



## YONGNAM HOLDINGS LIMITED

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

---

### NEWS RELEASE

---

#### **YONGNAM REPORTS S\$5.5 MILLION NET PROFIT ON REVENUE OF S\$361.6 MILLION FOR FY2013**

- ***Maintains healthy order book of S\$340 million as at December 31, 2013***
- ***Declares final dividend of 0.6 Singapore cent per ordinary share***

#### ***Financial Highlights:***

	<b>FY2013</b>	<b>FY2012</b>	<b>% Change</b>
<b>Revenue (S\$m)</b>	<b>361.6</b>	<b>301.6</b>	<b>19.9</b>
<b>Gross Profit (S\$m)</b>	<b>38.1</b>	<b>75.9</b>	<b>(49.7)</b>
<b>Profit before tax (S\$m)</b>	<b>4.4</b>	<b>48.9</b>	<b>(91.1)</b>
<b>Net profit attributable to shareholders (S\$m)</b>	<b>5.5</b>	<b>43.5</b>	<b>(87.3)</b>
<b>EPS (Basic)(Singapore cents) <sup>(1)</sup></b>	<b>0.44</b>	<b>3.45</b>	<b>(87.2)</b>
<b>NAV per share (Singapore cents)</b>	<b>24.98</b>	<b>25.60</b>	<b>(2.4)</b>

<sup>(1)</sup>EPS per share was computed based on the weighted average number of shares of 1,265,446,253 for FY2013 and 1,260,076,369 for FY2012

**Singapore, February 27, 2014** – Yongnam Holdings Limited (“Yongnam” or the “Group”), a well-established structural steel contractor and specialist civil engineering solutions provider, today reported a lower net profit of S\$5.5 million on the back of a 20% increase in revenue to S\$361.6 million for the financial year ended December 31, 2013 (“FY2013”).

Commenting on the Group's full year performance, Mr Seow Soon Yong, Chief Executive Officer of Yongnam, said, "Yongnam had achieved outstanding performance for a number of years when the Group was consecutively involved in a number of iconic projects in Singapore that delivered very attractive higher margins. While our current projects do not enjoy such high margins, the Group continues to pursue a number of large infrastructural projects in Singapore and the region.

"We are heartened that the Group continues to show healthy topline growth although its bottom-line in FY2013 was affected by a number of negative factors."

The Group achieved a healthy 20% increase in revenue, mainly from Structural Steelwork projects which contributed 62.8%, from S\$131.7 million in FY2012 to S\$214.5 million in FY2013. Ongoing projects like the Singapore Sports Hub, National Art Gallery, Market Street, South Beach Development and the belt conveyor structure project in Malaysia were the key contributors.

Revenue from Specialist Civil Engineering, however, decreased by 13.4% year-on-year, from S\$169.7 million to S\$147.0 million. Contributions were received from ongoing projects like MRT Downtown Line 2 and Downtown Line 3 in Singapore, the Hong Kong MTR and residual revenue for the iconic Marina Coastal Expressway.

On a geographical basis, Singapore continued to be the core contributor, accounting for 80.1% of total revenue, compared to 89.1% in FY2012. The other contributors were from Hong Kong and Malaysia.

Compared to FY2012 when the Group enjoyed higher gross margins from a couple of iconic projects, current projects in FY2013 delivered reduced gross profit margins. The lower revenue mix from the traditionally high-margin Specialist Civil Engineering projects was another factor. In addition, substantial cost overruns, especially from three on-going Structural Steelworks projects further reduced the overall gross margin.

A one-off non-recurring loss of S\$8.1 million on disposal of fixed assets in 3QFY2013 and a S\$5.1 million provision made on amounts owing from Alpine Bau GmbH, the insolvent main contractor for MRT Downtown Line 2 in 2QFY2013 caused General and Administrative expenses to spike from S\$24.2 million in FY2012 to S\$31.1 million in FY2013. However, this increase was partially offset by a decrease of S\$6.3 million in staff expenses during the year. Bank interests and charges increased marginally from S\$2.9 million in FY2012 to S\$3.0 million in FY2013.

In 4QFY2013, the Group factored in lower contributions from a Specialist Civil Engineering project and also took in additional costs and accepted lower than expected final settlements for a few projects. All these impacted the Group's bottom-line for FY2013.

The Group maintains a healthy balance sheet with cash and bank balances of approximately S\$14.9 million. Yongnam's net gearing inched up but remained healthy at 0.53 times as at December 31, 2013. Net asset value per share declined marginally from 25.6 Singapore cents as at December 31, 2012 to 24.98 Singapore cents as at December 31, 2013.

### **Dividend Yield**

The Yongnam Board has recommended a final dividend of 0.6 Singapore cent per share for FY2013. This represents a dividend yield of 2.5% (based on Yongnam's last traded price of S\$0.24 on February 26, 2013).

## **Outlook**

Outlook for the construction industry both in Singapore and the region remains positive, mainly anchored by public sector infrastructural projects.

In November 2013, the Group secured a record landmark Structural Steelwork project that is expected to contribute financially until its completion in the first quarter of FY2016. This S\$168 million sub-contract for the Marina One mixed-use development is being developed by M+S Pte Ltd, a company owned 60:40 by Khazanah Nasional Bhd and Temasek Holdings Pte Ltd.

Yongnam, together with JGC Corporation and Changi Airport Planners and Engineers, is one of four consortiums invited by the Department of Civil Aviation, the Ministry of Transport, Myanmar, to resubmit its proposal for the design, construction, operation and maintenance of Hanthawaddy International Airport and its facilities on the basis of a public-private partnership agreement for a 30-year concession period.

In addition, the Group continues to actively pursue S\$1.2 billion worth of new infrastructural and commercial projects in Singapore, Hong Kong, Macau and the Middle East of which 68%, if awarded, is expected to commence from mid-FY2014.

The Group expects the first half of FY2014 to be challenging as its performance will be dependent on the rate and extent of success in securing the above-mentioned contracts, most of which would start contributing materially from the second half of FY2014.

Yongnam's order book stood at S\$340 million at the end of December 2013.

## **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 production capacity of 78,000 tons of steel fabrication.

The Group utilizes 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 and accredited fabricator of the highest S1 category from the Singapore Structural Steel Society. The Group's Quality Management System takes a planned approach towards continuous improvement of its products, processes and services.

Yongnam is the solutions provider of choice for the structural steel industry.

---

ISSUED ON BEHALF OF : Yongnam Holdings Limited  
BY : Citigate Dewe Rogerson, i.MAGE Pte Ltd  
55 Market Street  
#02-01  
SINGAPORE 048941  
CONTACT : Mrs Elaine Lim / Mr Clarence Koh  
at telephone  
DURING OFFICE HOURS : 6534-5122 (Office)  
AFTER OFFICE HOURS : 9751-2122 / 9129-6977 (Handphone)  
EMAIL : [elaine.lim@citigatedrimage.com](mailto:elaine.lim@citigatedrimage.com)  
[clarence.koh@citigatedrimage.com](mailto:clarence.koh@citigatedrimage.com)

---

017/14/001/YHL

February 27, 2014