



YONGNAM HOLDINGS LIMITED

(Company Registration No. 199407612N)
(Incorporated in the Republic of Singapore on 19 October 1994)

NEWS RELEASE

YONGNAM REPORTS TURNAROUND WITH FY2015 NET PROFIT OF S\$6.4 MILLION

- *Revenue up 32.3% to S\$280.6 million*
- *Healthy order book of S\$375 million as at December 31, 2015*
- *Actively pursuing infrastructural developments and commercial projects in Singapore and the region*

Financial Highlights:

	FY2015	FY2014	% Change
Revenue (S\$m)	280.6	212.1	32.3
Gross profit/(loss) (S\$m)	30.7	(32.6)	nm
Profit/(loss) before tax (S\$m)	6.9	(19.0)	nm
Net profit/(loss) attributable to shareholders (S\$m)	6.4	(8.5)	nm
EPS (Basic)(Singapore cent)	2.03	(2.68)	nm
NAV per share (Singapore cents)	96.77	94.73	2.2

Singapore, February 29, 2016 – Yongnam Holdings Limited (“Yongnam” or the “Group”), a well-established structural steel contractor and specialist civil engineering solutions provider, today reported a net profit attributable to shareholders of S\$6.4 million for the financial year ended December 31, 2015 (“FY2015”), reversing from a net loss of S\$8.5 million previously.

Commenting on the Group's full year performance, Mr Seow Soon Yong, Chief Executive Officer of Yongnam, said, "Amidst challenging market conditions, our revenue was boosted by higher contributions from the Structural Steelwork segment, with key contributors being Marina One, Changi Terminal 4, Senoko Food Hub and Jewel Changi Airport projects during the year. Backed by our strong track record and expertise, we will continue to build up our order book by actively pursuing infrastructural developments and commercial projects in Singapore and the region."

Performance Review

The Group returned to profitability in FY2015 on the back of a 32.3% increase in revenue to S\$280.6 million in FY2015. This was due to higher revenue contribution from Structural Steelwork projects, which increased to S\$188.1 million in the year under review, compared to S\$117.6 million in FY2014.

Meanwhile, revenue contribution from Specialist Civil Engineering was primarily driven by ongoing projects such as MRT Downtown Line 3, Thomson Line and the Hong Kong MTR. This segment turned in a revenue of S\$86.0 million in FY2015, 9% lower than that of FY2014, mainly due to the substantial completion of MRT Downtown Line 2 by end of FY2014.

Mechanical Engineering registered a revenue of S\$5.8 million in FY2015, mainly contributed by the Singapore Wind Tunnel Facility project.

On a geographical basis, Singapore continued to be the core contributor, accounting for 88.1% of total revenue, with Hong Kong accounting for the balance 11.9%.

The Group reported gross profit of S\$30.7 million in FY2015, a reversal from a gross loss of S\$32.6 million in FY2014. The improved margins were mainly due to better margins achieved from ongoing projects in FY2015 as well as provisions made for certain projects which lowered margins in FY2014.

The Group reported a general and administrative expense of S\$19.0 million in FY2015, compared to general and administrative income of S\$17.6 million in FY2014. Excluding the recognition of a one-off S\$34.4 million gain on disposal of a Malaysian property in FY2014, general and administrative expenses would have been S\$16.8 million. An impairment of receivable made in FY2015 contributed to the increase of S\$2.2 million in general and administrative expense from S\$16.8 million to S\$19.0 million.

Net asset value per share increased from 94.73 Singapore cents as at 31 December 2014 to 96.77 Singapore cents as at 31 December 2015. The Group's net gearing remained at a healthy level of 0.44 time as at 31 December 2015, compared to 0.58 time as at 31 December 2014.

Outlook

As at 31 December 2015, the Group's order book stood at S\$375.0 million.

Notwithstanding the challenging and competitive market conditions, Yongnam is focused on tapping opportunities presented by the infrastructure sector in Singapore and the region. The Group is currently in active pursuit of S\$1.35 billion worth of new infrastructural and commercial projects in Singapore, Hong Kong, Malaysia and the Middle East.

Last week, the Group announced four contract wins worth a total of S\$69.8 million for projects, which included two structural steelwork subcontracts for Jewel Changi Airport and the Robinson Tower Development in Singapore, and two supply and fabrication projects for power plants in Qatar and Egypt, respectively.

During the year under review, the Group's Design & Build Division secured its first project worth S\$13.5 million and is currently pursuing S\$78 million worth of industrial and commercial building projects.

Leveraging its BCA A1 gradings in both General Building and Civil Engineering, the Group through joint-ventures has also submitted bids for selected civil engineering projects as the main contractor.

Separately, Yongnam, together with its consortium partners, JGC Corporation and Changi Airport International, has signed a framework agreement with the Myanmar Department of Civil Aviation on 30 January 2016 for the design, construction and management of Hanthawaddy International Airport (“HIA”) on the basis of a public-private partnership. This marks an important step towards the eventual inking of the HIA concession agreement.

About Yongnam Holdings Limited

With more than 40 years of experience in steel fabrication, Yongnam excels in adding value to steel construction. The Group’s two production facilities in Singapore and Nusajaya, Johor, Malaysia have a total annual production capacity of 84,000 tons of steel fabrication.

The Group utilises the latest fabrication technologies and design innovation to offer solutions to its clients on a fast-track basis. Yongnam’s modular strutting system continues to give the Group a strong competitive edge in meeting increasingly more stringent design and project requirements in infrastructure and construction projects. With a traceability procedure that meets the requirements of the Singapore Building and Construction Authority, its modular strutting system is the first to be certified by an independent auditor for reusability in earth retaining or stabilising structures.

Yongnam’s technical and value engineering solutions for steel fabrication and erection have resulted in increased productivity, improved yield and lower costs. The Group’s in-house pool of experienced and qualified engineers, detailers, technicians, welders, riggers and fitters are consistently adding value to clients’ projects.

Yongnam is an ISO-9001:2008, ISO 14001:2004 and OHSAS 18001:2007 certified company, accredited fabricator of the highest S1 category from the Singapore Structural Steel Society and holds A1 Grades from the Singapore Building and Construction Authority for the categories of General Building and Civil Engineering. The Group's Quality Management System takes a planned approach towards continuous improvement of its products, processes and services. Yongnam has also achieved a bizSAFE Star Level award and BCA Green and Gracious Builder award.

Moving forward, Yongnam aims to be the partner of choice in providing solutions for the steel construction industry.

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