

Singapore

ADD (no change)

Consensus ratings*: Buy 9 Hold 1 Sell 1

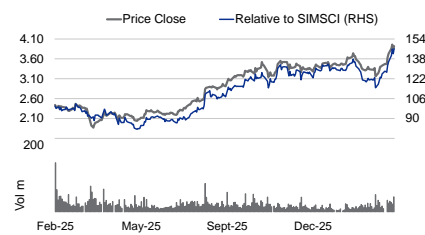
Current price:	S\$3.92
Target price:	S\$4.95
Previous target:	S\$4.51
Up/downside:	26.2%
CGSI / Consensus:	30.0%

Reuters:	YAZG.SI
Bloomberg:	YZJSGD SP
Market cap:	US\$12,213m
	S\$15,428m
Average daily turnover:	US\$40.02m
	S\$51.12m
Current shares o/s:	3,951m
Free float:	61.0%

*Source: Bloomberg

Key changes in this note

- Fine-tune FY26F/27F EPS estimates.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	18.4	17.4	46.3
Relative (%)	19.1	14.1	30.5

Major shareholders	% held
Yangzi International Holdings Ltd	21.5

Analyst(s)



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Yangzijiang Shipbuilding

Yard with yield

- FY25 net profit (+30% yoy) was in line with our estimates, with 35% shipbuilding margin sustained and a surprise 50% dividend payout.
- YZJSB set a US\$4.5bn order win target for 2026F. Management notes enquires for smaller-sized containerships for delivery in 2029/2030.
- Reiterate Add with a higher TP of S\$4.95. Key re-rating catalyst: higher-than-expected order wins.

FY25 results in line; 50% dividend payout was a positive surprise

Yangzijiang Shipbuilding's (YZJSB) FY25 net profit of Rmb8.6bn (+30% yoy)/revenue of Rmb28.5bn (+7% yoy) were in line at 104%/101% of our and 104%/102% of Bloomberg consensus estimates. 2H shipbuilding gross margin stayed flat hoh at 35%, supported by the execution of higher-margin orders and lower steel costs, which cushioned against the adverse impact of a stronger Rmb. The final dividend of 20 Scts (vs. 12 Scts in FY24) implies a 50% payout ratio (2024: c.38%) which was a positive surprise. This lifts dividend yield to 5.5%, assuming YZJSB maintains a 50% payout over FY26F-28F.

Stronger order recognition ahead

YZJSB has guided for a US\$4.5bn order win target for FY26F, with management indicating in the analyst briefing that some contracts are in the final stages of negotiation. Enquiries are trending towards smaller-sized containerships for 2029/2030 delivery. We assume new orders worth US\$3.5bn/US\$3.1bn for FY26F/27F. We estimate that the US\$14.6bn of orders secured in 2024 are largely yet to be recognised, and should be progressively completed by 2029F. Additional revenue growth should also come from YZJSB's Hongyuan yard expansion, which will increase building capacity by c.20%. Full operations are scheduled to commence in FY27F.

Shipbuilding margin of 35% likely sustainable in FY26F

YTD steel prices have remained benign at below Rmb3,300/tonne on average. We expect YZJSB's 35% shipbuilding GM to sustain into FY26F on further recognition of higher-value contracts. Management also highlighted that containership prices in 2025F were 5-10% lower yoy, and could decline further in 2026F amid softer demand and heightened competition. These cumulative reductions could pressure margins from FY28F onwards as projects on weaker pricing cycle start generating revenue, in our view.

Reiterate Add with a higher TP of S\$4.95

We maintain our Add call on YZJSB for its earnings growth, backed by a US\$22.4bn orderbook, and an attractive 9x fwd P/E. We raise our TP to S\$4.95, based on a higher 11x FY27F P/E (from 10x due to re-rating of Singapore and Chinese peers), representing a 30% discount to global peers to account for YZJSB's smaller market cap. Re-rating catalysts: stronger-than-expected order wins, depreciation of Rmb vs. US\$. Downside risks: order cancellations, surge in steel costs.

Financial Summary

	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
Revenue (Rmbm)	26,542	28,505	32,941	38,401	36,983
Operating EBITDA (Rmbm)	8,000	10,467	11,945	12,765	12,119
Net Profit (Rmbm)	6,634	8,637	9,422	9,844	9,481
Normalised Attributable Profit (Rmbm)	6,634	8,637	9,422	9,844	9,481
Normalised EPS (Rmb)	1.68	2.19	2.39	2.50	2.41
Normalised EPS Growth	61.7%	30.6%	9.1%	4.5%	(3.7%)
FD Normalised P/E (x)	12.64	9.69	8.87	8.49	8.81
DPS (Rmb)	0.62	1.10	1.20	1.25	1.20
Dividend Yield	2.94%	5.18%	5.63%	5.88%	5.67%
EV/EBITDA (x)	7.82	6.50	5.08	4.07	3.99
P/FCFE (x)	6.45	NA	7.44	6.56	11.47
Net Gearing	(80.8%)	(45.2%)	(57.1%)	(69.0%)	(67.4%)
P/BV (x)	3.19	2.60	2.27	2.00	1.80
ROE	28.1%	29.6%	27.3%	25.0%	21.5%
% Change In Normalised EPS Estimates			(0.74%)	(0.25%)	
Norm EPS/consensus EPS (x)			1.01	0.93	1.16

SOURCES: CGSI RESEARCH, COMPANY REPORTS

ASP trending down by 5-10% yoy ➤

Management noted that 2025 ASPs for containerships softened by 5-10% from the peak in 2024. The trend is likely to continue in FY26F as competition remains stiff from the Chinese and Korean yards. These cumulative reductions could translate into lower margins from FY28F onwards as projects on a weaker pricing cycle generate revenue, in our view. The decline is broad-based across both large and small vessels, with intensified competition particularly in the smaller-vessel segment, according to management.

Potential gains from cancelled LNG vessel and MR ➤

We see potential for gains from previously terminated vessels in FY26F. These include one of two 175k cbm liquefied natural gas (LNG) carriers that were completed recently. We understand the current market price for such vessels is at US\$230m-240m/vessel.

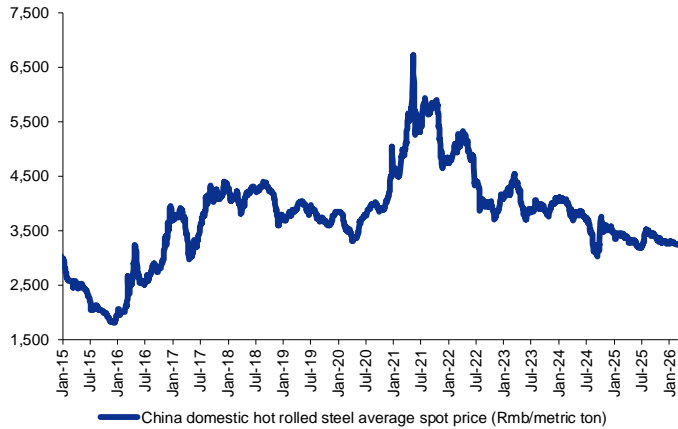
In addition, the yard is also actively looking to resell four 50k DWT Medium Range (MR) oil tankers worth US\$180m terminated in Sep 2025.

Figure 1: FY25 results

FYE Dec (Rmbm)	2H25	2H24	yoy%	1H25	hoh%	FY25	Prev.	Comments on FY25
	Cum	Cum	chg	Cum	chg	Cum	FY25F	
Revenue	15,627.3	13,493.1	15.8%	12,877.5	21.4%	28,504.8	28,202.6	In line at 101%/102% of our/Bloomberg consensus FY25F estimates
Operating costs	(10,141.4)	(9,139.6)	11.0%	(7,896.5)	28.4%	(18,038.0)	(17,641.2)	
EBITDA	5,485.9	4,353.5	26.0%	4,981.0	10.1%	10,466.9	10,561.4	
Depn & amort.	(288.3)	(178.5)	61.6%	(237.0)	21.7%	(525.4)	(592.3)	
EBIT	5,197.5	4,175.1	24.5%	4,744.0	9.6%	9,941.5	9,969.1	
Interest expense	(50.0)	(60.0)	-16.6%	(65.4)	-23.5%	(115.4)	(136.0)	
Interest & invt inc	364.1	403.3	-9.7%	486.4	-25.1%	850.5	742.5	
Associates' contrib	379.4	290.1	30.8%	481.4	-21.2%	860.9	810.5	
Exceptionals	-	-		-		-	-	
Pretax profit	5,511.6	4,518.4	22.0%	5,165.0	6.7%	10,676.6	10,575.6	
Tax	(1,057.1)	(943.6)	12.0%	(987.6)	7.0%	(2,044.7)	(2,220.9)	
Tax rate (%)	-19%	-21%		-19%		-19%	-21%	
Minority interests	(1.2)	(0.4)	nm	(4.0)	nm	(5.2)	36.0	
Net profit	4,455.7	3,575.2	24.6%	4,181.4	6.6%	8,637.1	8,318.7	
EPS (cts)	113.2	90.5	25.1%	106.0	6.8%	219.2	210.6	
Core profit	4,455.7	3,575.2	24.6%	4,181.4	6.6%	8,637.1	8,318.7	In line at 104% of our/Bloomberg consensus FY25F estimates
Core EPS (cts)	113.2	90.5	25.1%	106.0	6.8%	219.2	210.6	

SOURCES: CGSI RESEARCH ESTIMATES, COMPANY REPORTS

Figure 2: China steel price



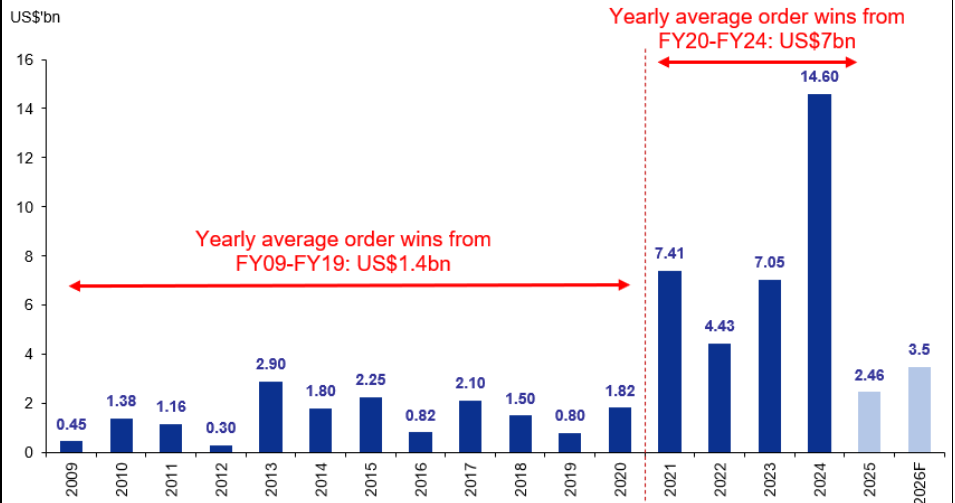
SOURCES: CGSI RESEARCH, BLOOMBERG

Figure 3: Appreciating Rmb against US\$



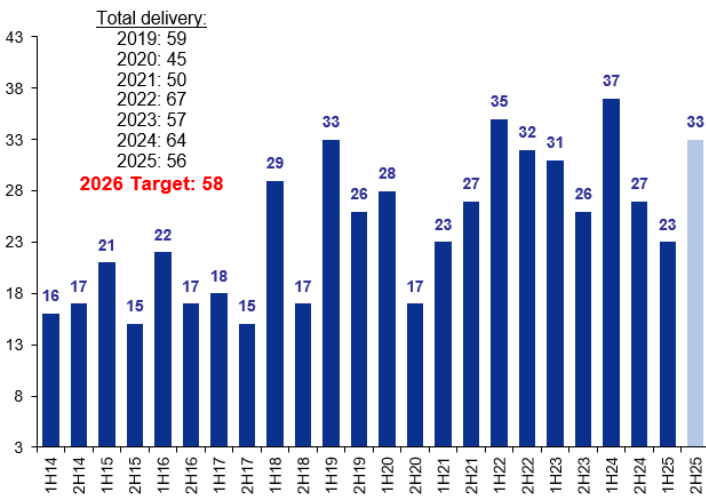
SOURCE: CGSI RESEARCH, BLOOMBERG

Figure 4: YZJSB won orders worth US\$2.46bn in 2025



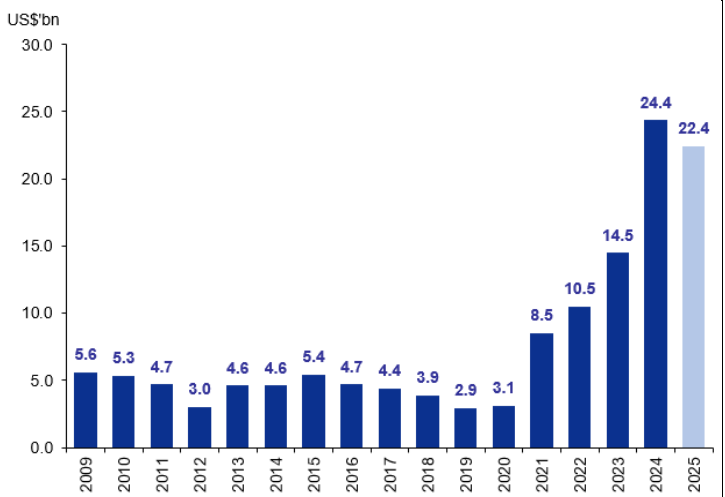
SOURCES: CGSI RESEARCH ESTIMATES, COMPANY REPORTS

Figure 5: YZJSB is targeting to deliver 58 vessels in 2026F



SOURCES: CGSI RESEARCH, COMPANY REPORTS

Figure 6: As of end-2025, orderbook stood at US\$22.4bn



SOURCES: CGSI RESEARCH, COMPANY REPORTS

Figure 7: Changes to earnings estimates

	Unit	New			Old		% change	
		FY26F	FY27F	FY28F	FY26F	FY27F	FY26F	FY27F
Revenue	Rmb m	32,941	38,401	36,983	33,958	36,515	-3.0%	5.2%
Gross margin	%	34.1%	31.4%	30.7%	34.0%	33.6%	0.1% pt	-2.2% pt
Net profit	Rmb m	9,422	9,844	9,481	9,519	9,895	-1.0%	-0.5%
EPS	Rmb cts	239	250	241	241	250	-0.7%	-0.2%

SOURCES: CGSI RESEARCH ESTIMATES, COMPANY REPORTS



Figure 8: Peers comparison

Company	Bbg Ticker	Recom.	Price (lcl curr)	Target Price (lcl curr)	Market Cap (US\$ m)	P/E (x)			2-year EPS CAGR (%)	P/BV (x)		Recurring ROE (%)	Dividend Yield (%)
						CY26F	CY27F	CY28F		CY26F	CY27F		
Keppel Ltd	KEP SP	Add	13.01	13.52	18,542	22.6	22.0	21.0	4.2%	2.33	2.22	9.9%	3.7%
Capitaland Investment	CLI SP	Add	3.06	4.19	12,083	22.7	21.6	21.1	78.1%	1.15	1.11	5.2%	3.9%
Integrated global asset management simple average						22.7	21.8	21.0	41.1%	1.74	1.67	7.5%	3.8%
Seatrium Ltd	STM SP	Add	2.28	2.67	6,112	18.3	14.1	na	39.7%	1.12	1.05	6.3%	1.3%
Singapore Shipbuilder simple average						18.3	14.1	na	39.7%	1.12	1.05	6.3%	1.3%
COSCO SHIPPING International S	COS SP	NR	0.12	na	426	na	na	na	na	na	na	na	na
China CSSC Holdings Ltd	600150 CH	NR	38.11	na	41,926	16.2	12.6	na	45.4%	2.45	2.24	18.6%	2.0%
CSSC Offshore and Marine Engin	600685 CH	NR	37.46	na	5,823	34.4	na	na	na	na	na	7.6%	na
Yangzijiang Shipbuilding	YZJSGD SP	Add	3.92	4.95	12,213	8.9	8.5	8.8	9.5%	2.27	2.00	27.0%	5.6%
Chinese Shipbuilder simple average						19.8	10.5	8.8	27.4%	2.36	2.12	17.7%	3.8%
Korea Shipbuilding & Offshore	009540 KP	Add	452,000	586,000	22,443	11.6	8.6	na	36.0%	2.14	1.81	19.8%	2.7%
Samsung Heavy Industries	010140 KP	Add	28,700	36,000	17,719	18.1	16.2	na	70.6%	4.60	3.58	29.1%	0.0%
Hanwha Ocean	042660 KP	Add	140,000	180,000	30,096	23.9	19.8	na	35.9%	5.50	4.30	26.0%	0.0%
Sejin Heavy Industries Co Ltd	075580 KS	NR	19,030	na	759	na	na	na	na	na	na	na	na
Korean Shipbuilder simple average						17.9	14.9	na	na	4.08	3.23	na	na
Mitsui E&S Co Ltd	7003 JP	NR	7,717	na	5,100	23.8	20.8	20.8	4.3%	3.57	3.18	na	1.0%
Japan Shipbuilder simple average						23.8	20.8	20.8	4.3%	3.57	3.18	na	1.0%
Brookfield Corp	BN US	NR	45.59	na	112,915	15.7	12.8	9.7	164.6%	2.26	2.06	11.8%	0.6%
US Shipbuilder simple average						15.7	12.8	9.7	164.6%	2.26	2.06	11.8%	0.6%
CSE Global	CSE SP	Add	1.28	1.50	734	21.1	16.2	15.5	29.8%	3.11	2.87	15.2%	2.4%
SATS Ltd	SATS SP	Add	3.87	4.05	4,548	19.2	16.5	na	15.3%	1.96	1.81	10.6%	1.6%
Sembcorp Industries	SCI SP	Add	6.07	7.68	8,544	10.8	9.4	9.3	9.0%	1.85	1.69	17.4%	4.5%
ST Engineering	STE SP	Add	10.02	10.20	24,709	32.1	29.5	na	51.5%	11.21	9.75	37.2%	1.9%
SIA Engineering	SIE SP	Add	3.46	4.00	3,065	21.5	20.5	na	9.2%	2.12	2.06	10.0%	3.3%
Industrial/conglomerate / airport services simple average						20.9	18.4	12.4	23.0%	4.05	3.64	18.1%	2.7%

SOURCES: CGSI RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG

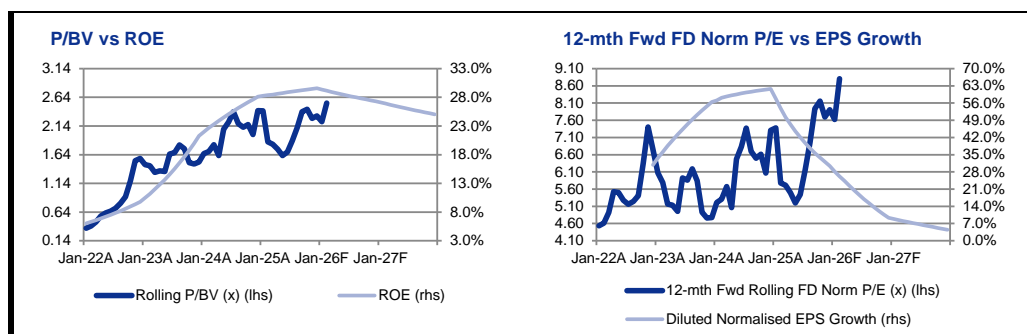
Estimates for Not rated companies are based on Bloomberg consensus estimates

Data as at 26 FEB 2026

LSEG ESG Scores	
	
	
ESG in a nutshell	
<p>We believe YZJSB's ESG score was mainly dragged by ESG controversies, most notably in 2019, when its Executive Chairman at the time, Mr Ren Yuanlin, was implicated in an anti-graft investigation, while arbitration proceedings of S\$1.09bn were disclosed in 2024. YZJSB's current LSEG combined ESG score of C is split into Environment: C (weightage: 34.18%); Social: C (weightage: 37.34%); and Governance: C+ (weightage: 28.48%). YZJSB aims to design and build vessels with higher energy efficiency, in line with China's plans "to have CO2 emissions peak before 2030 and achieve carbon neutrality before 2060".</p>	
<p>Keep your eye on</p> <p>On 12 Oct 2024, YZJSB disclosed that several customers had initiated arbitration proceedings, seeking over S\$1bn in compensation for alleged breaches of contract involving more than 10 vessel orders. On 4 Mar 2025, the tribunal dismissed most of the claims but it ordered YZJSB to refund a deposit of US\$3.32m, along with potential interest, under two specific contracts.</p>	<p>Implications</p> <p>On 14 Oct 2024, YZJSB was the most actively traded counter and experienced an 8.3% drop in the morning. The share price recovered slightly during the day but closed down 2.8%. Given that the arbitration case has now been resolved, the controversy has had little to no impact on our valuation.</p>
<p>ESG highlights</p> <p>YZJSB has made conscientious efforts to improve its environmental impact, devising "Green Vessel" and "Green Factory" strategies featuring concrete steps taken towards its long-term goals of carbon neutrality. Under both strategies, YZJSB began revamping its vessels and factories, including adopting a pure electricity generation engine and the conversion of its existing chemical terminal to an LNG terminal with LNG storage and distribution infrastructure. About 74% of its order book were green vessels as of Jun 2025, according to the company.</p>	<p>Implications</p> <p>These strategies ensure that YZJSB's ships adhere to greenhouse gas emission requirements from the International Maritime Organisation (IMO) while promoting the utilisation of LNG in the domestic market to replace traditional pollutive conventional energy sources. We have not applied any premium/discount for ESG in our fundamental valuation of the company.</p>
<p>Trends</p> <p>From 2020 to 2021, YZJSB maintained its Environment and Social scores at C- and C-, respectively, as ranked by LSEG. Its Governance pillar also maintained its score of C in 2021, according to recent updates by LSEG.</p>	<p>Implications</p> <p>We have not applied any premium/discount for ESG in our fundamental valuations of YZJSB.</p>

SOURCES: CGSI RESEARCH, LSEG

BY THE NUMBERS



Profit & Loss

(Rmbm)	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
Total Net Revenues	26,542	28,505	32,941	38,401	36,983
Gross Profit	7,608	9,761	11,222	12,054	11,349
Operating EBITDA	8,000	10,467	11,945	12,765	12,119
Depreciation And Amortisation	-433	-525	-659	-806	-777
Operating EBIT	7,567	9,942	11,287	11,958	11,342
Financial Income/(Expense)	616	735	663	527	683
Pretax Income/(Loss) from Assoc.	0	0	0	0	0
Non-Operating Income/(Expense)	0	0	0	0	0
Profit Before Tax (pre-EI)	8,183	10,677	11,950	12,485	12,025
Exceptional Items					
Pre-tax Profit	8,183	10,677	11,950	12,485	12,025
Taxation	-1,549	-2,045	-2,509	-2,622	-2,525
Exceptional Income - post-tax					
Profit After Tax	6,634	8,632	9,440	9,863	9,500
Minority Interests	-1	5	-19	-20	-19
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	6,634	8,637	9,422	9,844	9,481
Normalised Attributable Profit	6,634	8,637	9,422	9,844	9,481

Cash Flow

(Rmbm)	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
EBITDA	8,000	10,467	11,945	12,765	12,119
Cash Flow from Invt. & Assoc.					
Change In Working Capital	-1,862	-3,439	2,284	2,671	126
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	7,362	-1,930	-519	1,128	-1,175
Net Interest (Paid)/Received	616	735	663	527	683
Tax Paid	-1,156	-1,368	-1,293	-2,509	-2,622
Cashflow From Operations	12,961	4,465	13,081	14,581	9,131
Capex	-1,056	-1,953	-1,845	-1,845	-1,845
Disposals Of FAs/subsidiaries	4	8	0	0	0
Acq. Of Subsidiaries/Investments	0	0	0	0	0
Other Investing Cashflow	-116	-6,537	0	0	0
Cash Flow From Investing	-1,169	-8,482	-1,845	-1,845	-1,845
Debt Raised/(repaid)	1,205	-1,300	0	0	0
Proceeds From Issue Of Shares	0	0	0	0	0
Shares Repurchased	0	-158	0	0	0
Dividends Paid	-1,346	-2,608	-4,706	-4,917	-4,736
Preferred Dividends					
Other Financing Cashflow	-93	40	0	0	0
Cash Flow From Financing	-233	-4,027	-4,706	-4,917	-4,736
Total Cash Generated	11,559	-8,044	6,530	7,820	2,550
Free Cashflow To Equity	12,998	-5,317	11,236	12,736	7,286
Free Cashflow To Firm	11,911	-3,902	11,357	12,863	7,412

SOURCES: CGSI RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

(Rmbm)	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
Total Cash And Equivalents	28,120	20,076	26,606	34,425	36,975
Total Debtors	6,270	7,923	4,512	5,260	5,066
Inventories	1,876	3,558	5,356	2,887	2,809
Total Other Current Assets	5,879	11,719	14,261	15,607	15,257
Total Current Assets	42,145	43,276	50,734	58,180	60,108
Fixed Assets	7,863	9,085	10,271	11,309	12,378
Total Investments	969	2,545	3,449	4,398	5,395
Intangible Assets	21	21	21	21	21
Total Other Non-Current Assets	3,557	3,408	3,408	3,408	3,408
Total Non-current Assets	12,411	15,058	17,148	19,136	21,201
Short-term Debt	4,500	5,500	5,500	5,500	5,500
Current Portion of Long-Term Debt					
Total Creditors	4,320	3,792	4,463	5,414	5,267
Other Current Liabilities	16,065	15,249	19,392	22,927	22,303
Total Current Liabilities	24,884	24,540	29,354	33,841	33,070
Total Long-term Debt	2,300	0	0	0	0
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	995	1,536	1,536	1,536	1,536
Total Non-current Liabilities	3,295	1,536	1,536	1,536	1,536
Total Provisions	0	0	0	0	0
Total Liabilities	28,179	26,076	30,890	35,377	34,606
Shareholders' Equity	26,278	32,142	36,858	41,785	46,530
Minority Interests	99	116	135	155	174
Total Equity	26,377	32,258	36,992	41,939	46,703

Key Ratios

	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
Revenue Growth	10.1%	7.4%	15.6%	16.6%	(3.7%)
Operating EBITDA Growth	53.3%	30.8%	14.1%	6.9%	(5.1%)
Operating EBITDA Margin	30.1%	36.7%	36.3%	33.2%	32.8%
Net Cash Per Share (Rmb)	5.40	3.70	5.36	7.35	8.00
BVPS (Rmb)	6.65	8.17	9.37	10.62	11.82
Gross Interest Cover	63.71	86.13	93.28	94.53	89.66
Effective Tax Rate	18.9%	19.2%	21.0%	21.0%	21.0%
Net Dividend Payout Ratio	37.2%	50.1%	49.9%	49.9%	49.9%
Accounts Receivables Days	75.44	90.87	68.90	46.45	51.10
Inventory Days	27.02	52.91	74.90	57.10	40.67
Accounts Payables Days	77.24	78.98	69.36	68.41	76.25
ROIC (%)	63%	162%	56%	71%	93%
ROCE (%)	27.7%	30.4%	30.1%	28.0%	24.4%
Return On Average Assets	12.8%	14.2%	14.1%	13.0%	11.3%

Key Drivers

	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
Order win (US\$m)	14,600.0	2,460.0	3,505.5	3,145.2	2,988.0

SOURCES: CGSI RESEARCH, COMPANY REPORTS

DISCLAIMER

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Description:	Excellent	Very Good	Good	N/A	N/A

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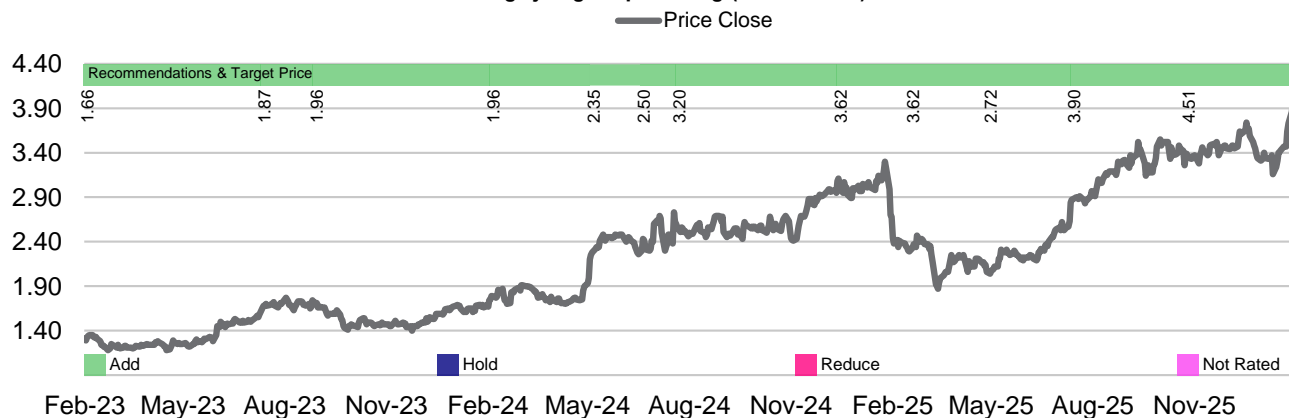
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507 companies under coverage for quarter ended on 08 January 2026		
	Rating Distribution (%)	Investment Banking clients (%)
Add	72.8%	1.4%
Hold	19.9%	0.6%
Reduce	7.3%	0.4%

Spitzer Chart for stock being researched (2 year data)

Yangzijiang Shipbuilding (YZJSGD SP)



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Add	The stock's total return is expected to exceed 10% over the next 12 months.
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