



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

Yangzijiang reports 17% growth in earnings to RMB753.5 million for 4Q2020

- **Group’s revenue decreased by 38% year-on-year (“yoy”) to RMB3.0 billion for 4Q2020 due to delivery of fewer vessels and lower trading volume**
- **However, with improved margins, gross profit increased 8% yoy to RMB974 million. Gross profit margin for core shipbuilding business improved 12 ppts yoy to 24% for 4Q2020, due to the construction of more containerships with higher margins**
- **Outstanding order book stood at USD3.09 billion for 83 vessels as at 31 December 2020. Group has further secured new orders worth USD1.3 billion in total since the beginning of 2021**
- **Group maintained the dividend amount 4.5 Singapore cents per share for FY2020**

SINGAPORE – 25 February 2021 – 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 RMB753.5 million for the three months ended 31 December 2020 (“**4Q2020**”).

Financial Analysis

The Group’s total revenue fell 38% yoy to RMB3.0 billion for 4Q2020. In the shipbuilding related segment, core shipbuilding generated revenue of RMB2.1 billion in 4Q2020, compared to RMB3.3 billion in 4Q2019. 8 vessels were delivered in 4Q2020 compared to 13 vessels delivered in 4Q2019. Trading revenue declined from RMB872.5 million for 4Q2019 to RMB235.9 million for 4Q2020 due to lower trading volume. Revenue from other shipbuilding businesses, which consist of shipping logistics & chartering and ship design

services, was lower at RMB200.6 million in 4Q2020 compared to RMB260.7 million in 4Q2019, mainly due to lower charter rates.

Financial Highlights	4Q2020	4Q2019	Change	FY2020	FY2019	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	2,992,619	4,849,249	(38)	14,841,266	23,597,175	(37)
Gross Profit	973,816	903,749	8	4,222,147	4,328,554	(2)
Gross Profit Margin	33%	19%	14 ppts*	28%	18%	10 ppts
Expenses**	497,492	215,775	131	1,413,803	826,922	71
Other Income	211,421	189,053	12	478,850	441,788	8
Other (losses)/gains, net	(45,860)	6,903	n.m.	(208,430)	125,948	n.m.
Net Profit Attributable to Equity Holders	753,462	642,323	17	2,516,404	3,105,069	(19)
PATMI Margin	25%	13%	12 ppts	17%	13%	4 ppts

*Ppts: Percentage points

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

The Group's debt investment at amortised costs increased from RMB14.4 billion as at 31 December 2019 to RMB17.0 billion as at 31 December 2020. Net interest income derived from the investment segment increased marginally from RMB406.7 million for 4Q2019 to RMB408.4 million for 4Q2020, due to a larger portfolio size.

The Group's shipbuilding business registered a gross profit margin of 24% for 4Q2020, higher than 12% for 4Q2019, mainly due to the construction of more containerships with higher margins. Trading business contributed a gross profit of RMB2.6 million during the quarter with a typically low gross profit margin of around 1%. Other shipbuilding related businesses such as shipping logistics & chartering and ship design services registered a gross profit margin of 28% in 4Q2020, lower than 30% for 4Q2019, mainly due to lower charter rates. Gross profit for 4Q2020 was RMB973.8 million at the Group level, 8% higher than that of 4Q2019.

The Group recorded other losses of RMB45.9 million in 4Q2020 as compared to a RMB6.9 million gain in 4Q2019, mainly due to foreign exchange related losses of RMB447 million on USD bank deposit and USD denominated shipbuilding construction contract assets in RMB terms. The foreign exchange loss was largely offset by a higher fair value gain of RMB347 million and RMB74 million on financial assets, at fair value through profit or loss and derivative financial instruments respectively.

The Group delivered a net profit attributable to shareholders of RMB753.5 million for 4Q2020, 17% higher than the RMB642.3 million for 4Q2019.

Balance Sheet (RMB'000)	31 Dec 2020	31 Dec 2019
Property, Plant and Equipment	5,226,004	5,678,063
Restricted Cash	15,624	17,049
Cash & Cash Equivalents	6,633,416	10,183,019
Debt Investment at Amortised Costs	16,957,689	14,428,382
Total Borrowing	4,244,053	5,032,932
Total Equity	33,376,515	32,054,525
Gross Gearing (Borrowings / Equity)	12.7%	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 December 2020. Net asset value per share rose from RMB7.94 as at 31 December 2019 to RMB8.40 as at 31 December 2020.

The Group has proposed a final dividend of 4.5 Singapore cents for FY2020, representing a 34% payout based on the fully diluted earnings per share of 64.39 RMB cents for FY2020.

REVIEW / OUTLOOK/ FUTURE PLANS

The COVID-19 pandemic caused major uncertainties for the shipping industry in 2020, weighing on shipowners' sentiments and leading to a depressed shipbuilding market. According to Clarksons Research, orders for 738 vessels were placed in 2020, a decline of 40.7% compared to 1,245 vessel orders placed a year ago. In DWT terms, the volume of newbuilding orders declined 29% in 2020 (53.9 million DWT), compared to 79 million DWT in 2019. This compares to 2016 when the shipbuilding market bottomed-out and recorded newbuilding orders of 30.07 million DWT for 768 vessels.

In 2020, the Group secured new orders for 54 vessels worth approximately USD1.82 billion. As at 31 December 2020, the Group had an outstanding order book of USD3.09 billion for 83 vessels. These orders will provide the Group with a stable revenue flow for the next 1.5 years. The Group has also continued its order win momentum since the beginning of 2021, securing shipbuilding contracts for 29 vessels worth USD1.3 billion (announced on 8 February 2021). As the demand and orders placed for containerships surged on the back of a global container shortage and multi-year high spot container freight rates, the majority of orders were placed for containerships (22 vessels with a total value of USD1.13 billion). Since December 2020, the Group has clinched six (6) orders for its ultra-large, 24,000 TEU containerships, the largest containership in the world currently in use and the Group's shipbuilding history. The Group will continue to solidify its capabilities and competitiveness in the ultra-large shipbuilding market.

“We are pleased to deliver a good set of results despite the pandemic year and we continue to deliver value to our shareholders. The Group has proposed a final dividend of 4.5 Singapore cents

for FY2020 and Yangzijiang continues to be in a good financial position. Despite unprecedented challenges faced in 2020 and a decline of new shipbuilding orders, market demand and sentiment improved towards the end of 2020. Yangzijiang's relentless pursuit in R&D to innovate and introduce quality and efficient vessels to the shipbuilding market has placed us in an advantageous position to capture emerging market opportunities as major economies begin to set foot on a path to gradual recovery."

---- Mr. Ren Letian (任乐天)

Executive Chairman and CEO, 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 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

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

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