



# AVIC INTERNATIONAL MARITIME HOLDINGS LIMITED

(formerly known as AVIC International Investments Limited)

(Company Registration No. 201024137N)

## AVIC International Maritime reported 19% increase in net profit to RMB14.0 million in 1Q2018

- Revenue increased by 64% year-on-year to RMB140.8 million in 1Q2018, primarily supported by the strong performance of the ship-design services, as well as shipbuilding construction and project financing services
- Group strengthened its foothold in the small chemical tanker and RORO vessel segments, especially in the European market
- Deltamarin continued to build up its order book and furthered its track record in designing high-tech, clean-energy vessels

**SINGAPORE, 15 May 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**”), a leading provider of integrated maritime service under the AVIC Group, today announced its financial results for the quarter ended 31 March 2018 (“**1Q2018**”).

### Financial Highlights

RMB million	1Q2018	1Q2017	Change %
<b>Revenue</b>	140.8	86.1	64
Shipbuilding project service			
- Project management	9.9	17.4	(43)
- Project financing	27.7	9.5	192
Shipbuilding construction service	14.1	-	N.M.
Ship-design service	87.6	57.0	54
<b>Cost of sales</b>	65.7	34.9	88
<b>Gross profit</b>	75.1	51.2	47
<b>Distribution and marketing expenses</b>	7.6	7.3	5
<b>Administrative expenses</b>	30.3	28.9	5
<b>Finance cost</b>	19.8	9.6	107
<b>Profit/(Loss) for the period</b>	17.1	12.8	34
<b>Profit attributable to equity holders</b>	14.0	11.8	19

N.M.: Not meaningful



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## **Financial Review**

In 1Q2018, the Group's revenue, mainly generated from its ship-design service, shipbuilding project management and project financing services, increased by 64% year-on-year ("yoy") to RMB140.0 million. The increase was mainly attributable to the: (1) increase of RMB30.7 million in ship-design services to RMB87.6 million as a result of more high value ship-design contracts having been secured this quarter; (2) increase of RMB18.2 million in shipbuilding project financing income through providing financing services to related party shipyards for the construction of vessels; and (3) revenue of RMB14.1 million from shipbuilding construction service, whereas no such revenue was recognised in 1Q2017.

Cost of sales increased by 88% to RMB65.7 million in 1Q2018, as revenue increased. In line with the revenue growth, gross profit increased by 47% to RMB75.1 million in 1Q2018. Gross profit margin decreased from 59% for 1Q2017 to 53% for 1Q2018, as profit margin for shipbuilding construction service is usually lower compared to the Group's other business segments.

The Group reported a net profit of RMB17.1 million in 1Q2018, representing a 34% increase compared to 1Q2017. Earnings per share for 1Q2018 was RMB4.90 cents, compared to RMB4.13 cents in 1Q2017.

As of 31 March 2018, the Group had a net asset value per share of RMB64.80 cents, compared to RMB57.76 cents as at 31 December 2017.

## **Business Review and Future Plans**

The shipbuilding market in 2018 has seen a slight recovery over 2017, especially in the dry bulk and chemical tanker segments representing a positive start of the year for the Group. However, market uncertainties remain in view of the risk of a possible escalation of international trade disputes.

The Group continues its close working relationship with AVIC Dingheng and AVIC Weihai, which are both related shipyards in the AVIC Group, through provision of ship designing, shipbuilding project financing and management services to these shipyards. Both shipyards made good progress in vessel deliveries so far this year, including small containerships, chemical tankers and RORO ("Roll-on/Roll-off") vessels.



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In 1Q2018, AVIC Dingheng delivered the 16th chemical tanker it has built and is in a leading position in the small chemical tanker category globally. In April, AVIC Weihai delivered a 2,500 LM RORO (“Roll-on/Roll-off”) vessel to an Italian ship owner. The vessel is designed by Deltamarin and is RINA (Registro Italiano Navale) classified. The successful construction and delivery of this RORO vessel laid a strong foundation for AVIC Weihai to build up its reputation and grow the RORO vessel business in the European market. The close collaboration with AVIC Dingheng and AVIC Weihai in the design, shipbuilding project management and construction of vessels has contributed positively to the Group’s income and revenue.

The synergy between Deltamarin and the two shipyards of the AVIC Group has also brought positive results and Deltamarine remains a key income driver of the Group. With a strong order book and its strong foothold in the ship design industry, Deltamarin will remain in a leading position in the design of high-tech and green vessels in the world. In March 2018, Deltamarin Ltd signed a contract with a Chinese shipyard for consultancy and engineering services for the DFDS (Det Forenede Dampskibs-Selskab) ro-pax ferries. Together with several major vessel design orders in its order book, including the largest mega passenger vessel design contract received in 2016, Deltamarin will see high capacity utilization in 2018 and 2019.

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

*“Despite the challenge and uncertainty arising from the evolving international trade dispute, it’s encouraging to see AVIC Maritime and our related shipyards in the AVIC Group starting 2018 on a positive note. We see ourselves doing more to further develop concept design for innovative, high-tech and energy-efficient vessels, and LNG power vessels. We look to continue to develop a strong research and development platform for ship design both in the European and the China market where demand for ship-designing services for high-tech green vessels is strong. With its leading position in the global ship design market, we hope to see Deltamarin attaining a bigger share in the market in China, servicing both the shipyards of the AVIC Group and other shipyards in China.*”

*Looking into 2018, we are cautiously optimistic about the shipbuilding and maritime market. AVIC will commit to develop our core capability in shipbuilding project services and ship design. With the shareholders’ support and the effort of our management team, we hope to see a fulfilling year of achievement ahead.”*



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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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