

Yangzijiang Shipbuilding (Holdings) Ltd.

Results Briefing
1Q FY2010
28 April 2010



Yangzijiang Shipbuilding (Holdings) Ltd.



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Agenda

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

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Section 1 Group Overview



Yangzijiang Shipbuilding (Holdings) Ltd.



Investment Merits

Why Yangzijiang??



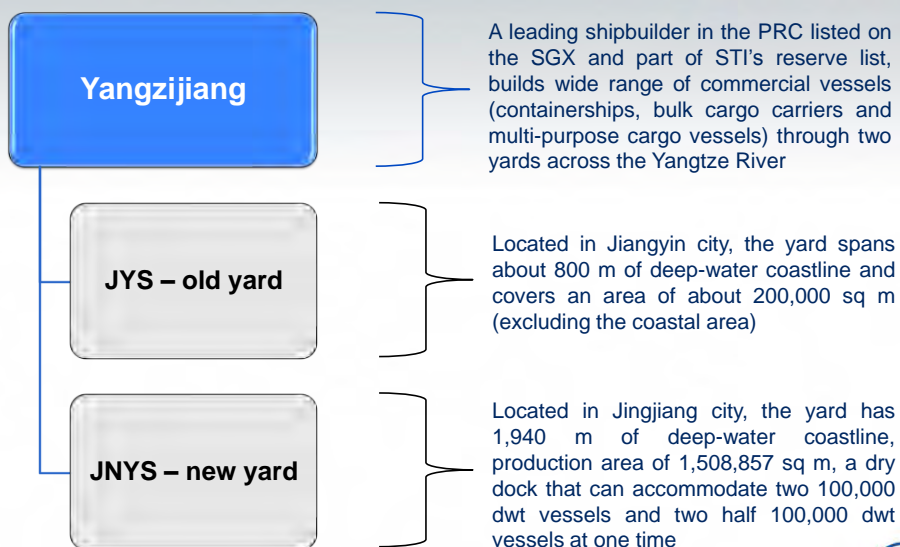
- Good earnings growth - **CAGR of 71% in PATMI** for FY2004 to FY2009. PATMI of RMB586.4 million for 1Q2010, up 21% yoy
- Strong order book - **125 vessels worth US\$5.45 billion** as at 28 April 2010
- Diversifying revenue stream and venturing into new business segments - ship breaking / repair and also the robust offshore oil and gas segment
- 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, **M&A activities in case any opportunity**
- Maintain **stable dividend payout** levels / **share buybacks**

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Group Profile



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Yangzijiang Shipbuilding (Holdings) Ltd.

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 of closing 27 April 2010)	S\$1.40
Market capitalization	S\$5,114.93 million
52 week high / low	S\$1.57 / S\$0.43
P/E	11.13
P/B	4.04
Dividend yield (gross indicated)	2.50%
Number of shares	3,653.522 million
Major shareholders:	Ren Yuanlin (29.23%) Wan Dong (13.97%) Public Float (35.54%)

Source: Bloomberg (27 April 2010)



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Section 2 Financial Overview



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Results Highlight

For 1Q2010 yoy



Financial Highlights	1Q2010	1Q2009	Change	Reason/s
	RMB'000	RMB'000	%	
Revenue	2,675,504	2,090,159	28	More vessels delivered: 10 vs 6
Gross Profit	622,801	424,506	47	Higher profit recognition for two high margin vessels delivered in 1Q2010
Gross Profit Margin	23.3%	20.3%	-	
Other Income	125,077	39,693	215	Increased investment in held-to-maturity products and higher level of cash deposits
Other Gains/(Losses)	40,155	97,258	(59)	Less favourable forward contract rates & negative mark to market variation for orders
Operating Expenses	(44,772)	(46,588)	(4)	Maintained at 2% of revenue
Net Profit Attributable to Equityholders	586,415	483,271	21	Higher tax rate as JNYS' tax exemption period over & also 5% withholding tax
Net Profit Margin	21.9%	23.1 %	-	

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Results Highlight

For 1Q2010 qoq



Financial Highlights	1Q2010	4Q2009	Change
	RMB'000	RMB'000	%
Revenue	2,675,504	3,443,410	(22)
Gross Profit	622,801	677,095	(8)
Gross Profit Margin	23.3%	19.7%	-
Other Income	125,077	180,583	(31)
Other Gains/(Losses)	40,155	(61,307)	N.M.
Operating Expenses	(44,772)	(69,689)	(36)
Net Profit Attributable to Equityholders	586,415	645,085	(9)
Net Profit Margin	21.9%	18.7%	-

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Results Highlight

Balance Sheet



Financial Highlights	31 March 2010	31 December 2009
	RMB'000	RMB'000
Property, Plant and Equipment	1,935,390	1,966,580
Restricted Cash	2,639,776	2,979,646
Cash & Cash Equivalents	5,118,712	3,806,955
Total Debt	1,202,285	907,077
Total Equity	6,896,567	6,310,304
Gross Gearing	17.4%	14.4%
Net Gearing	Net Cash	Net Cash
Net Asset Value per Ordinary Share (RMB cents)	188.78	172.73

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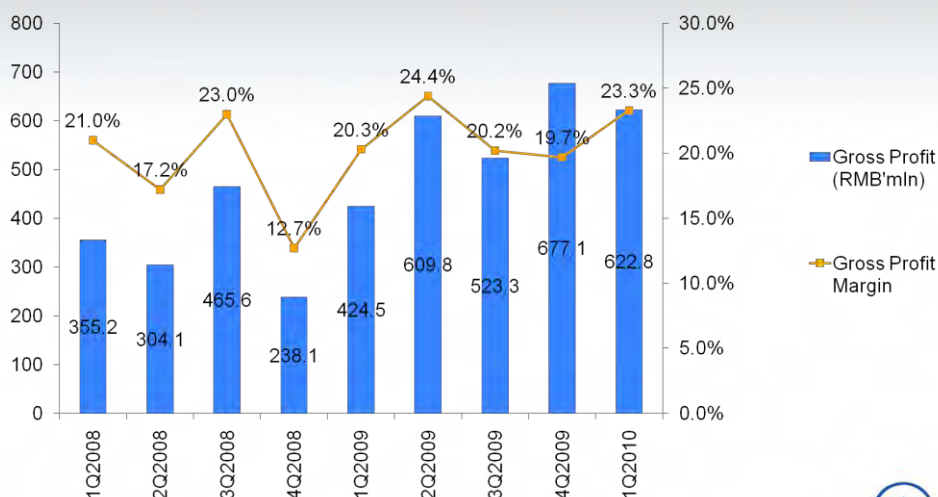


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Profitability Trends



Gross Profit



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Profitability Trends



Net Profit Attributable to Shareholders



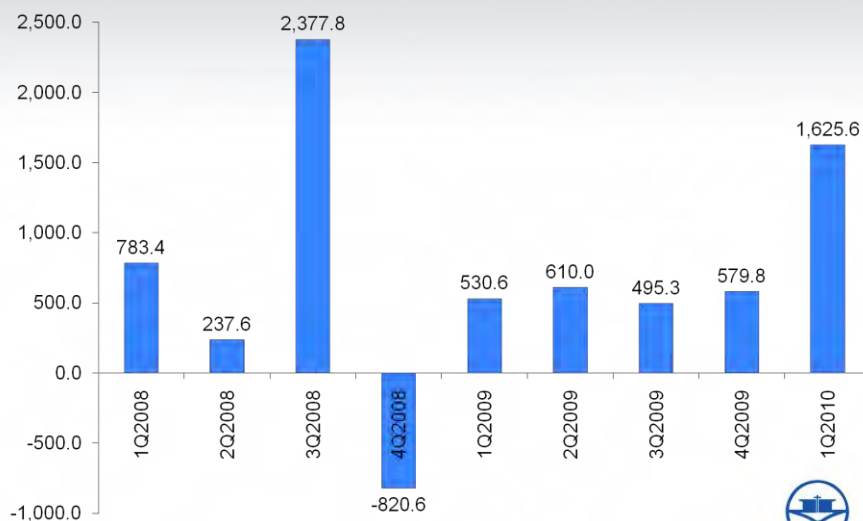
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Strong Financial Position



Operating Cash Flow (RMB'mln)



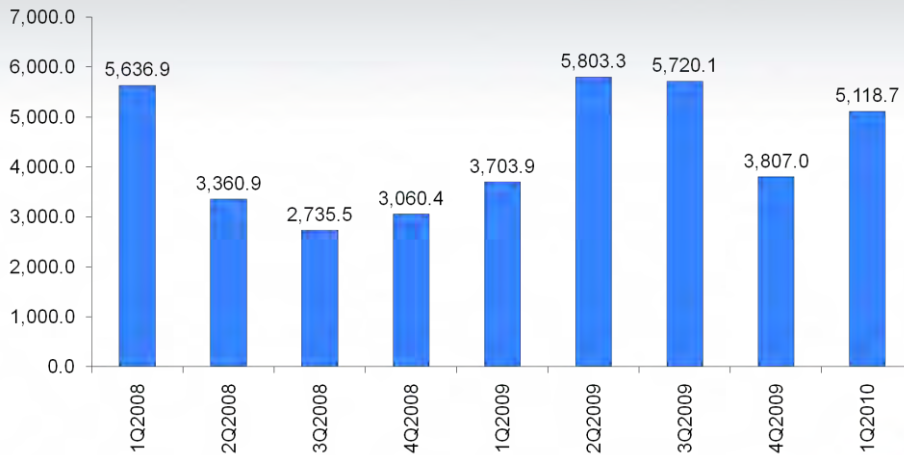
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Strong Financial Position



Cash & Cash Equivalents (RMB'mln)



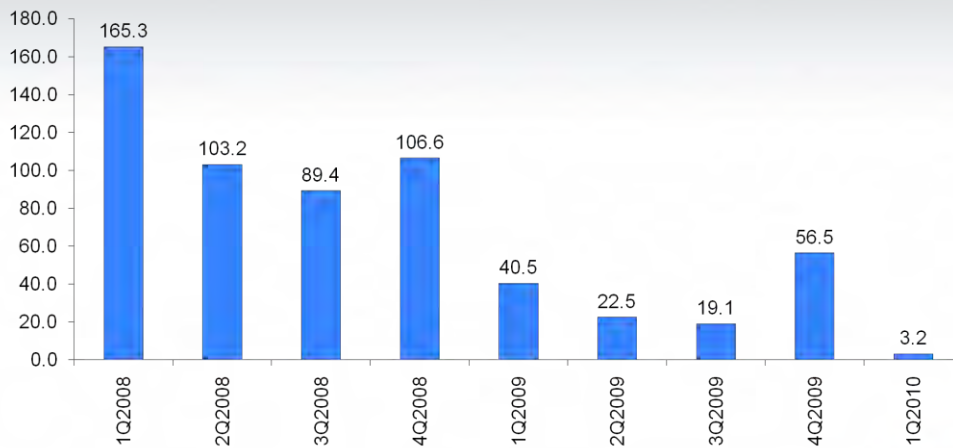
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CAPEX



Capital Expenditure (RMB'mln)



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Section 3 Operational Highlights



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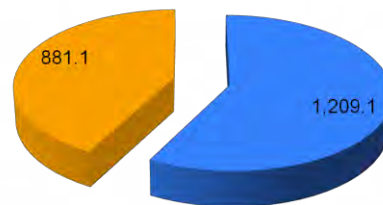
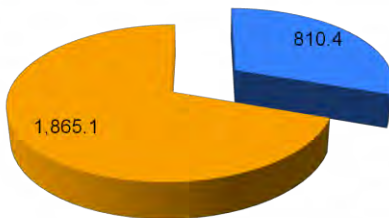
Revenue Breakdown



Revenue (RMB'mln)

1Q2010

1Q2009



■ Containerships
■ Multi Purpose Cargo



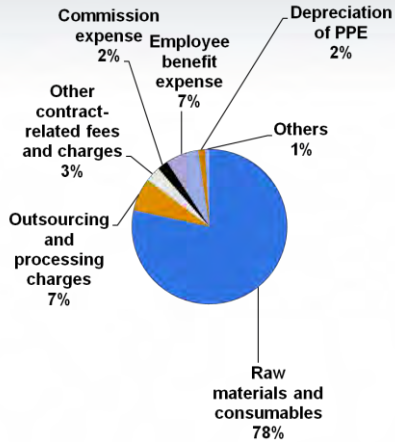
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Stable & Competitive

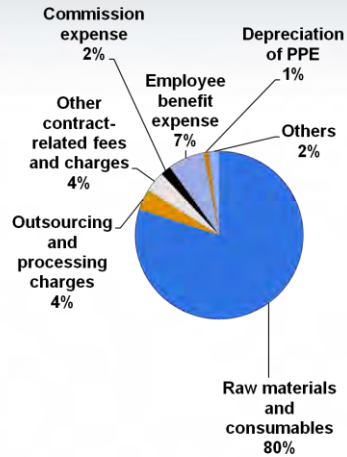
Cost Structure



Breakdown of 1Q2010 cost of sales



Breakdown of 1Q2009 cost of sales



Note: Others comprise of utilities and transportation expenses

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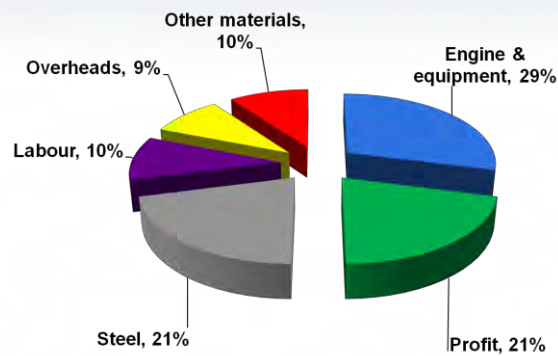


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Cost Structure



Usual cost structure

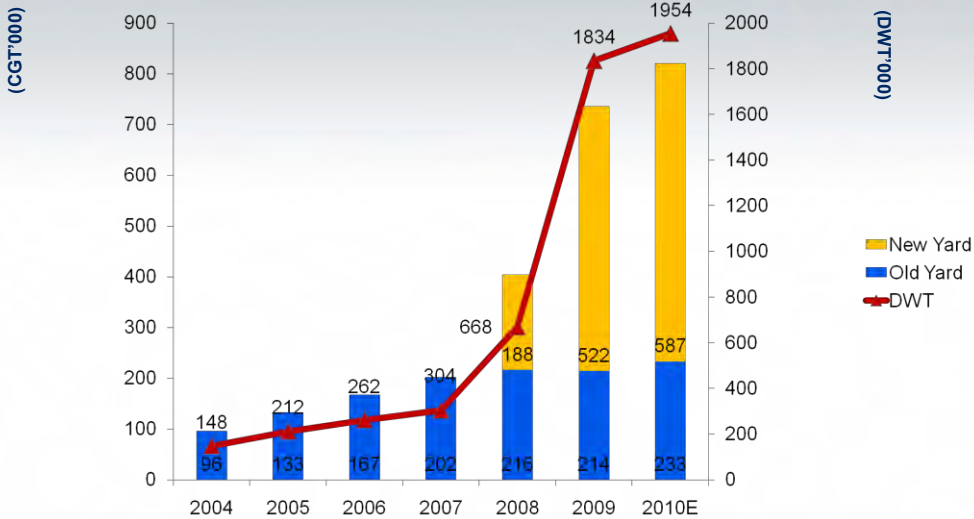


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Production Capacity



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: 125 vessels; 2.37million CGT @ USD 5.45 billion
 48 containerships, 1.14 million CGT @ USD 2.9 billion
 77 bulk carriers, 1.23 million CGT @ USD 2.55 billion

New Yard: - 4250 TEU (38 vessels) - 92500 DWT (40 vessels)

Old Yard: 2500 TEU (6 vessels) 19000 DWT (2 vessels)
 1350 TEU (4 vessels) 12600 DWT (4 vessels)
 45000 DWT (6 vessels) 7600 DWT (13 vessels)
 34000 DWT (4 vessels) 6250 DWT (8 vessels)

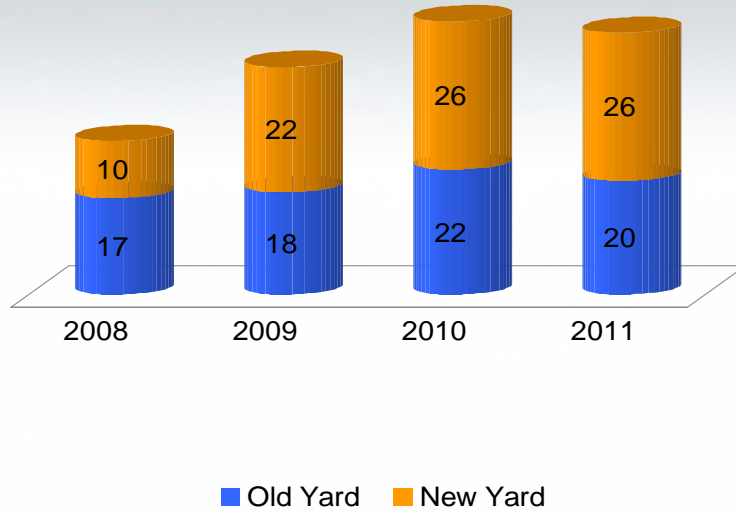
Note: Order book is as at 28 April 2010



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Vessel Construction Schedule



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Section 4 Outlook Future Plans



Industry Outlook

Key Concerns



- More optimism towards the offshore side as orders flows seen but the commercial shipping/shipbuilding side, the sentiments are weak though slowly improving
- In dry bulk and containerships, over supply of vessels remain a concern
- The new orders coming in are very small and not at that 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

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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
- Diversification: Building upon its strong foundation and capability in ship building, the Group aims to strengthen and develop its business in ship demolition, ship repair and offshore marine sector to achieve diversification in its business, complementing its core business in shipbuilding

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Order Book Movement

New orders secured / Rescheduling



Period:	1Q2009	2Q2009	3Q2009	4Q2009	1Q2010
Vessels Delivered	6	11	7	16	10
Total Vessels to be delivered in FY2010 would be 48 vessels					

- The Group secured shipbuilding contracts to build seven (7) vessels year-to-date
- These new build orders comprise six 45,000 DWT Multi-purpose Bulkers and one 92,500 DWT Multi-purpose Bulker with an aggregate value of USD196 million and deliveries going up to 2012
- Also accommodated requests from ship owner to change two of the 2,500 TEU vessels to four of the 34,000 DWT Multi-purpose Bulkers
- 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 (S\$ mln)	NET MARGIN (%)	ROE (%)	P/E
YANGZIJIANG SHIPBUILDING	5,114.9	21.6	43.1	11.1
SINGAPORE				
SEMBCORP MARINE LTD	9,315.8	12.2	43.7	13.2
KEPPEL CORP LTD	16,247.0	13.3	30.7	9.7
COSCO CORP SINGAPORE LTD	3,918.7	3.8	9.9	35.6
AVERAGE		9.8	28.1	19.5
CHINA				
GUANGZHOU SHIPYARD INTL CO-H	1,852.0	7.9	31.6	10.5
GUANGZHOU SHIPYARD INTL CO-A	1,852.0	7.9	31.6	19.0
CHINA CSSC HOLDINGS LTD-A	8,358.6	9.9	19.3	16.7
AVERAGE		8.5	27.5	15.4
KOREA				
DAEWOO SHIPBUILDING & MARINE	5,094.6	4.6	21.7	7.1
HYUNDAI MIPO DOCKYARD	3,955.8	10.2	15.5	8.2
HANJIN HEAVY INDUS & CONST	1,623.2	1.6	2.5	25.4
SAMSUNG HEAVY INDUSTRIES	7,539.8	5.1	25.9	8.5
STX OFFSHORE & SHIPBUILDING	1,322.3	-3.7	-12.6	NA
HYUNDAI HEAVY INDUSTRIES	24,538.6	10.2	27.7	7.3
AVERAGE		4.7	13.5	11.3

Source: Bloomberg (27 April 2010)



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Q&A

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