



## **YONGNAM HOLDINGS LIMITED**

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

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### **NEWS RELEASE**

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#### **YONGNAM ANNOUNCES FY2018 FINANCIAL RESULTS**

- ***Order book of S\$366 million as at December 31, 2018, an increase of S\$214 million as compared to S\$152 million a year ago***
- ***Actively pursuing S\$1.7 billion worth of new infrastructure developments and commercial projects in Singapore, Hong Kong, Australia, the Philippines and India***
- ***Most of the potential projects, if awarded, are expected to make an impact from the second half of 2019***

**Singapore, February 28, 2019** – Yongnam Holdings Limited (“Yongnam” or the “Group”), a well-established structural steel contractor and specialist civil engineering solutions provider, reported revenue of S\$161.4 million and net loss of S\$54.2 million for the financial year ended December 31, 2018 (“FY2018”).

Mr Seow Soon Yong, Chief Executive Officer of Yongnam, said, “Yongnam continued to face a challenging business and operating environment in 2018, which impacted our financial performance and resulted in provisions in negotiated variation orders and lower margins. Besides managing costs and improving operating efficiencies, Yongnam also actively pitched for new projects which enabled the Group to end 2018 with a substantially stronger order book of S\$366 million compared to a year ago. These projects included supply contracts for infrastructural developments in the State of Victoria which marked our first foray into Australia.”

“The Group is pursuing a number of upcoming mega public sector infrastructure projects in Singapore this year such as various major contracts for the North-South Corridor and Changi Airport Terminal 5 development works. We are also actively participating in bidding for various new infrastructure and commercial projects in Hong Kong, Australia, the Philippines and India,” added Mr Seow.

## **Performance review**

Group revenue declined 47.4% to S\$161.4 million in FY2018 as compared to S\$306.7 million the same period a year ago.

Revenue contribution from the Structural Steelworks segment declined 58.4% from S\$196.2 million in FY2017 to S\$81.7 million in FY2018. This was mainly due to the substantial completion of Senoko Food Hub and Jewel Changi Airport project at the end of FY2017. During the year under review, JTC Logistics Hub, SGH Community Hospital and a new industrial development in Singapore were key contributors to Structural Steelwork’s revenue.

The Group’s Specialist Civil Engineering segment registered a 27.8% decrease in revenue from S\$88.9 million in FY2017 to S\$64.3 million in FY2018. This was attributed to lower contributions from the Thomson MRT project as well as the completion of certain MTR projects in Hong Kong. During the year, the Group’s newly-secured infrastructural projects in Australia’s State of Victoria were also key contributors to this business segment.

Revenue from Design and Build projects dropped 44.2% from S\$19.8 million in FY2017 to S\$11.1 million in FY2018, mainly due to the substantial completion of a project for light industrial developments at Kallang Junction in Singapore at the end of FY2017.

On a geographical basis, Singapore continued to be the core contributor, accounting for 76.4% of total revenue, compared to 88.1% in FY2017. The other contributors were Hong Kong and the rest of the Asia-Pacific countries.

During the year under review, the Group's gross loss widened to S\$45.9 million against a gross loss of S\$4.6 million a year ago. Besides lower revenue, the Group's higher gross loss was also attributed to provisions made in anticipation of lower negotiated variation orders for two structural steelworks projects and lower project margins for Thomson MRT projects. The continued low level of strutting and fabrication activities in Singapore and Hong Kong also resulted in overhead costs not being fully absorbed.

The Group's net gearing is 0.51 times as at December 31, 2018, compared to 0.29 times as at December 31, 2017. Net asset value per share was 48.57 Singapore cents as at December 31, 2018, compared to 58.23 Singapore cents as at December 31, 2017.

## **Outlook**

As at December 31, 2018, the Group's order book stood at S\$366 million, an increase of S\$214 million as compared to S\$152 million as at the corresponding period last year.

The Group is currently in active pursuit of S\$1.7 billion worth of new infrastructure and commercial projects in Singapore, Hong Kong, Australia, the Philippines and India. Most of the potential projects, if awarded, are expected to make an impact from the second half of 2019.

In the medium term, public sector demand in Singapore is expected to be supported by upcoming mega infrastructure projects, such as the Jurong Regional Line, Cross Island Line and various infrastructure works for Changi Airport Terminal 5.

## **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 ("BCA"), 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 and A2 Grades from the BCA for the categories of General Building and Civil Engineering respectively.

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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