

# Yangzijiang Shipbuilding: Sailing on the waves of higher shipping costs

DIGITAL ENGAGEMENT TEAM

07 OCT 2020

## TRADING MATTERS SERIES: STOCK HIGHLIGHT

Features a single stock and zooms in on its performance in the market

### KEY METRICS

Current Price	0.990
Latest Dividend	0.05
Dividend Ex-Date	13/5/2020
Indicated Dividend Yield	4.55
RSI	56.21
Analysts 12M Target Price	1.21

### REFINITIV STOCKREPORTS+ AVERAGE SCORE

**10/10**

As of 07 Oct 2020 closing

Refer to page 3 for indicator components

## Yangzijiang SGD Price Chart



As of 07 Oct 2020 closing

### KEY MARKET EVENTS

- 08 Oct** US Vice Presidential Debate
- 09 Oct** Caixin China Sep PMI release
- 14 Oct** Singapore 3Q GDP release
- 19 Oct** China 3Q GDP Release
- 23 Oct** Singapore Sep CPI release

## Straits Times Index Price Chart



As of 07 Oct 2020 closing

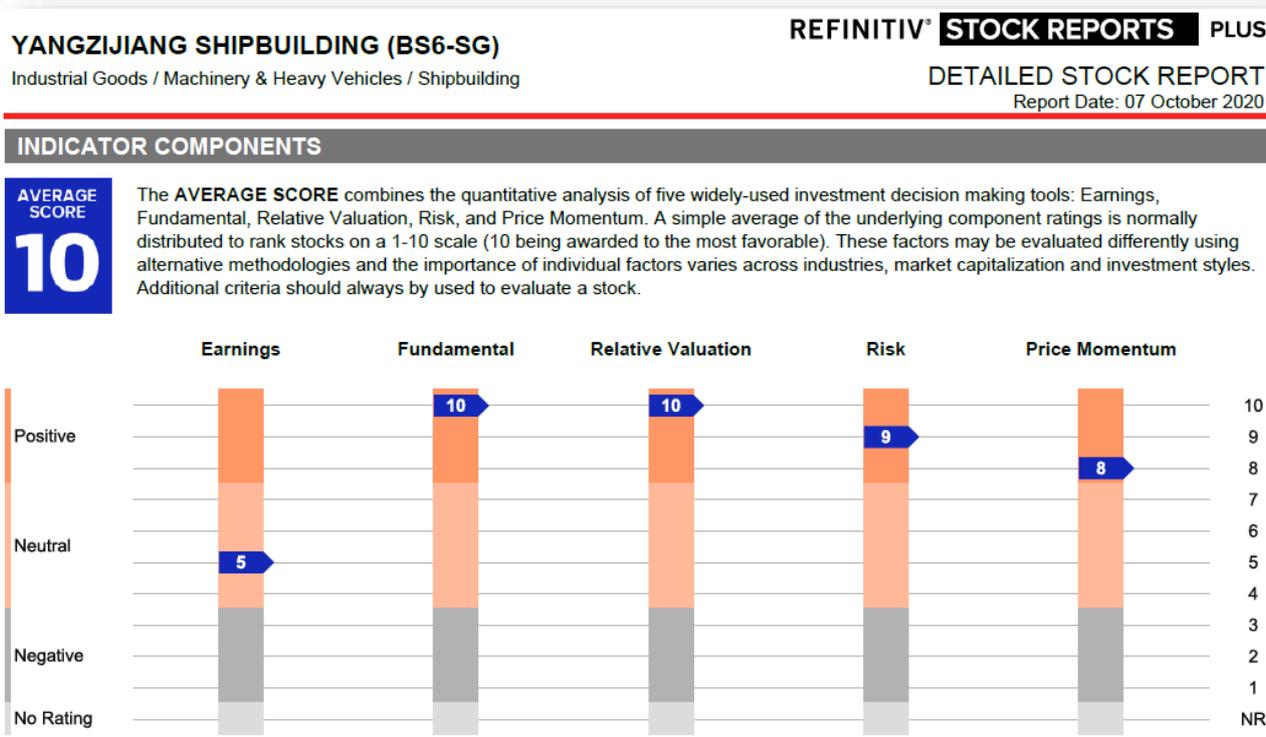
## Market Commentary

- Yangzijiang Most Defensive of SG's Most Active Industrials Since 9 June (16 Sep) (SGX)
  - Since April 2020, the Group's operations have resumed full capacity, and it has fully made up for lost time due to the temporary shutdown in February to early March
  - The Group's new order wins of US\$517 million for 1HFY20 was more than double that of 1HFY19. These orders will keep the Group's yard facilities at a healthy utilisation rate till early 2022 and provide a stable revenue stream for at least the next 1.5 years
- Baltic Dry Index Rallies Past 1-Year High (05 Oct) (Reuters)
  - The Baltic Exchange's main sea freight index, tracking rates for ships carrying dry bulk commodities, rose to its highest in more than a year on Monday as demand for larger capesize and panamax vessels grinds higher
- Current price below Analyst Consensus 12M Target Price of \$1.21, trading at a discount of 21.0% (Bloomberg)

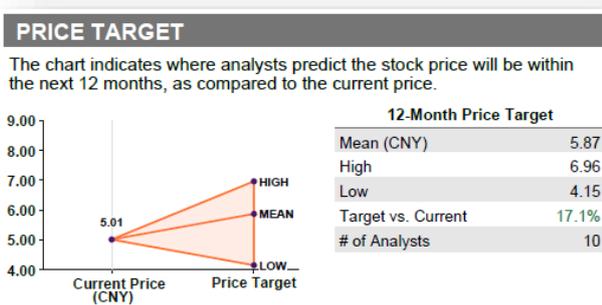
TRADING FLOWS	RESISTANCE LEVELS	SUPPORT LEVELS
<ul style="list-style-type: none"> <li>• Yangzijiang rebounded off its 200 Day Moving Average on 02 October</li> </ul>	<ul style="list-style-type: none"> <li>• 1.00 (12 May 20)</li> <li>• 1.08 (17 Apr 20)</li> <li>• 1.20 (07 Jan 20)</li> </ul>	<ul style="list-style-type: none"> <li>• 0.9701 (200 Day MA)</li> <li>• 0.910 (28 Aug 20)</li> <li>• 0.820 (02 Apr 20)</li> </ul>

# Fundamental Viewpoint

## An Extract from STOCKREPORTS+



## Analyst Price Target and Recommendations



Source: REFINITIV STOCKREPORTS+, extracted 07 Oct 2020 closing

## Singapore Peer Analysis (STOCKREPORTS+)

PEER ANALYSIS													Currency in SGD	
Average Score	Ticker	PRICE MOMENTUM				Market Cap	VALUATION		FUNDAMENTAL		ANALYSTS			
		Price (06/10/20)	1-Mo Return	3-Mo Return	1-Yr Return		Trailing PE	Forward PE	Dividend Yield	Net Margin	LTG Forecast	VB/E/S Mean	# of Analysts	
10	BS6	1.00	7.5%	2.0%	5.8%	3.9B	7.8	7.8	4.5%	13.6%	-5.7%	Buy	9	
3	S51	0.15	-25.4%	-51.3%	-80.6%	1.9B	--	--	--	-14.4%	--	Hold	12	
7	H17	1.19	-2.5%	-4.0%	3.5%	1.0B	11.9	12.5	1.9%	5.9%	--	Hold	4	
9	5GD	0.55	-0.9%	14.6%	20.9%	416M	5.1	9.8	0.5%	11.0%	--	Buy	2	
9	E28	0.98	-2.0%	6.5%	44.1%	409M	9.9	10.5	3.1%	6.6%	--	Strong Buy	6	
9	5DD	2.31	5.0%	27.6%	35.9%	317M	23.8	17.8	4.3%	22.8%	--	Buy	2	
NR	G20	0.53	-0.9%	-2.8%	-8.7%	269M	13.1	--	2.4%	1.8%	--	--	--	
9	S19	0.23	-11.5%	-8.0%	-22.0%	92M	7.6	--	4.4%	19.7%	--	--	--	
2	NO4	0.09	-3.4%	-24.6%	-14.0%	89M	--	--	--	-32.7%	--	--	--	
NR	A04	0.03	-8.3%	-15.4%	-32.7%	16M	--	--	--	-48.4%	--	--	--	
NR	5RC	0.07	18.2%	58.5%	150.0%	9M	--	--	2.3%	24.4%	--	--	--	
7.3	Average	0.65	-2.2%	0.3%	9.3%	764M	11.3	11.7	2.9%	0.9%	-5.7%	Buy	5.8	

PEER COMPANIES				
S51	Sembcorp Marine		G20	GP Industries
H17	Hi-P International		S19	Singapore Shipping Corp
5GD	Sunpower Group		NO4	Dyna-Mac Holdings
E28	Frencken Group		A04	ASL Marine Holdings
5DD	Micro-Mechanics Holdings		5RC	ES Group (Holdings)

Source: REFINITIV STOCKREPORTS+, extracted 07 Oct 2020 closing

## Global Peer Analysis (Bloomberg)

Ticker	Name	Mkt Cap (USD) (Millions)	Last Px	P/E	P/E 5Yr Avg	P/B	P/B 5Yr Avg	Indicated Yield (%)
Average		3,142.60	13190.9	135.37	44.78	2.71	1.52	2.69
YZJSGD SP	YANGZIJANG SHIPBUILDING	2,841.21	0.99	7.70	7.09	0.62	0.70	4.55
300008 CH	BESTWAY MARINE & ENERGY TE-A	1,118.20	7.91	N/A		17.07	5.84	N/A
600150 CH	CHINA CSSC HOLDINGS	12,157.42	18.46	63.01	45.56	1.84	1.76	N/A
600072 CH	CSSC SCIENCE & TECHNOLOGY -A	1,435.42	13.24	137.13	98.32	2.58	2.44	0.43
009540 KS	KOREA SHIPBUILDING & OFFSHOR	5,140.67	84100	56.52		0.51	0.65	N/A
600685 CH	CSSC OFFSHORE AND MARINE E-A	4,245.05	29.72	656.32		3.13	0.67	N/A
010140 KS	SAMSUNG HEAVY INDUSTRIES	2,905.61	5340.00	N/A		0.71	0.73	N/A
042660 KS	DAEWOO SHIPBUILDING	2,212.95	23900	N/A		0.63	0.71	N/A
010620 KS	HYUNDAI MIPO DOCKYARD	1,024.57	29700	19.83	28.14	0.50	0.68	1.18
6269 JP	MODEC INC	877.72	1650.00	N/A		1.00	1.06	2.88
COCHIN IN	COCHIN SHIPYARD LTD	609.77	339.70	7.07		1.20		4.42

Source: Bloomberg, extracted 07 Oct 2020 closing

## The recovery continues

Economic activity around the world has begun to rebound over the summer as the major economies have re-opened following their pandemic-induced lockdowns in the first half of 2020. We expect that the macroeconomic outlook will continue to support risk assets this year.

**Eli Lee,**  
Head of Investment Strategy,  
Bank of Singapore

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Financial markets have seen very clear trends over recent months, with equities buoyant, the US Dollar weaker, bond yields very low and gold hitting record highs. The broad trends have been driven by the global economy starting to recover from the virus shock and by central banks setting near zero interest rates. We expect that the macroeconomic outlook will continue to support risk assets this year.

Economic activity around the world has begun to rebound over the summer as the major economies have re-opened following their pandemic-induced lockdowns in the first half of 2020. We expect that the macroeconomic outlook will continue to support risk assets this year.

The cyclical recovery in the global economy should not be surprising, given the scale of the downturn in the second quarter of 2020.

### **Emerging economies to rebound in 2H2020**

We expect emerging economies in Asia and around the world to recover in the second half of 2020 and during 2021. But only China is likely to experience positive GDP growth this year among the major emerging economies.

We forecast China's economy to expand by 1.7% in 2020, and by 7.1% in 2021 owing to the authorities successfully containing Covid-19, after China became the first country in the world to succumb to the virus in 1Q2020.

The pace of China's recovery has slowed in Q32020, compared to its V-shaped rebound in 2Q2020, when China's GDP expanded by 11.5% quarter on quarter (QoQ), after its severe -10% QoQ contraction in 1Q2020. But that is not surprising, given that the easy post-lockdown gains have now been largely realised, with industrial production expanding again by 4.8% year on year (YoY) in July.

**For the full Global Outlook, click [here](#)**

Source: OCBC Premier Banking Insights, extracted 07 Oct 2020 closing

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