



# AVIC INTERNATIONAL MARITIME HOLDINGS LIMITED

(formerly known as AVIC International Investments Limited)

(Company Registration No. 201024137N)

## AVIC International Maritime reports earnings of RMB26.8 million for FY2017

- Company turnaround and recorded profit attributable to equity holders of RMB 26.8 million FY 2017 compared to a loss of RMB28.6 million FY2016 (2017 EPS RMB9.39 cents)
- Revenue comprising mainly shipbuilding project service, shipbuilding construction and ship-design service segments increased in aggregate by 51% YOY from RMB 426.3million to RMB645.7 million in FY2017

**SINGAPORE, 28 February 2018** –AVIC International Maritime Holdings Limited (“**AVIC Maritime**” or “中航国际船舶控股有限公司”, and together with its subsidiaries, the “**Group**”), an integrated marine and offshore one-stop solution provider under the AVIC Group, today reported the financial results for the quarter and the financial year ended 31 December 2017 (“**4Q2017**” and “**FY2017**” respectively).

### Financial Highlights

RMB million	4Q2017	4Q2016	Change %	FY2017	FY2016	Change %
<b>Revenue</b>	179.5	112.0	60	645.7	426.3	51
Shipbuilding project service						
- Project management	20.8	42.8	(51)	64.3	89.1	(26)
- Project financing	10.9	-	NM	57.2	-	NM
Shipbuilding construction service	20.7	0.1	NM	120.3	55.2	118
Ship-design service	80.6	59.3	36	274.8	184.8	49
<b>Cost of sales</b>	(97.7)	(23.8)	310	(378.9)	(230.9)	64
<b>Gross profit</b>	<b>81.8</b>	<b>88.2</b>	<b>(7)</b>	<b>266.8</b>	<b>195.4</b>	<b>37</b>
<b>Distribution and marketing expenses</b>	(12.7)	(15.9)	(20)	(40.8)	(48.9)	(17)
<b>Administrative expenses</b>	(36.1)	(45.3)	(20)	(136.5)	(127.7)	7
<b>Finance cost</b>	(21.9)	(10.0)	120	(56.0)	(23.3)	140
<b>Profit/(Loss) for the period</b>	<b>(9.2)</b>	<b>(8.3)</b>	<b>NM</b>	<b>26.5</b>	<b>(27.1)</b>	<b>NM</b>
<b>Profit attributable to equity holders</b>	<b>(6.1)</b>	<b>(12.8)</b>	<b>NM</b>	<b>26.8</b>	<b>(28.6)</b>	<b>NM</b>

NM: Not meaningful

### Financial Review



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In FY2017, the Group's revenue, mainly generated from its shipbuilding construction service, ship-design service and shipbuilding project service, increased by 51% to RMB645.7 million, as compared to RMB426.3 million in FY2016. The increase was mainly due to: (1) shipbuilding construction service revenue increasing by 118% to RMB120.3 million in FY2017 as a new shipbuilding contract for four vessels has commenced during the year; (2) ship-design service revenue increasing by 49% in FY2017 to RMB274.8 million; (3) shipbuilding project service income increasing from RMB1.9 million in FY2016 to RMB64.4 million in FY2017 arising from provision of project management and project financing services to related shipyards for the construction of vessels; and (4) other revenue contributed by ship trading related businesses amounted to RMB119.1 million in FY2017.

Cost of sales increased by 64% to RMB378.9 million in FY2017 while gross profit grew by 37% in FY2017 to RMB266.8 million.

The Group reported earnings of RMB26.8 million in FY2017 compared to the loss attributable to shareholders of RMB28.6 million reported in FY2016. Earnings per share for FY2017 was RMB9.40 cents, as compared to the loss per share of RMB10.01 cents for FY2016.

As of 31 December 2017, the Group had a net asset value per share of RMB57.76 cents, compared to RMB47.64 cents as at 31 December 2016.

## **Business Review and Future Plans**

The gradual recovery in global economy and international trade has helped to improve demands for shipping and shipbuilding services.

The Group has been working closely with, and providing services to, the other members of the AVIC Group, namely, AVIC Dingheng Shipbuilding Co., Ltd ("AVIC Dingheng") and AVIC Weihai Shipyard Co., Ltd. ("AVIC Weihai") both of which are the Group's associate shipyards. AVIC Dingheng has established a leading position in delivering small-size (30,000 DWT and below) chemical tankers. In 2017, both shipyards, have together secured orders of an aggregate of USD311 million, of which USD213 million were related to small-size chemical tankers. As of January of 2018, AVIC Dingheng had an outstanding order book of 349,085 DWT (21 vessels) for chemical tankers and is ranked No.1 in the world for construction for small-size chemical tankers<sup>1</sup>. In 2017, AVIC Weihai delivered a 6000-ton subsea rock installation vessel to Jan De Nul Group. The vessel, the first of its kind ever built and delivered by a Chinese shipyard, is designed with world-leading technologies, and the vessel was

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<sup>1</sup> As of January 2018, Shipyard Order Book Monitor, Clarksons Research



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accredited the top ten most specialized vessels built in a Chinese shipyard by China Eworldship News in 2017<sup>2</sup>.

Deltamarin Ltd (“Deltamarin”) has continued with its leading position in the world in the design of high-tech, clean energy vessels. MS Viikki, the world’s first LNG-powered handysize bulker designed by Deltamarin, was ranked No.5 in Great Ships 2017 list by Maritime Reporter & Engineering News<sup>3</sup>. In 2017, Deltamarin had contracted with Xiamen Shipbuilding Industry Co., Ltd in China to provide basic and detailed design, engineering and construction support services for a ro-pax vessel to be built for an established Finland customer. It has developed a multipurpose inland vessel for inland waterways, DeltaBreaker, to cope with the environmental protection requirements. Energy flow modelling is at the heart of the Energy and Environmental Efficiency (EEE) work, and Deltamarin has recently developed a new-generation smart simulation tool, with which several items with a significant fuel saving potential (3-6% of total fuel costs) can be found on board ships. Together with the largest mega passenger vessel design contract received in 2016, Deltamarin will see high capacity utilization in 2017 and 2018.

Dr. Diao Weicheng (刁伟程), AVIC Maritime’s Executive Chairman commented on the performance and the outlook for the Group,

***“We are delighted to report that, with its dedicated management team and with the strong support from the AVIC Group, its major shareholder, AVIC is able to turn around its loss-making situation in 2017. We have seen a slight sign of improvement in demand for ships after years of weakness as there was a moderate growth in the global economy and international trade. It is with a lot of effort that we have strived hard to focus ourselves in penetrating the niche market and target high-tech, high-value-added clean energy vessels. On the back of our R&D capabilities for innovative products, we have endeavoured to improve the Group’s production efficiency through the optimization of management, operational and cost structures. We are happy to see that our cost rationalisation programmes have been effective. Our distribution and marketing costs in FY2017 have been reduced by 17% and revenue has been increased by 51% from FY2016.*”**

***Looking into 2018, we expect to see a year with slight growth in the global economy. Barring unforeseen circumstantial factors, we are of the view that the outlook for the shipping industry may remain moderately positive. In China, the ongoing consolidation in the shipbuilding industry will benefit companies with strong competitive edges. These together with the support from the AVIC Group will foster our position in the industry. As always, we will***

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<sup>2</sup> [http://www.eworldship.com/html/2017/ship\\_inside\\_and\\_outside\\_1231/135180.html](http://www.eworldship.com/html/2017/ship_inside_and_outside_1231/135180.html)

<sup>3</sup> <https://magazines.marinelink.com/nwm/MaritimeReporter/201712/#page/32>



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***commit to developing our core capability in shipbuilding management services and ship design and to establishing ourselves as an integrated marine and offshore solution provider under the AVIC Group. ”***

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## **About AVIC**

*Established in 1994, listed on SGX Mainboard since September 2011 and transferred to the SGX Catalist board in May 2016, AVIC International Maritime Holdings Limited (“AVIC Maritime” or collectively known as the “Group”) is an integrated marine and offshore solution provider under the AVIC Group. The Group offers a wide spectrum of services, ranging from shipbuilding, management and consultancy (“M&C”), design and engineering to ship trading related businesses. Over the decades, AVIC Maritime has maintained a strong track record and built many strong relationships with reputable ship-owners.*

*In January 2013, the Group acquired Deltamarin Ltd. (“Deltamarin”), a Finnish design and engineering firm, innovative leader in naval architecture and engineering. Deltamarin’s capability in developing profitable, sustainable and cost-efficient vessel helps strengthen AVIC Maritime’s foothold in ship design, shipbuilding and ship trading related businesses.*

*The AVIC Group is one of China’s largest industrial state-owned-enterprise, which is also ranked amongst Fortune Global 500 companies since 2009. As a subsidiary of the AVIC Group, AVIC Maritime is able to leverage on AVIC Group’s extensive financial and business network to become a key player in the global marine and offshore industry.*

*For more information, please visit: <http://www.avicintl.com.sg>*

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*completeness or correctness of any of the statements or opinions made or reports contained in this press release.*

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