)
 - 6250 DWT (9 vessels)

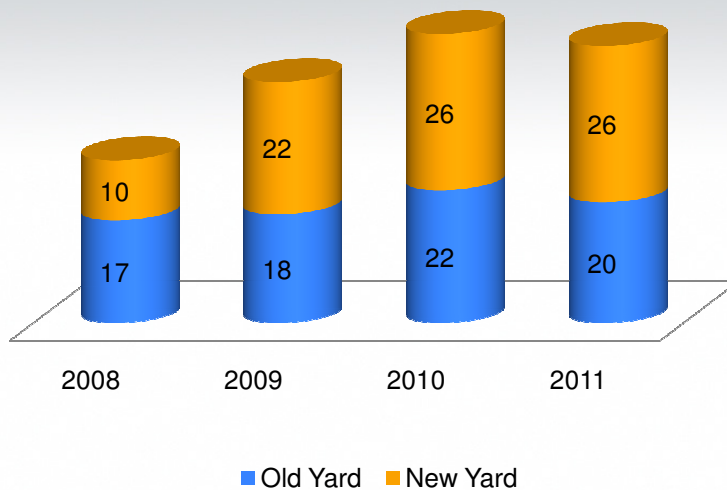
Note: Order book is as at 31 Dec 2009



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Vessel Construction Schedule



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Section 4 Outlook Future Plans



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Industry Outlook

Key Concerns



- More optimism towards the offshore side as orders flow from Petrobras, etc but the commercial shipping/shipbuilding side, the sentiments are weak
- In dry bulk and containerships, over supply of vessels remain a concern
- The new orders coming in are very small and not at good margins
- Cancellation/delay of vessels with the customers lacking the finances still a concern
- Customers requesting for delaying vessel delivery and price re-negotiation is common
- Some shipyards leveraging very high and running into a debt trap due to the prolonged industry downturn

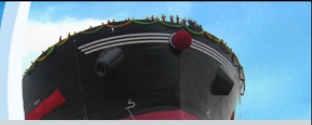
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What Yangzijiang is doing

About the Concerns



- Most orders previously secured are from reputable and financially stable customers
- Bulked up the order book before the downturn to ensure sustainable operations
- Maintaining a healthy level of cash and cash equivalents on the balance with a net cash position in terms of gearing
- Costs are kept under control and high focus on execution of orders in hand
- Strict adherence to delivery schedule timing wise to avoid any argument with customers
- Diversifying in to different business to ensure sustainability of operations



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Positive for the industry

New orders for Chinese Shipbuilders



As at:	Jul 09	Aug 09	Sep 09	Oct 09	Nov 09	Dec 09
Ships Built	18.8	23.4	27.8	32.1	36.5	42.4
New Orders	7.9	11.0	16.9	19.1	22.9	26.0
Total Order Book	192.4	190.9	192.4	189.6	189.0	188.2

(All in mln tons)

- For July to December 2009, according to Beijing-based Ministry of Industry and Information Technology



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Order Book Movement

New orders secured / Rescheduling



Period:	1Q2009	2Q2009	3Q2009	4Q2009
Vessels Delivered	6	11	7	16
Total Vessels Delivered in FY2009 = 40 vessels				

- The Group secured shipbuilding contracts to build four (4) vessels
- These 4 vessel types are 92500 DWT Multi-purpose bulkers
- Total vessels scheduled to be delivered in 2010 increased from 46 (previously announced) to 48 now
- The Group does not expect any cancellation in respect of its existing contracts



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New Business Segment

Ship-breaking



- JNYS with other strategic partners has entered into a agreement to acquire Jiangsu Xinfu Shipbuilding Co., Ltd. (JXSCO)
- Total registered paid-up capital of USD45 million
- JNYS to have 20% stake and invest USD9 million
- JXSCO owns a shipyard that is currently under construction and will eventually relate to the main business of ship breaking with ship repairing as a supplemental business
- Construction is expected to be completed in July 2010 and operations will commence in stages



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Peer Comparison

NAME	MKT CAP (USD'mln)	NET MARGIN (%)	ROE (%)	P/E
YANGZIJIANG SHIPBUILDING	2,659.9	21.6	37.2	8.9
SINGAPORE				
SENBCORP MARINE LTD	4,934.2	8.5	28.7	14.7
KEPPEL CORP LTD	9,464.6	13.3	30.7	8.2
COSCO CORP SINGAPORE LTD	2,010.1	8.7	29.0	41.5
AVERAGE		10.2	29.5	21.5
CHINA				
GUANGZHOU SHIPYARD INTL CO-H	1,415.4	11.7	31.6	10.0
GUANGZHOU SHIPYARD INTL CO-A	1,415.4	11.7	31.6	22.2
CHINA CSSC HOLDINGS LTD-A	6,900.0	15.1	36.5	15.8
AVERAGE		12.9	33.2	16.0
KOREA				
DAEWOO SHIPBUILDING & MARINE	3,219.5	4.6	20.9	9.2
HYUNDAI MIPO DOCKYARD	2,265.9	10.2	19.4	4.9
HANJIN HEAVY INDUS & CONST	847.7	1.6	4.1	15.6
SAMSUNG HEAVY INDUSTRIES	4,862.1	5.1	30.4	8.4
STX OFFSHORE & SHIPBUILDING	716.2	1.4	4.0	18.9
HYUNDAI HEAVY INDUSTRIES	14,427.7	10.2	40.7	5.9
AVERAGE		5.5	19.9	10.5

Source: Bloomberg (19 February 2010)



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Q&A

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