



Yangzijiang Shipbuilding (Holdings) Ltd.
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MEDIA RELEASE – FOR IMMEDIATE RELEASE

Yangzijiang reports RMB404 million earnings for 1Q2020



- Production slowed in 1Q2020 due to government-ordered temporary shutdown to contain the COVID-19 outbreak, which weighed on the revenue and earnings
- Almost 100% of the workers have resumed working by late March, 12 vessels were delivered in 1Q2020, accounting for about 25% of the Group's delivery target for 2020
- The Group secured new contracts for 7 vessels worth USD360 million in 1Q2020. Outstanding order book stood at USD2.9 billion as at 31 March 2020 and will keep yard capacity utilised at a healthy rate till late 2021

Pictures:

Top: Major milestone achieved on schedule on April 25 for two 12,690TEU containerships that Yangzijiang built for a major Greek shipowner.

Bottom: The working team of Yangzijiang, in front of the two 12,690TEU containerships, the largest containerships the company has built in its history.

SINGAPORE – 29 April 2020 – Yangzijiang Shipbuilding (Holdings) Ltd. (“Yangzijiang” or the “Group”), a globally-leading shipbuilding group based in China, and a Straits Times Index component company listed on the SGX Main Board, reported net profit attributable to shareholders of RMB404 million for the three months ended 31 March 2020 (“**1Q2020**”).

Financial Analysis

Due to the government-ordered shutdown for a few weeks to contain the COVID-19 situation in China in February and March 2020, the Group's total revenue fell 44% year-on-year ("yoy") to RMB3.5 billion in 1Q2020. Revenue from core shipbuilding activities decreased by 33% yoy to RMB2.3 billion. 12 vessels were delivered in 1Q2020 compared to 15 vessels delivered in 1Q2019. Revenue from trading business decreased from RMB2.2 billion in 1Q2019 to RMB0.5 billion in 1Q2020 due to the lower volume of trading activities in the quarter. Other shipbuilding businesses, which consist of shipping logistics & chartering and ship design services, grew 18.7% yoy to RMB145 million in 1Q2020 as fleet size expanded.

Financial Highlights	1Q2020	1Q2019	Change
	RMB'000	RMB'000	%
Revenue	3,497,068	6,291,116	(44)
Gross Profit	714,140	1,166,248	(39)
Gross Profit Margin	20%	19%	-
Expenses[^]	230,940	156,746	47
Other Income	89,142	65,242	37
Other gains, net	7,521	(82,384)	n.m.
Net Profit Attributable to Equity Holders	403,832	824,054	(51)
PATMI Margin	12%	13%	-

[^]Expenses include finance expenses and administrative expenses, which include impairment loss
n.m.: not meaningful

The Group's debt investment at amortised costs increased slightly from the end of 2019 to RMB15.5 billion as at 31 March 2020. As this was lower than the RMB16.4 billion as at 31 March 2019, net interest income derived from the investment segment decreased from RMB561 million in 1Q2019 to RMB481 million in 1Q2020.

Although there were less shipbuilding activities in 1Q2020 compared to the Group's normal quarters, depreciation costs are fixed for every quarter, hence the total amount of cost of sales didn't decrease proportionately in 1Q2020. This resulted in a lower gross margin of 8% for the Group's core shipbuilding business for 1Q2020, compared to 16% for 1Q2019. At the Group level, gross profit margin was up from 19% for 1Q2019 to 20% for 1Q2020 as the investment income with a gross margin of 95% remained relatively stable.

The Group delivered net profit attributable to shareholders of RMB404 million in 1Q2020 compared to RMB824 million in 1Q2019. Fully diluted earnings per share was RMB10.31 cents for 1Q2020, compared to RMB20.88 cents for 1Q2019¹.

Balance Sheet (RMB'000)	31 Mar 2020	31 Dec 2019
Property, Plant and Equipment	5,709,138	5,678,063
Restricted Cash	315,163	17,049
Cash & Cash Equivalents	9,627,937	10,183,019
Debt Investment at Amortised Costs	15,475,227	14,428,382
Total Borrowing	4,910,252	5,032,932
Total Equity	32,484,809	32,054,525
Gross Gearing (Borrowings / Equity)	15.1%	15.7%
Net gearing*	Net cash	Net cash

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

The Group maintained a strong financial position with net cash as at 31 March 2020. Net asset value per share rose from RMB7.94 as at 31 December 2019 to RMB8.04 as at 31 March 2020.

REVIEW / OUTLOOK/ FUTURE PLANS

As the COVID-19 pandemic spreads around the world and has impacted commercial and manufacturing activities in many economies, it is widely expected that the global economy could enter the worst recession since the 1930s. Global shipping has seen decreased demand so far in 2020, and the situation is unlikely to improve significantly in the second half of 2020. This has caused significant disruption to the rebalancing of the shipping demand and supply (new ships) that had been taking place in the past few years. According to Clarksons Research, the global fleet is expected to grow by 2.7%, while seaborne trade tonnage could decline by 5.1%² in 2020.

In 1Q2020, the Group secured new orders for 7 vessels with a total contract value of USD360 million. These new orders include 3 units of 82,000DWT bulk carriers, 2 units of 40,000DWT bulk carriers and 2 units of 14,000TEU containerships³. There was a termination of one shipbuilding order for one unit of 157,000DWT oil tanker in 1Q2020, for which the Group had received a total of USD12 million from the original buyer, and this 157,000DWT oil tanker had been resold to a new buyer earlier in April. Not including this oil tanker, as at 31 March 2020, the Group had an outstanding order book of USD2.9 billion

¹ Based on the weighted average outstanding number of ordinary shares of 3,918,765,200 and 3,945,765,200 for 1Q2020 and 1Q2019 respectively

² http://www.eworldship.com/html/2020/ship_market_observation_0415/158673.html

³ These include the new shipbuilding contracts for 2 units of 40,000DWT bulk carriers and 2 units of 82,000DWT bulk carriers with an aggregate contract value of USD104 million that was announced in the Group's FY2019 financial results in February 2020.

for 69 vessels. These orders will keep the Group's yard facilities at a healthy utilization rate up to late 2021 and provide a stable revenue stream for at least the next 1.5 years.

“After a short disruption due to an extended lockdown period as required by the Chinese government after the Chinese New Year, we took several proactive measures to resume the production. By the end of March, almost 100% of the workers have resumed working. We also started longer shifts and hired additional workers wherever needed since March to make up for the lost time. Now, the construction of vessels is in good progress and the delivery schedule is within control. We also used cloud-based technologies to facilitate the exchange of paperwork for vessel deliveries, whereby solving the problem of travel restrictions. 12 vessels were delivered in 1Q2020, accounting for about 25% of our delivery target for 2020.

The weak sentiment globally and lack of visibility make it very challenging for shipowners to plan their new orders in the near term. However, once the situation is contained and the economy starts to stabilise, global trade will recover. Shipowners will still need to upgrade and replenish their fleets, with a focus on energy efficiency and environmental protection. Yangzijiang has the financial strength and core capability to stand strong against major headwinds, and our long-term strategy for sustainable growth will remain intact, as we strengthen our foothold in the global market for large-sized containerhips and dry bulkers, and mid-sized clean energy vessels.”

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

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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 containerhips, 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

Issued for and on behalf of Yangzijiang Shipbuilding (Holdings) Ltd.

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