



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 RMB936 million earnings in 2Q2019**

- **2Q2019 revenue of RMB7.0 billion and earnings of RMB936 million were 12% and 6% lower compared to a year ago respectively, due to Yangzijiang’s exceptionally strong performance in 2Q2018**
- **Core shipbuilding gross margin was 18% in 2Q2019 compared to 21% in 2Q2018**
- **Five new orders were secured in 1H2019 as multiple factors led to industrywide new order drought. Market is expected to recover as BDI rebounded strongly and sentiments improve**
- **Outstanding order book stood at USD3.1 billion as at 30 June 2019, to provide a stable revenue stream for the Group for the next 1.5 years**

**SINGAPORE – 5 August 2019 – Yangzijiang Shipbuilding (Holdings) Ltd.** (“Yangzijiang” or the “Group”), a globally-leading shipbuilding group based in China, and an Straits Times Index component company listed on the SGX Main Board, reported net profit attributable to shareholders of RMB936 million for the three months ended 30 June 2019 (“**2Q2019**”).

#### **Financial Analysis**

Group’s total revenue decreased by 12% year-on-year (“yoy”) to RMB7.0 billion in 2Q2019. In the shipbuilding related segment, core shipbuilding generated revenue of RMB3.1 billion in 2Q2019, compared to RMB5.2 billion in 2Q2018. 18 vessels were delivered in 2Q2019 compared to 20 vessels delivered in 2Q2018. Trading business generated revenue of RMB3.2 billion in 2Q2019, compared to RMB2.2 billion in 2Q2018. Revenue generated by other shipbuilding related businesses such as shipping logistics & chartering and ship design services was RMB179 million in 2Q2019, compared to RMB133 million in 2Q2018.

Financial Highlights	2Q2019	2Q2018	Change	1H2019	1H2018	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	7,032,934	7,963,505	(12)	13,324,050	12,926,760	3
Gross Profit	1,198,743	1,561,783	(23)	2,364,991	2,421,414	(2)
Gross Profit Margin	17%	20%	-	18%	19%	-
Expenses ^	(264,813)	(496,086)	(47)	(421,559)	(542,149)	(22)
Other Income	117,081	84,521	39	182,323	132,415	38
Other Gains, net	245,884	212,181	16	163,500	169,993	(4)
Net Profit Attributable to Equity Holders	936,432	994,916	(6)	1,760,486	1,590,015	11
PATMI Margin	13%	12%	-	13%	12%	-

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

The Group's debt investment at amortised costs increased to RMB18.8 billion as at 30 June 2019. Interest income from investment segment was RMB528 million in 2Q2019, compared to RMB394 million in 2Q2018.

Gross profit margin for core Shipbuilding business was at 18% for 2Q2019, compared to 21% for 2Q2018. Gross profit margin at Group level was 17% in 2Q2019, compared to 20% in 2Q2018.

Balance Sheet (RMB'000)	30 Jun 2019	31 Dec 2018
Property, Plant and Equipment	5,251,193	5,162,755
Restricted Cash	17,815	208,756
Cash & Cash Equivalents	4,108,414	6,594,143
Debt Investment at Amortised Costs	18,787,483	14,810,376
Total Borrowing	5,234,732	4,043,981
Total Equity	30,423,653	29,580,257
Gross Gearing (Borrowings / Equity)	17.2%	13.7%
Net gearing*	3.6%	Net cash

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

The Group delivered net profit attributable to shareholders of RMB936 million in 2Q2019 compared to RMB995 million in 2Q2018. Fully diluted earnings per share was RMB23.73 cents for 2Q2019, compared to RMB25.08 cents for 2Q2018<sup>1</sup>.

<sup>1</sup> Based on the weighted average outstanding number of ordinary shares of 3,945,765,200 and 3,966,291,925 for 2Q2019 and 2Q2018 respectively

Group maintained a strong financial position with net gearing of 3.6% as at 30 June 2019. Net asset value per share increased to RMB7.52 as at 30 June 2019 from RMB7.32 as at 31 December 2018.

## **REVIEW / OUTLOOK/ FUTURE PLANS**

Global new shipbuilding orders declined substantially in the first half of 2019 (1H2019), by 50% in DWT terms compared to the first half of 2018 (1H2018). Shipowners' sentiments fell due to multiple factors, including less-bullish outlook on economic and trade growth and uncertainties associated with the forthcoming IMO rules on emissions. The dam disaster at Vale, lower iron ore import from China in early 2019, and major iron ore producers cutting production outlook caused the nosedive in the Baltic Dry Index in 1Q2019 and weighed on market sentiments. While new orders slowed down, global shipbuilding delivery increased by 12% in 1H2019 compared to that of 1H2018, and industrywide outstanding order book declined.

In 1H2019, the Group secured new orders for 5 vessels with total contract value of USD209 million. These new orders included 1 unit of 157,000DWT oil tanker, 1 unit of 29,800DWT self-unloading vessel, 1 unit of 82,000DWT bulk carrier and 2 units of 83,500DWT combination carrier. As at 30 June 2019, with an outstanding order book of USD3.1 billion for 85 vessels, Yangzijiang was ranked no.1 in China and no. 5 in the world. These orders will keep the Group's yard facilities at a healthy utilization rate up to the end of 2020 and provide a stable revenue stream for at least the next 1.5 years.

In 2Q2019, BDI staged a strong rebound to a healthier level as fundamentals improved. The off-service time required to install scrubbers on the vessels to meet the IMO 2020 rule will reduce the effective available fleet size on the market, providing further support to charter rate. As ship owners rebuild their confidence, the new order drought in 1H2019 is expected to ease.

Yangzijiang's innovative product portfolio, recently represented by the 11,800TEU containerships, the 83,500DWT multi-purpose bulkers and the 400,000DWT VLOCs, has helped the Group insulate against market volatilities over the past few years. As part of the long-term strategy to build up the Group's LNG-related capabilities, Yangzijiang announced on July 16 on the acquisition of the 55% stake in Odfjell Terminal (Jiangyin) Company Ltd ("OTJ"). So far, the Group has made some good progress in carrying out the business strategy, through joint venture or acquisition, for it to grow the capabilities in the design and construction of LNG carriers, LNG shipping and LNG terminal services once the OTJ terminal is upgraded. In August 2019, the joint venture with Mitsui E&S Shipbuilding Co., Ltd. and Mitsui & Co., Ltd., based at the Group's Taicang yard, has officially started operation.

***"For decades, we have been focused on quality, efficiency and R&D to strengthen our core capabilities and bring high-value-added vessels to ship owners. This was the essence of***

*Yangzijiang being able to both ride the waves when market conditions were favourable, and also avoid major adverse impact of industry downturns. On top of traditional vessel types, we have gradually set up an integrated structure for LNG business, with the construction of LNG carriers at the center. LNG related business will be an important catalyst that elevates Yangzijiang's growth in the next decade."*

*--- Mr. Ren Letian (任乐天), Chief Executive Officer  
Yangzijiang Shipbuilding (Holdings) Ltd*

--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](http://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](mailto:romil@financialpr.com.sg) / [reyna@financialpr.com.sg](mailto:reyna@financialpr.com.sg)  
Tel: (65) 6438 2990 / Fax: (65) 6438 0064