



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

## Leading With Confidence

### 3Q2014 Results Presentation

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## Section 1 FINANCIAL HIGHLIGHTS



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## Results Highlight – 3Q2014 YoY



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Financial Highlights	3Q2014	3Q2013	Change	Reason/s
	RMB'000	RMB'000	%	
Revenue	3,742,739	3,668,355	2	8 vessels delivered in 3Q2014, same as in 3Q2013, shipbuilding revenue largely unchanged
Gross Profit	1,063,921	1,086,652	(2)	Shipbuilding business margin remained healthy at 21% due to delivery of first batch of 10,000TEU containerships with higher contract price and margin
Gross Profit Margin	28.4%	29.6%	-	
Other Income	68,743	126,935	(46)	Lower interest income earned from bank deposits as a result of the decrease of restricted cash compared to 3Q2013
Other Gains	74,714	100,246	(25)	Lower subsidy income and foreign exchange related gain, partially offset by dividend income
Expenses #	183,747	149,972	23	Administrative expenses maintained at healthy level as Group put efforts in cost control
Net Profit Attributable to Equity Holders (PATMI)	811,191	820,741	(1)	
PATMI Margin	21.7%	22.4%	-	

#: Includes Administrative and Finance Expenses



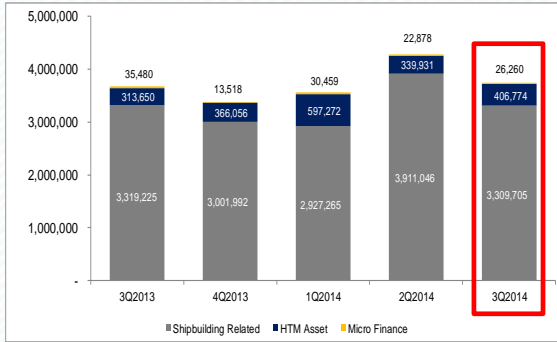
# Revenue Breakdown



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(All amounts are stated in RMB'000)



Shipbuilding Related Revenue Breakdown (3Q2014)	Percentage (%)
Shipbuilding	93%
Trading	6%
Others*	1%
<b>Total</b>	<b>100%</b>

\* Includes revenue from Shipping Logistics and Chartering, Steel Fabrication and Ship Design Services

	Gross Profits		Gross Profit Margins	
	3Q2014	3Q2013	3Q2014	3Q2013
Shipbuilding Related	657,681	738,540	20%	22%
HTM Investment	380,868	313,650	94%	100%
Micro Finance	25,372	34,462	97%	97%

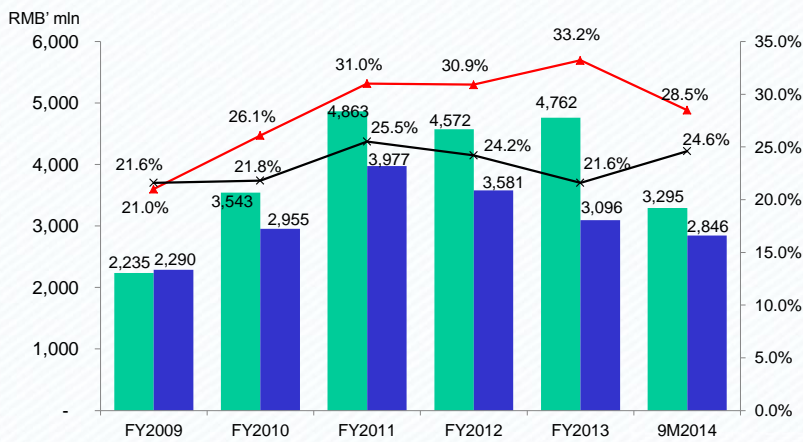
# Profitability Trend



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## Gross Profit and Net Profit Attributable to Shareholders



■ Gross Profit (RMB' mln) 
 ■ Net Profit Attributable to Shareholders (RMB' mln) 
 ▲ Gross Profit Margin 
 ✕ Net Profit Margin

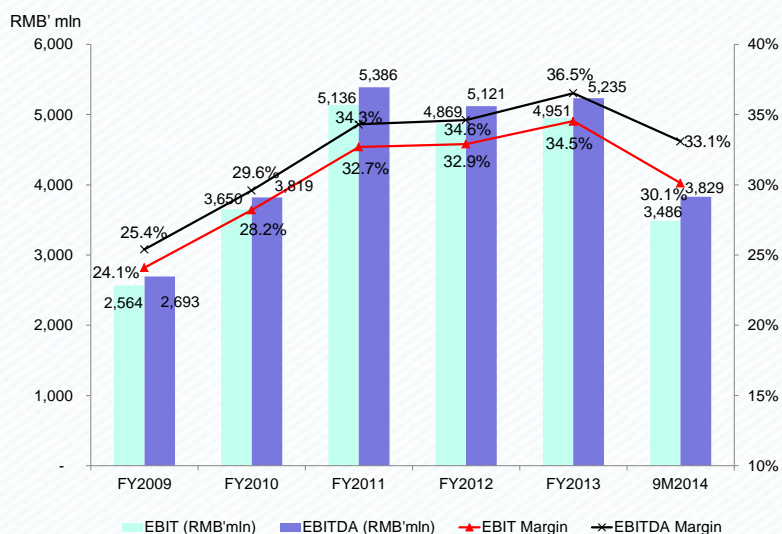
# Profitability Trend



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## EBIT and EBITDA



# Results Highlight – Balance Sheet



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Financial Highlights	30 Sep 2014	31 Dec 2013
	RMB'000	RMB'000
Property, Plant and Equipment	5,854,269	5,793,041
Restricted Cash	3,635,069	8,416,977
Cash & Cash Equivalents	4,061,696	1,436,246
Financial Assets, Held-to-Maturity	12,632,470	14,127,351
Total Debt	10,776,846	13,373,442
Total Equity	20,292,031	18,272,881
Gross Gearing	53.1%	73.2%
Net Gearing (including restricted cash)	15.2%	19.3%
Net Asset Value per Ordinary Share (RMB cents)	513.94	464.55



## Section 2A SEGMENTAL REVIEW Shipbuilding & Related Segments



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## Revenue Trend

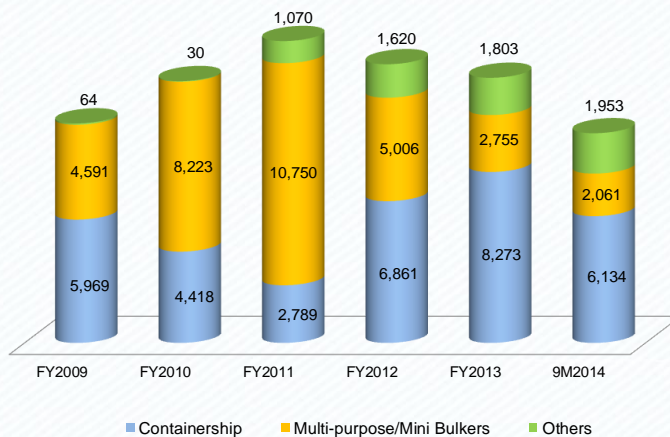


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All amounts are stated in RMB' mln

### Shipbuilding-related Segment



\* 9M2014 Others – Includes revenue from Shipping Logistics and Chartering, Steel Fabrication and related Trading businesses, Ship Design Services



## Section 2B SEGMENTAL REVIEW Financial Investments



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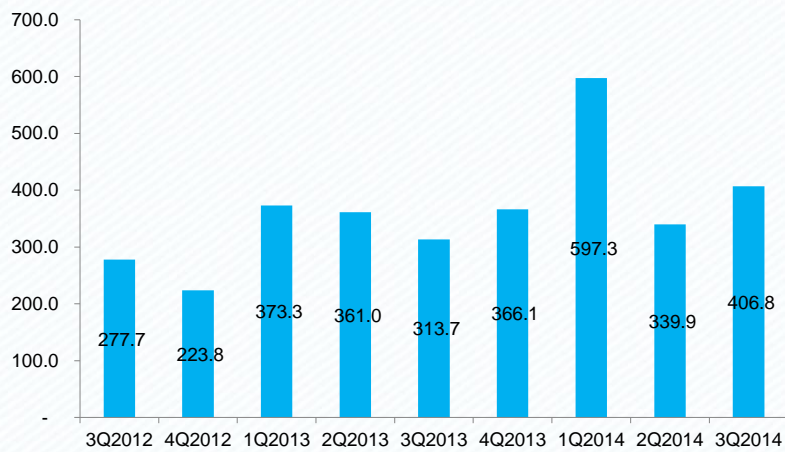
## Revenue Trend – HTM Assets



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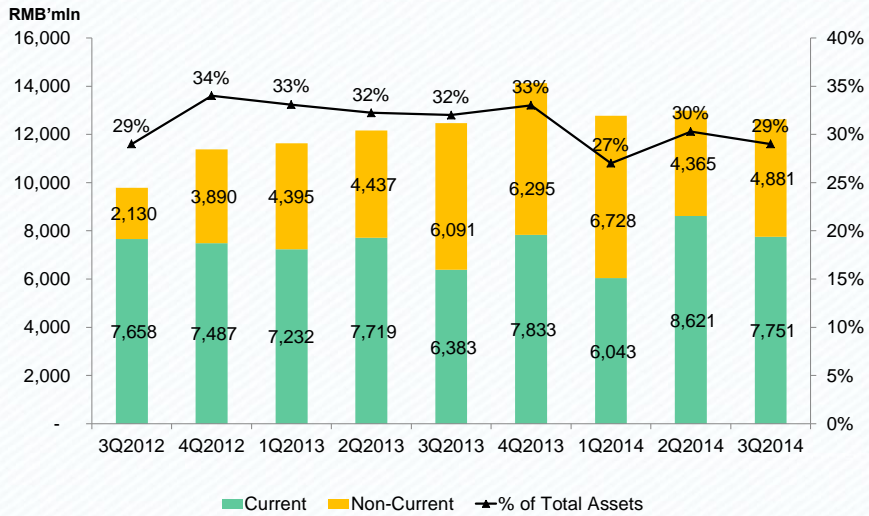
All amounts are stated in RMB' mln



Source: Company Data



# Held-to-Maturity Assets

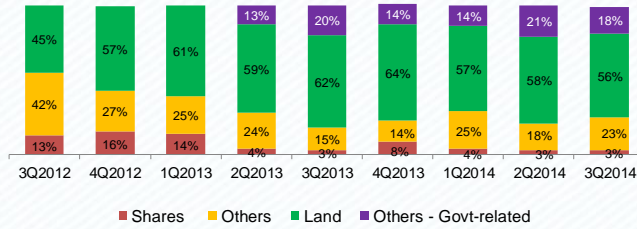


Source: Company Data

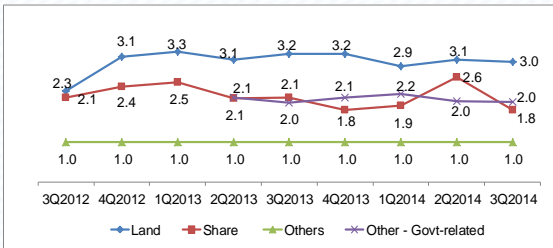
# Held-to-Maturity Assets



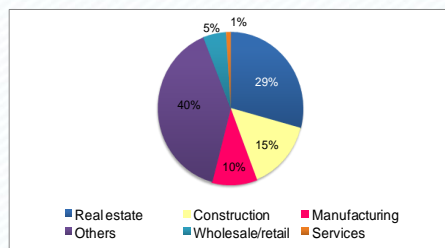
## Breakdown of Investment Amount for which collaterals are secured (%)



## Coverage Ratio



## Breakdown of Borrowers (3Q2014)



# Held-to-Maturity Assets



- More than half of capital is redeemed every year
- In 3Q14, RMB\$1.52 billion was redeemed, RMB\$1.17 billion of new capital was invested
- Default rates on HTM investments were less than 5%

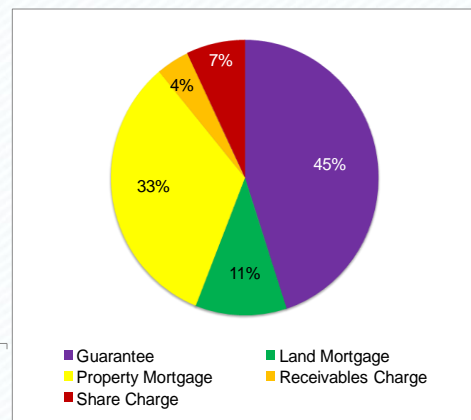
# Micro Financing



Revenue Trend (RMB'mln)



Breakdown of Collaterals  
(As of 30 Sep 2014)







### Section 3 SHIPBUILDING ORDERBOOK



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## Strong Order Book



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Total: 114 vessels; 3.38 million CGT @ US\$ 4.63 billion  
20 containerships, 0.94 million CGT @ US\$ 1.50 billion  
94 bulk carriers, 2.44 million CGT @ US\$ 3.13 billion

### Containerships

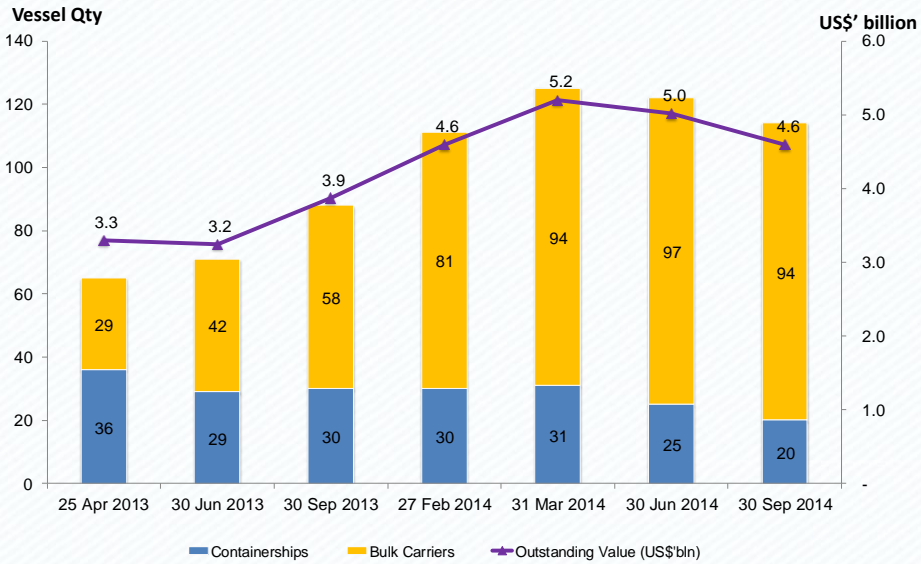
- 1,100TEU x 4 vessels
- 2,500TEU x 1 vessels
- 10,000TEU x 15 vessels

### Bulk Carriers

- 36,000DWT x 4 vessels
- 45,000DWT x 2 vessels
- 64,000DWT x 19 vessels
- 82,000DWT x 51 vessels
- 94,000DWT x 2 vessels
- 208,000DWT x 12 vessels
- 260,000DWT x 4 vessels

Note: Order book is as at 30 Sep 2014

# Historical Order Book

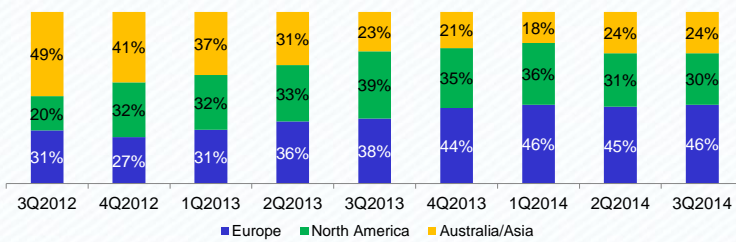


# Order Book Customer Profile

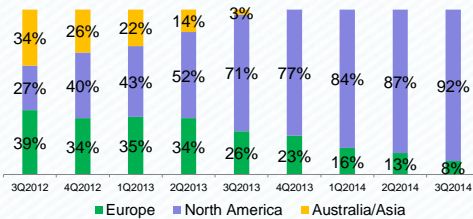


Figures are stated as at 30 Sep 2014

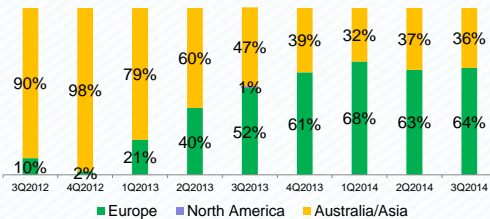
## Breakdown by Geographical Segments



### Containerships



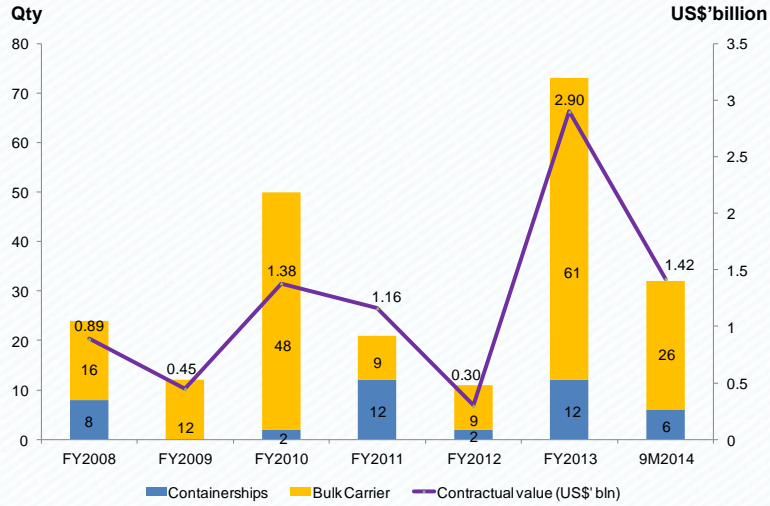
### Dry Bulk Carriers



# Order-Winning Momentum



## New contracts secured in terms of vessel quantity and contract value



## Section 4 STRATEGIES & TRENDS





# Strategically Located Yards



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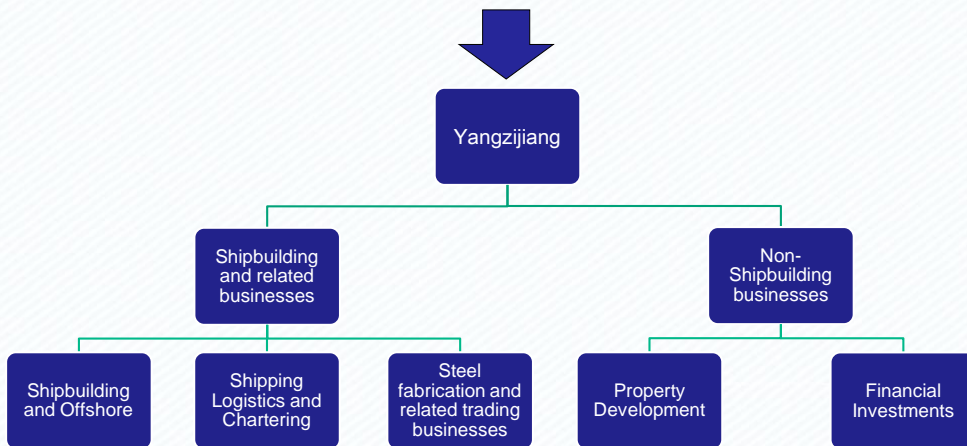


# Integrated Marine Group



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**Key Strategy: Build on Group's core strength in shipbuilding to optimise benefits from shipbuilding sector's upswing**





## ▪ Shipbuilding and Offshore

- Resources from other non-shipbuilding segments will be redeployed into shipbuilding and offshore segment, especially into R&D, to better meet market demand
- Construction of the Group's jack-up rig secured in end 2012 continues to progress according to planned schedule and is on track for delivery in mid 2015

## ▪ Shipping Logistics and Chartering

- YZJ targets to build up an experienced shipping team
- Current fleet includes: i) 5 x 92,500DWT under bareboat hire purchase  
ii) 5 x 92,500DWT self managed by the Group
- Fleet Expansion: 6 x 64,000DWT under construction in the Group's yard
- May place order with the Group's yards while shipbuilding industrial activities are low
- Exiting of this business may be considered on strong recovery signs of the shipbuilding sector

## ▪ Ship Demolition, Steel Fabrication and related trading businesses

- In view of the weakening demand and increased costs in relation to higher requirement on environmental protection, the Group disposed 50% equity interest in the registered capital of Jiangsu Huayuan Metal Processing Co., Ltd.



## Financial Investments

- Strive to maintain a secure investment portfolio with stable returns to serve as effective tool to counter cycles of shipbuilding industry
- Keeping size of Financial Investments under control
- Retaining a good degree of flexibility in the investment

## Property Development

- In line with the strategy to reduce the investments in non-shipbuilding businesses, the Group disposed its equity stakes in Taizhou Hengjian Real Estate Co., Ltd., Changzhou Green Field Quint Real Estate Co., Ltd., and Shanghai Jiakuan Hotel Management Co., Ltd.
- After the disposal, the Group only has a few property development projects left in its principal places of business at Jingjiang and Jiangyin.



- Ministry of Industry and Information Technology of the People 's Republic of China issued **its first batch of "White List"** of 51 shipyards in September 2014; these shipyards were deemed worthy of favourable policy support. Yangzijiang was included in the White List
- Shipbuilders that complied with its requirements in areas like environmental protection and production efficiency would be put on the White List for favourable policy support
- The government recognition is expected to give the Group a **competitive edge in securing new orders**, as well as **in securing financing**, and to further enhance their dominant position in the industry



- According to China Association of The National Shipbuilding Industry ("CANSI"), for the first 9 months of 2014, Chinese shipbuilding industry delivered a total of 26.06 million DWT of vessels, down 14.9% yoy; however, new orders increased by 37.9% yoy to 52.49 million DWT, and outstanding orders as of end of September 2014 increased by 18.1% from the end of 2013 to 154.71 million DWT.
- In the first 9 months of 2014, the Group had secured a total of 32 effective shipbuilding contracts with an aggregate value of US\$1.4 billion.





- According to Clarkson Research, as of September 30, 2014, the Group ranked No.3 in China, and No.10 in the world in terms of outstanding newbuild orders\*.
- With the substantial outstanding order book of US\$4.6 billion comprising of 114 vessels, the Group's yard capacity will be highly utilized until end of 2016. The Group also has 4 options remaining for 10,000TEU containerships.
- The Chinese government will tackle the overcapacity issues in the shipbuilding industry and promote industrial restructuring and upgrading, and Yangzijiang is well-positioned to take advantage in the consolidation process, given its strong financial strength and overall capabilities.
- Group will increasingly concentrate on and tap long-term growth from shipbuilding and related business.

\* Source: <http://www.imarine.cn/thread-401026-1-1.html>

## Thank You Q&A



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