



# **YONGNAM HOLDINGS LIMITED**

## **Corporate Presentation (1H FY2017)**

**August 14, 2017**

An aerial photograph of a city at sunset. In the foreground, a large, modern stadium with a distinctive, curved, metallic roof is visible. To the left, a river flows through the city. The background is filled with a dense urban landscape of high-rise buildings under a sky with soft, golden light from the setting sun.

# Business Overview



# Yongnam Holdings Limited

Excels in adding value to steel construction

## Multi-disciplinary Engineering and Construction Group

Structural  
Steelwork

Specialist Civil  
Engineering

Design & Build

Mechanical  
Engineering

- Well-established structural steel contractor and specialist civil engineering solutions provider with more than 40 years of experience
- Two production facilities in Singapore and Nusajaya, Johor, Malaysia with a total annual production capacity of 84,000 tons of steel fabrication



# Yongnam Holdings Limited

Excels in adding value to steel construction

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## Long established relationships with major reputable contractors

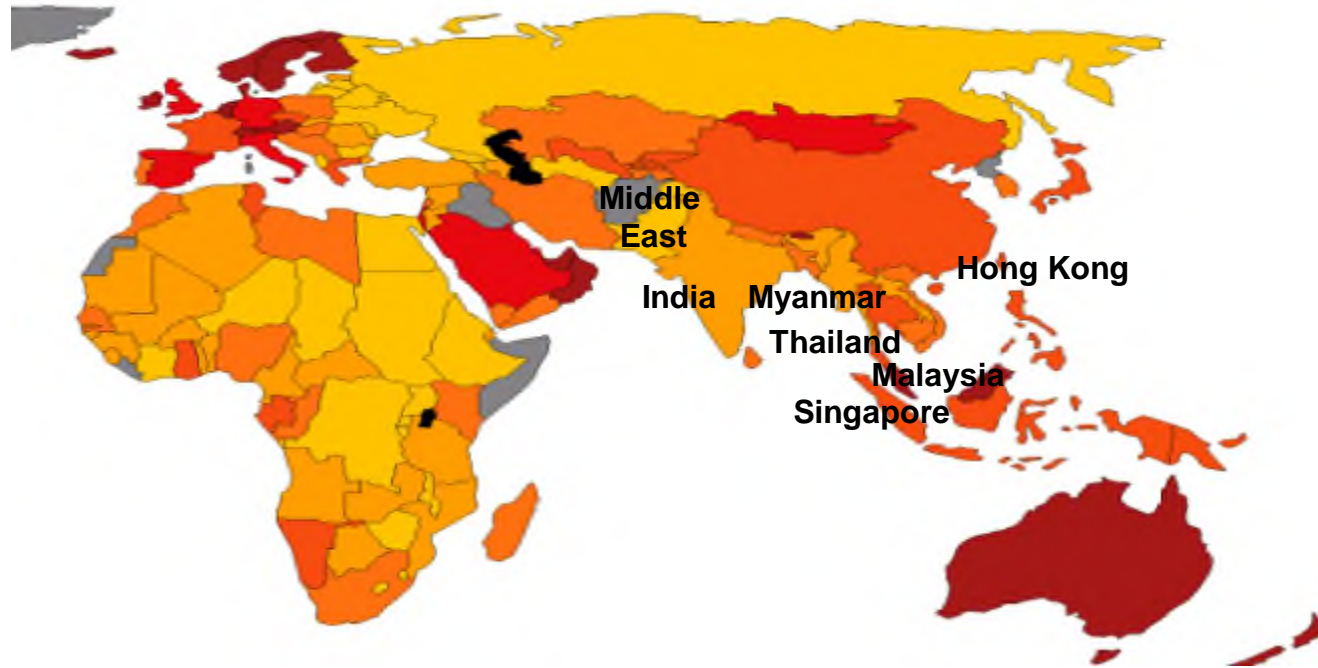
- Takenaka Corporation
- Taisei Corporation
- Obayashi Corporation
- Penta Ocean
- Shimizu Corporation
- Dragages Singapore
- Sembcorp Design & Construction Pte Ltd
- Samsung Corporation
- Ssangyong E&C Co. Ltd
- Hyundai E&C Ltd
- Daelim Industrial Co. Ltd
- Woh Hup Pte Ltd
- Larsen & Toubro Ltd



# Wide Geographical Footprint

Regional Presence, Global Reach

## Wide network of subsidiaries and project offices in the region



### Projects Undertaken Across the Region

- Singapore
- Malaysia
- Middle East
- China
- Norway
- Brunei
- Philippines
- Thailand
- Japan
- Korea
- Hong Kong
- Pakistan
- India
- Egypt



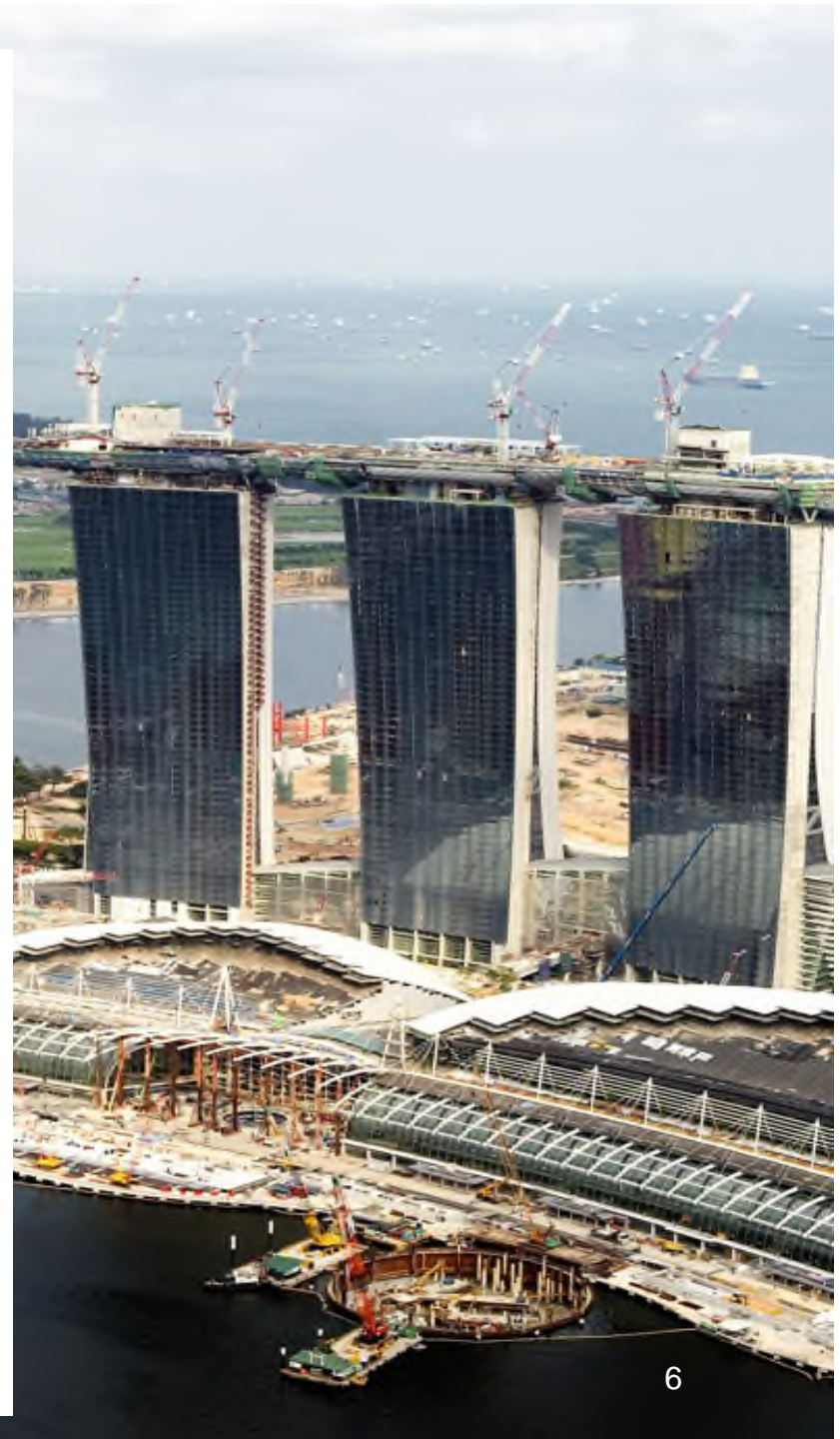
# Structural Steelworks

Adding structural and aesthetic value to buildings

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**Leading steel specialist contractor with unparalleled track record of iconic projects**

- One of the largest steel fabrication facilities in Southeast Asia
- On-time delivery and with quality
- A1 Grade in General Building from BCA Singapore
- S1 category accreditation from Singapore Structural Steel Society



# Specialist Civil Engineering

A frontrunner of the times

## Design, fabrication, supply and erection of steel temporary support for deep basement and tunnel excavations

- Yongnam's modular strutting system meets increasingly stringent design and project requirements
- Owns approximately 208,000 tonnes of strutting assets and pipe piles
- Strong track record and high replacement cost of struts creates a significant barrier to entry
- A1 Grade in Civil Engineering from BCA Singapore



# Mechanical Engineering

Strong expertise of over forty years

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## Three key activity areas:

- a. Installation of mechanical equipment and plant
  - b. Supply, fabrication and installation of mechanical components; and
  - c. Plant maintenance
- Able to undertake more complex mechanical and plant installation projects
  - Projects and involvement include: Power stations, chemical plants, refineries, shipyard facilities, incineration plants and other infrastructure-related projects





# Design & Build

Emerging as a new growth driver

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**Yongnam aims to be a one-stop solutions provider of conceptual design, construction, project management and final delivery**

- Leverages Yongnam's experience in project and construction management
- Focused on pursuing opportunities in industrial and commercial projects



# Production Capabilities

Well-equipped, state-of-art facilities

## Singapore

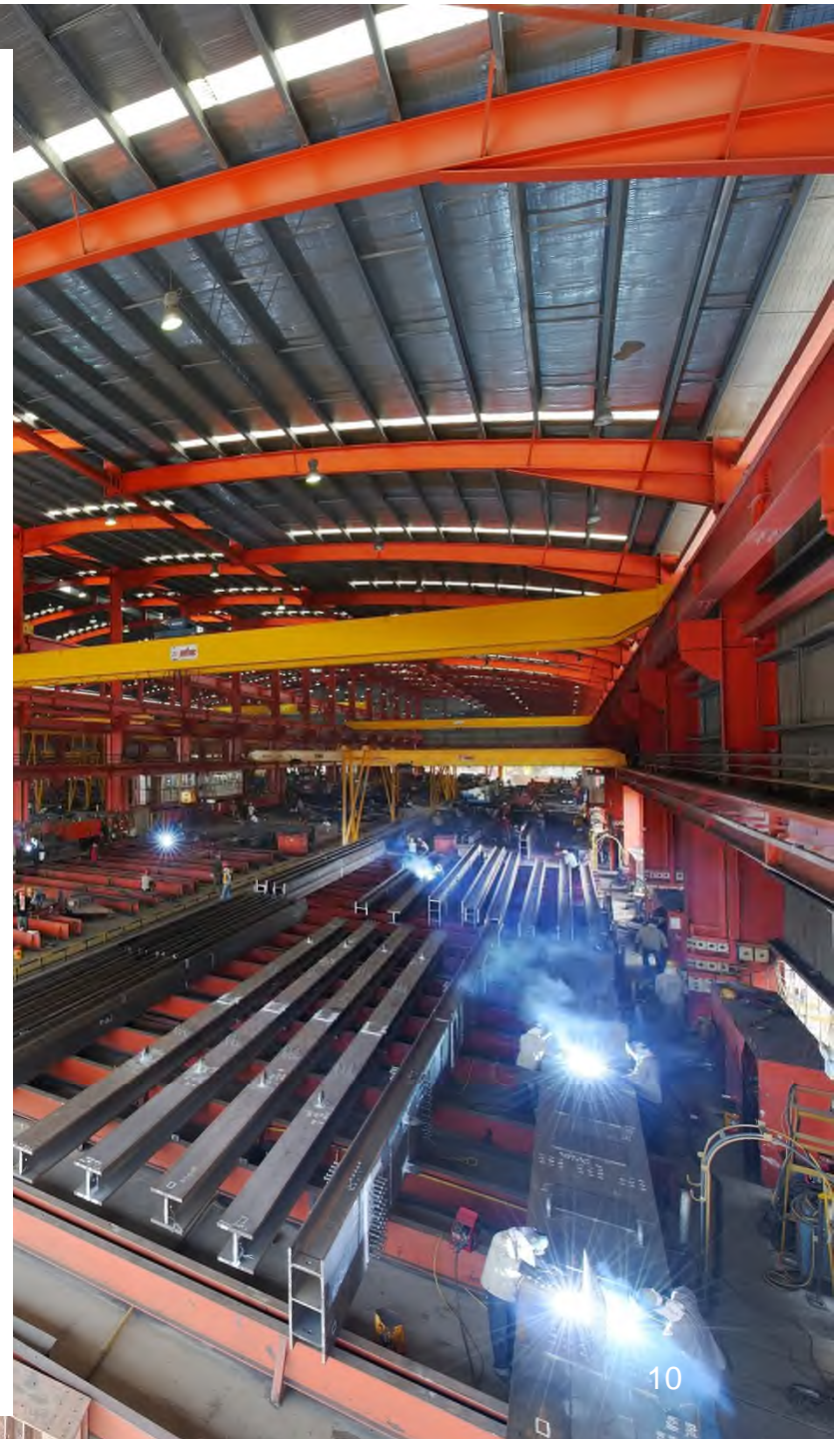
**Mega complex in Tuas occupying a land area of 76,000 sq m**

Covered workshop measuring 20,250 sq m with production capacity of 3,000 tonnes per month

## Malaysia

**Facility in Nusajaya, Johor, sited on a land area of 109,103 sq m**

Operational since 2009, with a covered workshop measuring 38,600 sq m and production capacity of 4,000 tonnes per month



# Our Experience

## Unparalleled Track Record

### Airports

- **Brunei**, Royal Pavilion Hangars
- **Malaysia**, Kuala Lumpur International Airport
- **Singapore**, Changi International Airport
- **Thailand**, Suvarnabhumi International Airport
- **India**, Indira Gandhi International Airport
- **India**, Chhatrapati Shivaji International Airport

### Sports & Recreation Complex

- Kranji Race Course
- Bishan Sports Stadium
- Singapore Sports Hub

### Transport Infrastructure

- **Singapore**, Kallang-Paya Lebar Expressway
- **Singapore**, Marina Coastal Expressway
- **Singapore**, MRT Thomson-East Coast Line
- **Singapore**, MRT Downtown Line
- **Singapore**, MRT Circle Line
- **Singapore**, MRT Northeast Line
- **Singapore**, MRT East-west Line
- **Singapore**, MRT North-south Line
- **Singapore**, MRT North-south Line Extension
- **Hong Kong**, Mass Transit Rail
- **Hong Kong**, Express Rail Link
- **Middle-east**, Dubai Metro

### High Rise Buildings & Iconic Structures

- Marina Bay Sands Integrated Resort
- Suntec City Exhibition & Convention Centre
- Singapore Post Centre
- Capital Tower
- Singapore MRT Expo Station
- National Library Board
- Fusionopolis
- One Raffles Quay
- Ion Orchard
- Integrated Civic, Cultural, Retail and Entertainment Hub
- Gardens by the Bay
- NUH Medical Centre
- National Gallery
- Capita Green

### Power Plants & Mechanical Installations

- **Singapore**, Senoko Power Station
- **Singapore**, Seraya Power Station (Stage II development)
- **Singapore**, Mandai Quarry Plant
- **Singapore**, Senoko Incineration Plant
- **Singapore**, Tuas Incineration Plant
- **Singapore**, Wind Tunnel
- **Malaysia**, Kenyir Power Station (Hydroelectric power plant)
- **Malaysia**, Paka/Pasir Gudang YTL Power Station
- **Malaysia**, Panglima Power Station
- **Malaysia**, Tanjung Bin Power Plant
- **Malaysia**, Naphtha Cracker Plant – Cracking Furnace



# Our Experience

Showcase – Marina Bays Integrated Resort, Gardens by the Bay, CCRC and Sports Hub

**Yongnam was involved in the development of multiple iconic structures at the iconic Marina Bay Sands Integrated Resort:**



Skypark



ArtScience Museum



Crystal Pavilions



Gardens by the Bay



CCRC



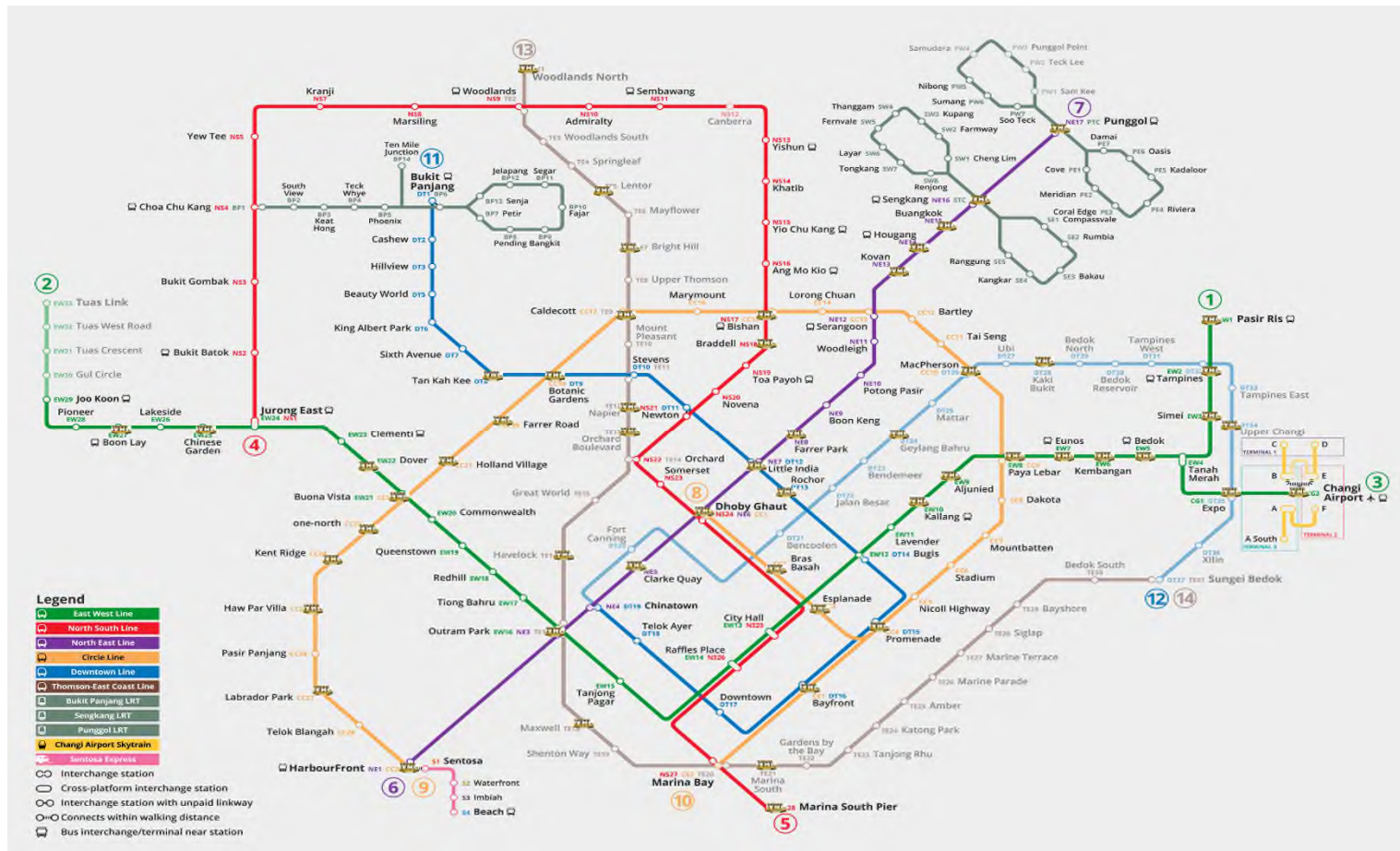
Sports Hub



# Our Experience

## Mass Rapid Transit Rail Infrastructure (Singapore)

Since the mid 1980s, Yongnam has been extensively involved in the development of Singapore's railway network



# Current Portfolio

## Key On-Going Projects

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### Jewel Changi Airport

**Project Value:** \$85.2 million

**Date of Award:** November 2014

**Completion Date:** Expected 4Q2017

**Scope of Work:** Supply, fabricate and erect structural framing system of main buildings, associated structures and pedestrian bridges to Terminals 2 and 3



# Current Portfolio

Key On-Going Projects

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## Jewel Changi Airport – Crown

**Project Value:** \$45.6 million

**Date of Award:** January 2016

**Completion Date:** Expected 4Q2017

**Scope of Work:** Supply, fabricate and erect structural steelwork for glass dome



# Current Portfolio

## Key On-Going Projects

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### Senoko Food Hub

<b>Project Value:</b>	\$165 million
<b>Date of Award:</b>	March 2015, JV project
<b>Completion Date:</b>	Expected 1Q2018 (TOP July 2017)

**Scope of Work:** Construction of a new 7-storey ramp-up development comprising 50 modular factory units in Senoko Food Zone





# Current Portfolio

## Key On-Going Projects

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### Outram Community Hospital

**Project Value:** \$41 million

**Date of Award:** January 2016

**Completion Date:** Expected 2Q2018

**Scope of Work:** Supply, fabricate and erect structural steelwork for the building structure, link bridges, roof crown structure, trellis supports and other structural components for a new 19-storey mixed-use development housing the Outram Community Hospital



# Current Portfolio

## Key On-Going Projects

### MRT Thomson Line

**Project Value:** \$108.5 million (5 contracts)

#### Key Projects Description

**C217 (3Q2018):** Installation and removal of steel struts for Napier Station

**C227 (4Q2018):** Installation and removal of pipe pile cofferdam, steel struts and decking for Marina South Station



# Current Portfolio

## Key On-Going Projects

### HK MTR Extension, Express Rail Link, Wan Chai Bypass Tunnel, NSL Cross Harbour Tunnel, Kai Tak Development Stage 3

**Project Value:** HK\$809 million (10 contracts)

**Completion Date:** 2017 to 2020

**Project Description:**

- MTR Extension : Shatin-Central Link
- Express Rail Link : Part of 26-km long HK section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link running from West Kowloon to Shenzhen
- Wan Chai Bypass Tunnel : 4 km Trunk Road Tunnel
- NSL Cross Harbour Tunnels
- Kai Tak Development Stage 3

**Scope of work:**

- Design, supply, installation and removal of strut and walers
- Cofferdam excavation of cut and cover tunnels
- Construction of steel temporary bridge





# Financial Performance (1H FY2017)



# Key Financial Highlights

## 1H FY2017 Financial Performance

	2Q FY2017	2Q FY2016	Change (%)	1H FY2017	1H FY2016	Change (%)
Revenue (\$'m)	79.8	84.3	(5.4)	171.2	158.1	8.3
Gross Profit/(Loss) (\$'m)	(0.5)	7.5	nm	2.9	15.6	(81.4)
Profit after Tax (\$'m)	(4.1)	0.9	nm	(5.7)	2.6	nm
EPS (Basic) (Singapore cents) <sup>(1)</sup>	(0.87)	0.05	nm	(1.17)	0.42	nm
NAV per Share (Singapore cents) <sup>(2)</sup>	-	-	-	61.3	62.9	(2.6)
<p><sup>(1)</sup> EPS per share was computed based on the weighted average number of shares of 475,102,931 for 2Q FY2017 (2Q FY2016: 316,735,383)</p> <p><sup>(2)</sup> NAV per share as at June 30, 2017 and December 31, 2016 respectively</p>						



# Key Financial Highlights

1H FY2017 Financial Performance

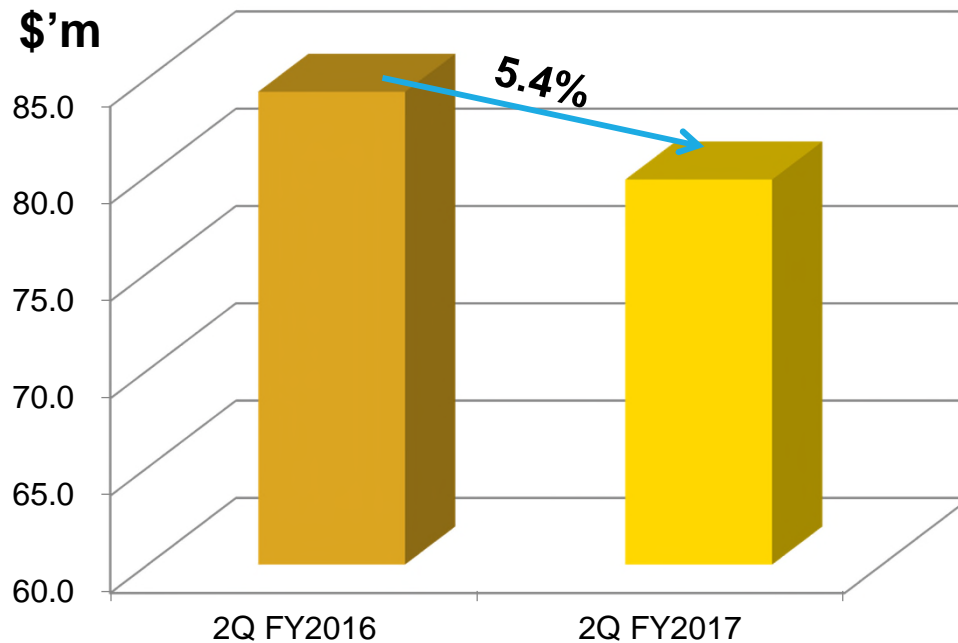
	Jun 30 2017	Dec 31 2016	Change (%)
Net Work-In-Progress (\$'m)	84.6	91.6	(7.6)
Debtors (\$'m)	29.7	36.0	(17.4)
Cash (\$'m)	11.2	15.9	(29.5)
Borrowings (\$'m)	106.8	114.1	(6.4)
Net Borrowings (\$'m)	95.6	98.2	(2.6)
Gearing (times)	0.33	0.33	-
Shareholders' Funds (\$'m)	291.3	299.0	(2.6)



# Key Financial Highlights

1H FY2017 Financial Performance – Revenue Analysis

## 2Q FY2017 Revenue down 5.4% mainly due to lower contribution from Structural Steelwork and Mechanical Engineering projects



### Structural Steelwork

- Revenue contribution decreased from \$53.9 million in 2QFY2016 to \$49.3 million in 2QFY2017
- **Key contributing projects include:** Senoko Food Hub, Jewel Changi Airport

### Mechanical Engineering

- Revenue contribution decreased from \$9.7 million in 2QFY2016 to \$0.2 million in 2QFY2017 due to completion of fabrication of HRSG for power plants in Qatar and Egypt

### Specialist Civil Engineering

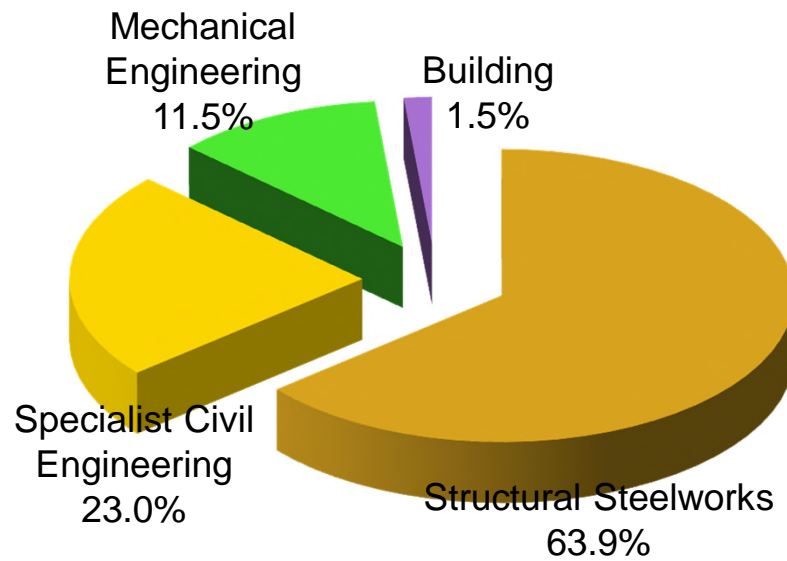
- Revenue contribution increased from \$19.4 million in 2QFY2016 to \$23.5 million in 2QFY2017
- **Key contributing projects include:** MRT Thomson Line, Hong Kong projects



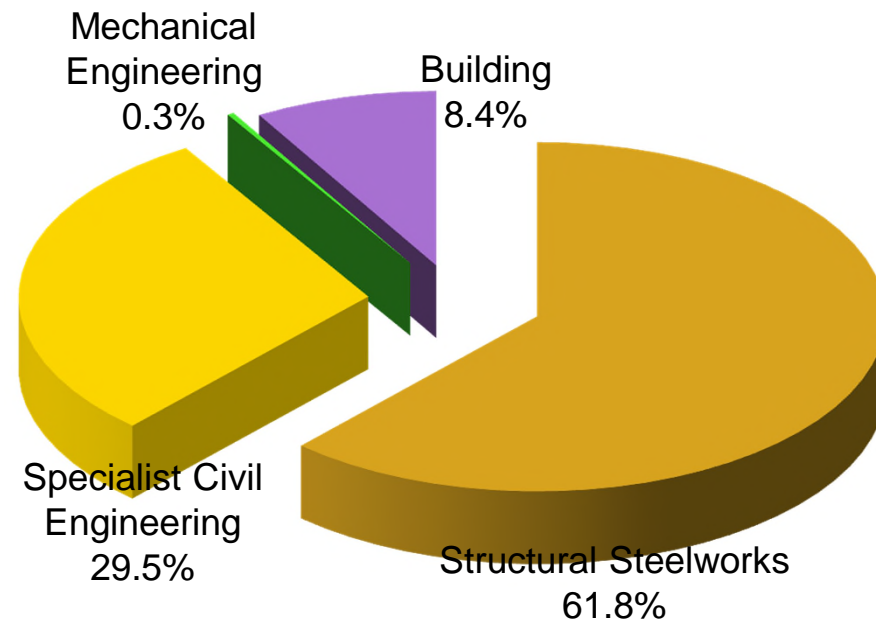
# Key Financial Highlights

1H FY2017 Financial Performance – Breakdown by Business Segment

## 2QFY2016



## 2QFY2017

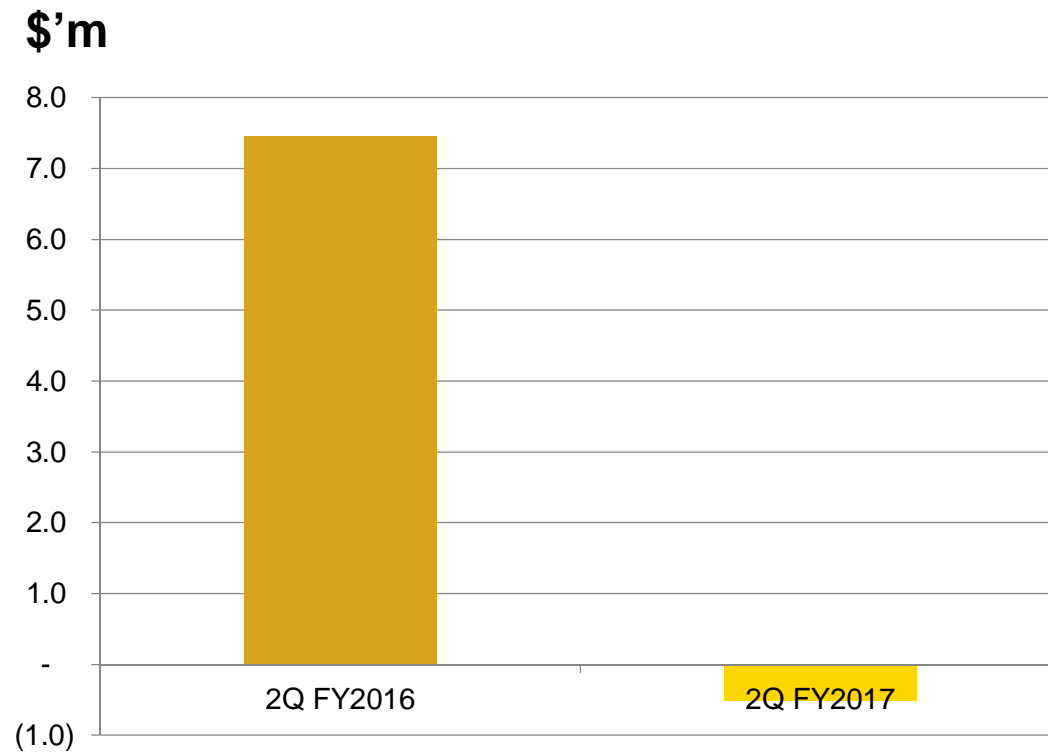




# Key Financial Highlights

1H FY2017 Financial Performance – Gross Loss

## Gross loss of \$0.5 million for 2QFY2017



### Gross Loss

Gross Loss of \$0.5 million for 2QFY2017 due to:

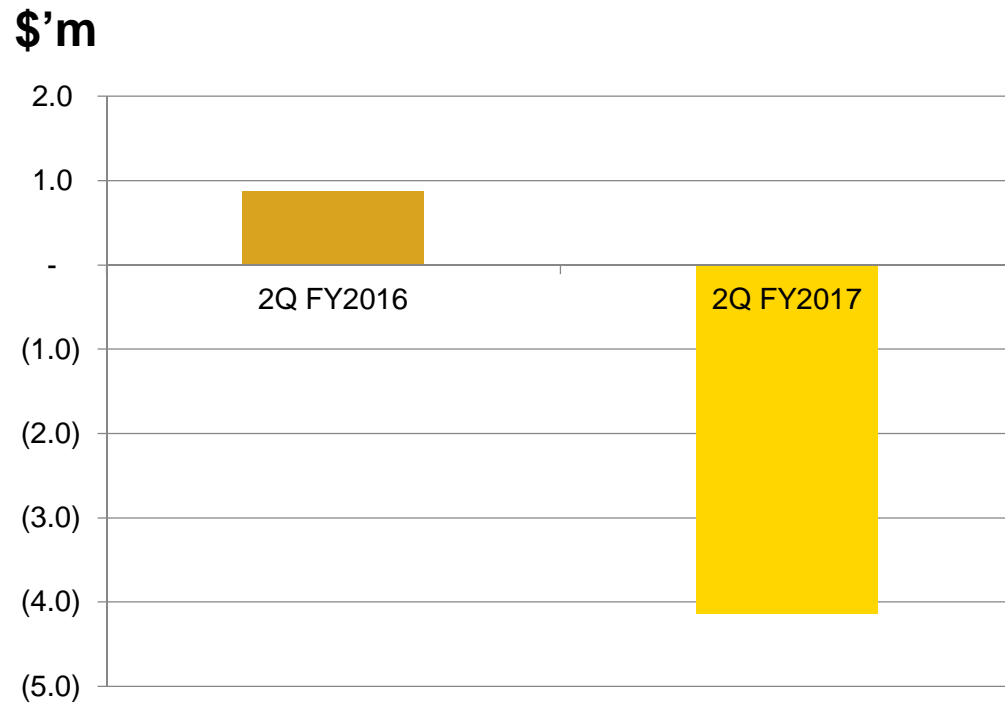
- Lower margins from certain projects
- Under-recovery of overheads from lower level of strutting and other activities



# Key Financial Highlights

1H FY2017 Financial Performance – Loss after Tax

## Loss after Tax of \$4.1 million for 2QFY2017



### Loss after tax

Loss after tax of \$4.1 million for 2QFY2017 due to:

- Lower margins from certain projects
- Under-recovery of overheads from lower level of strutting and other activities



# Key Financial Highlights

## Order Book

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**As at 30 June 2017, the Group's order book stands at approximately \$205.0 million**

- Structural Steelworks: 48.9%
- Specialist Civil Engineering: 40.0%
- Others (M&E, Building): 11.1%
- Approximately 45% of the Group's order book is slated for completion in the second half of FY2017



# Growth Strategies and Plans



# Strategies and Plans

- To enhance cost competitiveness and operational efficiency, the Group, where possible, will continue to relocate some of its factory operations in Singapore to a new site in Johor, Malaysia – the Group stands to benefit from reductions in manpower costs, fabrication costs and ancillary staff costs
- Continuous review of the Group's cost structure to further manage costs and achieve better efficiencies
- Remain focused on the two core businesses – Structural Steel and Specialist Civil Engineering
- Leverage on established brand name and strong foothold in the Singapore market
- Continue to explore projects in Hong Kong, Thailand, Malaysia, Indonesia, Myanmar, India, GCC countries and Australia
- Selectively pursue Civil and Building projects as main contractor on JV basis
- Newly established Design & Build Division to pursue industrial and commercial projects





# Prospects and Market Outlook



# Market Prospects

Singapore

## Construction industry gets a boost from Public Sector Jobs<sup>(1)</sup>:

- For 2017, public sector demand for construction projects is projected to grow between S\$20 billion and \$24 billion - an increase from about \$15.8 billion in 2016
- Upcoming public sector infrastructure projects this year include various major contracts for the North-South Corridor and Circle Line 6

## Expected growth in construction demand from 2018 to 2021<sup>(1)</sup>:

- The average construction demand is projected to reach between \$26 billion and \$35 billion per annum in 2018 and 2019, and between \$26 billion and \$37 billion per annum in 2020 and 2021
- Public sector construction demand to be between \$18.0 billion to \$23.0 billion per annum from 2018 to 2021
- Projects supporting the public sector demand include upcoming mega infrastructure projects such as the Jurong Regional Line, Cross Island Line, various infrastructure developments for Changi Airport Terminal 5 and the Kuala Lumpur-Singapore High Speed Rail



Source:

(1) Public sector construction demand is expected to increase this year, Building and Construction Authority, 6 Jan 2017



# Market Prospects

Singapore

## Government Enabling Growth and Innovation<sup>(1)</sup>:

- \$700 million worth of public sector infrastructure projects brought forward to start in FY2017 and FY2018
- The government plans to continue making significant investments in critical economic infrastructure such as the new Changi Airport Terminal 5, the Kuala Lumpur-Singapore High Speed Rail and the Tuas Terminal
- Public transport infrastructure will continue being enhanced, with plans for almost doubling the MRT network by 2030
- Public Sector Construction Productivity Fund, with about \$150 million in budget, will allow Government agencies to procure innovative and productive construction solutions



Source:  
(1) Singapore Budget 2017, 20 Feb 2017





# Market Prospects

## Regional

### Hong Kong/Macau (1,2,3):

- China's recently launched 13<sup>th</sup> Five-Year plan (for 2017 – 2021), includes plans for infrastructure upgrades in Hong Kong, including trans-regional railways and highways systems
- Under Hong Kong's 2017-18 budget, the capital expenditure for infrastructure is forecasted to be \$107.2 billion, which includes \$86.8 billion for capital works. As a result, the construction industry will contribute 4.7% to Hong Kong's GDP
- Capital works expenditure and construction activity is expected to remain high with a number of major transportation infrastructure projects at their construction peaks
- More railway property development projects will be under planning, such as the development at the Siu Ho Wan Depot site, the Tung Chung new town extension, as well as for new development areas at Kwu Tung North, Fanling North, Hung Shui Kiu and Yuen Long South
- The Macau S.A.R. Government also released in September, 2016 the official five-year development plan (2016 – 2020), which articulated its vision of building Macau into a world tourism and leisure center

#### Sources:

- (1) Commission on Strategic Development The National Five Year Plan – Opportunities for Hong Kong Special Administrative Region
- (2) 2017-18 Budget, Hong Kong Gov
- (3) The Five-Year Development Plan of the Macao Special Administrative Region (2016-2020), Sept 2016



# Market Prospects

## Regional

### Hong Kong/Macau<sup>(1,2,3,4,5)</sup>:

- Major infrastructure projects:
  - Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link
  - Hong Kong-Zhuhai-Macau Bridge
  - Development of the East Lantau Metropolis to be Hong Kong's third CBD
  - Expansion of HKIA to a three-runway system (HK\$141.5 billion)
  - Central-Wan Chai Bypass and Island Eastern Corridor Link (HK\$36 billion)
  - Environmentally Friendly Linkage System: Rail link connecting Kai Tak with Kowloon Bay, Kwun Tong and Sha Tin to Central Link (HK\$12 billion)
  - Kai Tak Sports Hub (HK\$31.9 billion)
  - Tseung Kwan O-Lam Tin Tunnel
  - Cross Bay Link, Tseung Kwan O
  - Central Kowloon Route – Kai Tak West Development
  - Macau Light Rail Transit
  - New Guangdong-Macao Border Crossings
  - The Fourth Cross-harbour Route

*Sources:*

- (1) *East Lantau Metropolis as Long-Term Strategic Growth Area, Lantau Development Advisory Committee*
- (2) *Central-Highway Department*
- (3) *Work on long-awaited HK\$32 billion Kai Tak sports complex hoped to begin next year Feb 20, 2017*
- (4) *HK Civil Engineering and Development Department*
- (5) *Three Hong Kong construction projects to watch in 2017, Jan 2017*
- (6) *The Five-Year Development Plan of the Macao Special Administrative Region (2016-2020), Sept 2016*



# Market Prospects

## Regional

### India<sup>(1,2,3)</sup>:

- The Indian government targets US\$376.53 billion worth of investment in infrastructure over a period of three years (2015 – 2017), which will include US\$120.5 billion for development of 27 industrial clusters and an additional US\$75.3 billion for road, railway and port connectivity projects
- India announced record spending of 3.96 trillion rupees (US\$59 billion) to build and modernize its railways, airports and roads as Prime Minister Narendra Modi aims to upgrade the strained infrastructure in Asia's third-largest economy.
  - The government will build airports in smaller cities in partnership with private companies
  - More suburban railways will come up across the country and Indian Railways
  - India will announce a new Metro Rail Policy, which will ensure implementation and funding
  - Increased budget allocation for highways and 2,000 km of coastal connectivity roads have been identified for construction and development



*Sources:*

(1) *Infrastructure Sector in India*, IBEF, Jun, 1 2017

(2) *Modi to Spend \$59 Billion to Upgrade India's Infrastructure*, Bloomberg, Feb 1, 2017

(3) *India Union Budget, 2017-18*



# Market Prospects

## Regional

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### Middle East:

- Spending on infrastructure in key Middle East countries to remain elevated notwithstanding a low oil price environment
  - **Qatar<sup>(1,2)</sup>:**
    - Qatar's Minister of Finance announced that the Gulf state will invest up to US\$13 billion in major infrastructure projects in 2017 despite a slump in revenues resulting from low energy prices
    - Qatar is currently in the midst of a multi-year US\$200 billion infrastructure upgrade ahead of hosting the World Cup, which should support activity, particularly in construction, transport and services. The 2022 World Cup host had already spent almost US\$98 billion dollars on large-scale projects.
  - **Kuwait<sup>(3)</sup>:**
    - Kuwait targets to spend about KD4.74 billion (US\$15.6 billion) on infrastructure and other projects in fiscal year 2017- 2018
    - Strategic projects outlined in the development plan for 2017-18 include the Sabah Al-Salem University City; Zour refinery; clean energy; Kuwait Airport expansion, Terminal 2; Sheikh Jaber Al-Ahmad Bridge; South Al Mutlaa City; sewage treatment; New Sabah Hospital; new buildings at Farwaniya Hospital; a new building at Adan Hospital; Sheikh Saad Al Aballah Islamic Centre in Jahra; and Kuwait Centre
  - **Dubai<sup>(4)</sup>:**
    - Expo 2020 Dubai will award 47 construction contracts worth US\$3 billion in 2017, as preparations for the mega-event continues to build momentum
    - The emirate is extending its metro system, expanding its airports and road network, and building other infrastructure as it gears up to host the Expo 2020 world's fair.

*Sources:*

(1) Qatar to spend \$13bn on 'mega projects' in 2017, *Al Arabiya*, December 7, 2016

(2) GCC: *Economic Outlook- April 2017*, The World Bank

(3) Kuwait to spend \$15.6bn on infrastructure in 2017-18, *January 17, 2017*

(4) Expo 2020 Dubai announces 47 construction contracts for 2017, *CPI Financial*, January 30, 2017



# Market Prospects

## Regional

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### Myanmar<sup>(1,2,3)</sup>:

- Based on the National Plan legislation for fiscal year 2017-18, the government expects GDP to grow to 7%
- The forecasted growth is based on the approved national plan which took into account and combining sectoral plans and regional plans, that include encouraging investment flows into sectors such as agro-based industries, labour-intensive industries and infrastructure
- The implementation of the new Myanmar Investment Law in April 2017 will result in changes for the country's businesses and investors, including speeding up the process of applying permissions to operate businesses in Myanmar
  - The new legislation could spell well for the infrastructure sector in which private investment is encouraged
- The increased presence of international organisations such as the World Bank, IMF and ADB in Myanmar is also expected to contribute significantly to the country's development, as strategic guidance and technical expertise are introduced to put in place the necessary infrastructure
  - The ADB will help Myanmar modernise its transportation infrastructure, seeing public private partnerships as key to promoting projects
  - One of ADB's planned priority projects include the modernization of the rail line serving Yangon. Other projects comprise of the transportation network near the Thilawa industrial park, the Dawei port near Thailand, and projects upgrading transport via the Ayeyarwady River



*Sources:*

*(1) Government sets 7 percent as GDP growth target, July 7, 2017*

*(2) Fiscal year 2017 – 18: a new dawn for economic policies, March 24, 2017*

*(3) ADB eyes greater role in Myanmar road, port projects, Nikkei Asian Review, February 1, 2017*

# Market Prospects

## Potential Projects

### Structural Steel:

- 79 Robinson Road Revelopment
- Dubai Metro Route 2020
- JTC Logistics Hub
- Other commercial developments and Industrial plants



# Market Prospects

## Potential Projects

### Specialist Civil Engineering:

- MRT Circle Line 6
- North-South Corridor
- HK MTR
- Tuen Mun – Chek Lap Kok Link



# Market Prospects

## Potential Projects

	Expected Commencement	Government S\$'mil	Non-Government S\$'mil	Total S\$'mil
<b>Structural Steelwork</b>				
Singapore	2017	65.0	-	65.0
	2018	186.8	78.0	264.8
Overseas	2017	-	-	-
	2018	65.4	135.6	201.0
Total		317.2	213.6	530.8
<b>Specialist Civil Engineering</b>				
Singapore	2017	16.6	1.9	18.5
	2018	286.5	-	286.5
Overseas	2017	124.7	14.0	138.7
	2018	41.2	42.6	83.8
Total		469.0	58.5	527.5
<b>Mechanical Engineering, Design &amp; Build</b>				
Singapore	2017	-	73.1	73.1
	2018	-	-	-
Overseas	2017	-	17.4	17.4
	2018	-	7.7	7.7
Total		-	98.2	98.2
Grand Total		786.2	370.3	1,156.5







**Thank You!**

