



**YONGNAM HOLDINGS LIMITED**

**Corporate Presentation (FY2018)**

**February 28, 2019**



# 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

---

## Long established relationships with major reputable contractors

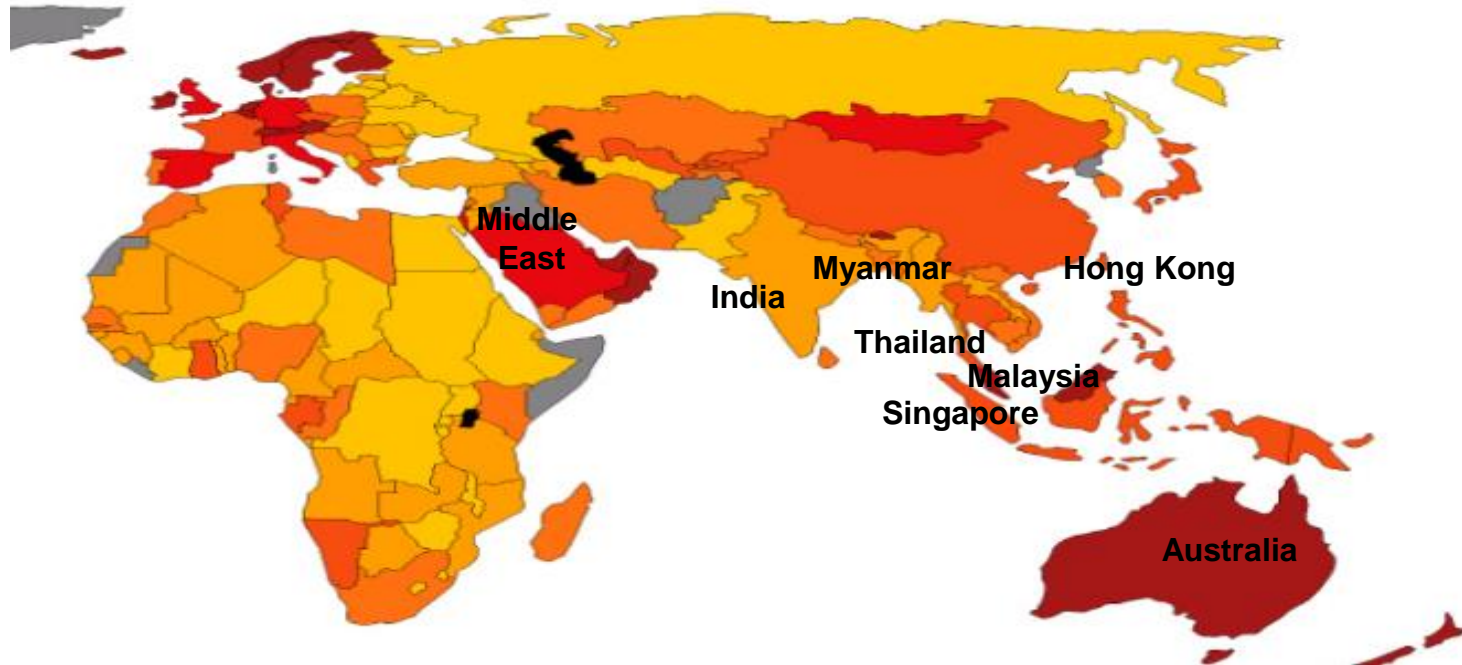
- Takenaka Corporation
- Taisei Corporation
- Obayashi Corporation
- Penta Ocean
- Shimizu Corporation
- Dragages Singapore
- Sembcorp Design & Construction Pte Ltd
- Samsung Corporation
- Ssangyong E&C Co. Ltd
- Hyundai E&C Ltd
- Daelim Industrial Co. Ltd
- Woh Hup Pte Ltd
- Larsen & Toubro Ltd



# 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
- Australia



# Structural Steelworks

Adding structural and aesthetic value to buildings

## 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 210,000 tonnes of strutting assets and pipe piles
- Strong track record and high replacement cost of struts creates a significant barrier to entry
- A2 Grade in Civil Engineering from BCA Singapore



# Mechanical Engineering

Strong expertise of over forty years

---

## 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

---

**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

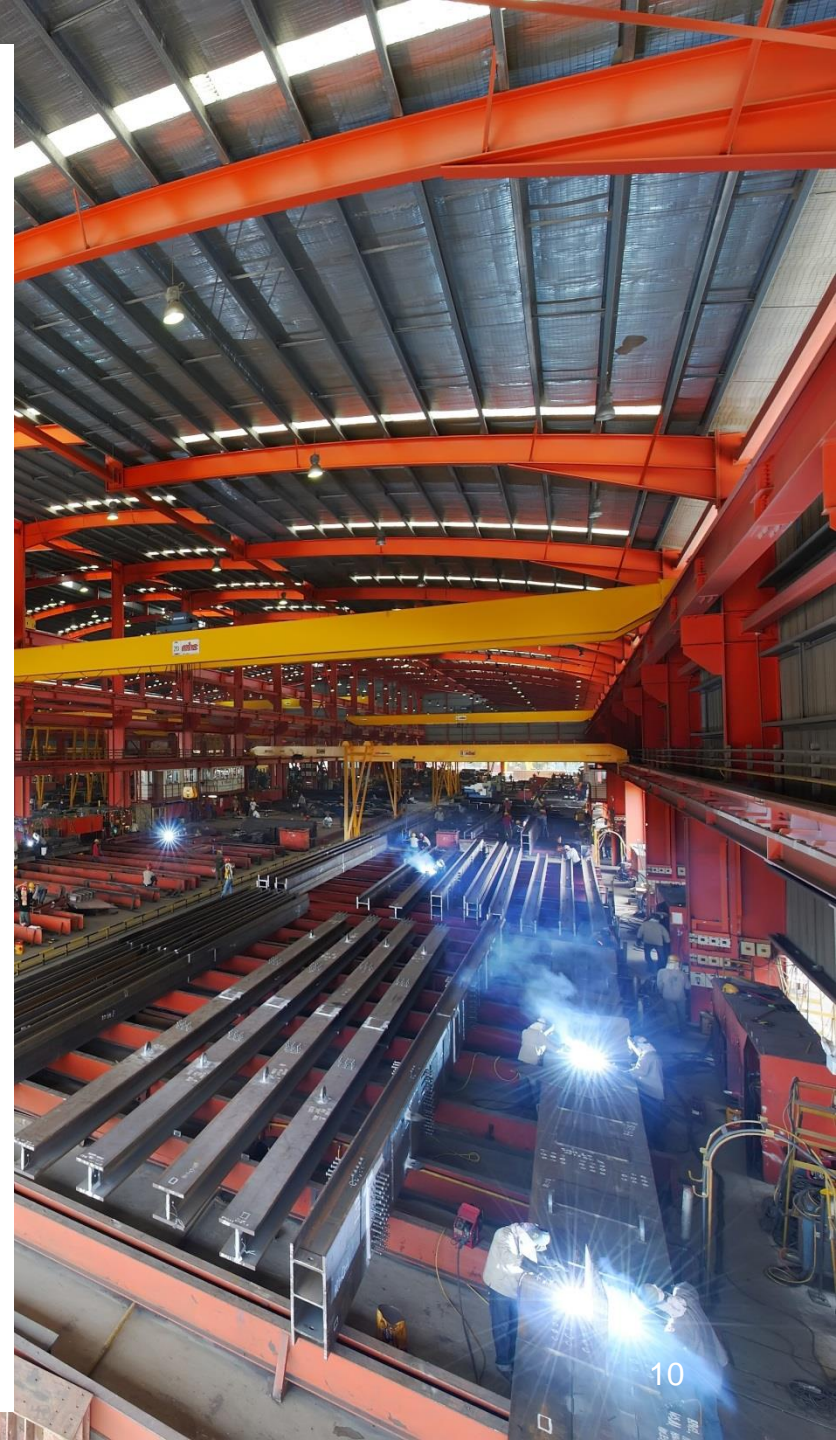
**Mega complex in Tuas occupying a land area of 76,000 sq m**

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 One
- 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

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

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



Marina One



Skypark



ArtScience Museum



Gardens by the Bay



CCRC



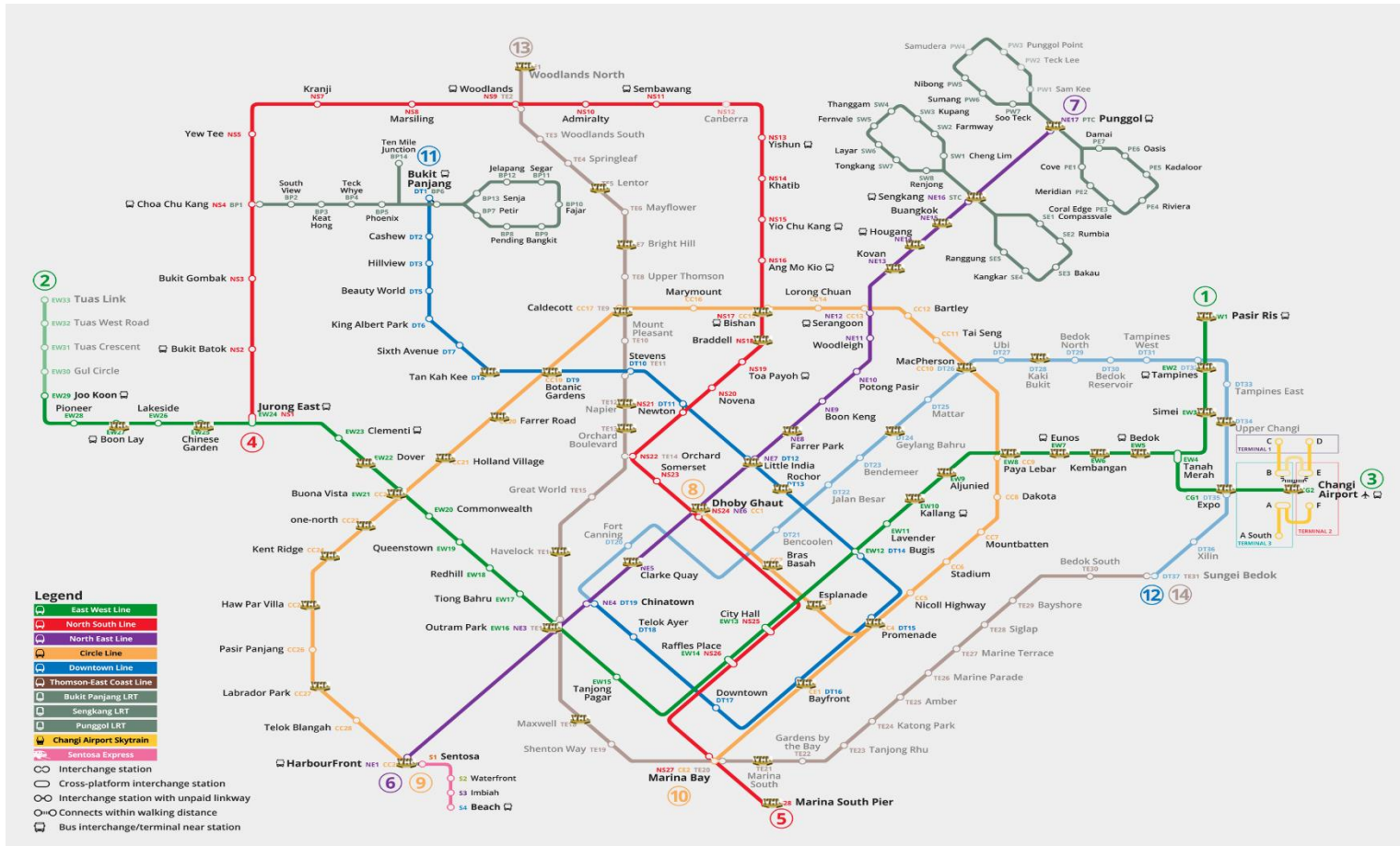
Sports Hub



# Our Experience

## Mass Rapid Transit Rail Infrastructure (Singapore)

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



# Current Portfolio (Singapore)

## Key On-Going Projects

### North-South Corridor Project (N103 contract)

<b>Project Value:</b>	\$553.8 million
<b>Date of Award:</b>	May 2018, JV (30%)
<b>Completion Date:</b>	Expected 2026

**Scope of Work:** Design and construction works includes 640 metres of twin, three-lane vehicular tunnels, the underpinning of an existing expressway flyover, a new facility building as well as an entrance ramp and an exit ramp



# Current Portfolio (Singapore)

## Key On-Going Projects

### Outram Community Hospital

**Project Value:** \$49.4 million

**Date of Award:** January 2016

**Completion Date:** Expected 2Q2019

**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 (Singapore)

## Key On-Going Projects

### JTC Logistics Hub

**Project Value:** \$54.5 million

**Date of Award:** August 2017

**Completion Date:** Expected 3Q2019

**Scope of Work:** Supply, fabricate and erect balance structural steelwork and install alternative steel system





# Current Portfolio (Singapore)

## Key On-Going Projects

### Industrial Development in Singapore

**Project Value:** \$17.6 million

**Date of Award:** June 2018

**Completion Date:** Expected 2Q2019

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



# Current Portfolio (Singapore)

## Key On-Going Projects

### MRT Thomson Line (3 contracts)

Project Value: \$98 million

#### Key Projects Description:

- **C217 (2Q2019):** Installation and removal of steel struts for Napier Station
- **C227 (2Q2020):** Installation and removal of pipe pile cofferdam, steel struts and decking for Marina South Station



# Current Portfolio (Singapore)

Key On-Going Projects – Recent Awards

## Project at Changi Airport Terminal 1

**Project Value:** \$4.5 million  
**Date of Award:** November 2018  
**Completion Date:** Expected 4Q2021

**Scope of Work:** Supply, fabricate, deliver and erect structural steelwork for the launching of 14 sets of fixed gangways for Changi Airport Terminal One Phase 4 Fixed Gangway



# Current Portfolio (Singapore)

Key On-Going Projects – Recent Awards

## Design and Build Project at Tampines Wafer Fab Park

**Project Value:** \$31.8 million

**Date of Award:** October 2018

**Completion Date:** Expected 1Q2020

**Scope of Work:** Design and Build of a four-storey regional headquarters with mezzanine offices and a two-storey production facility for AAC Optics Solutions Pte. Ltd., located at the Tampines Wafer Fab Park



# Current Portfolio (Singapore)

Key On-Going Projects – Recent Awards

## 51-storey integrated development at Central Business District

**Project Value:** \$5.5 million  
**Date of Award:** August 2019  
**Completion Date:** Expected 2Q2019

**Scope of Work:** Supply, fabricate, deliver and erect structural steel composite columns for the development of a 51-storey integrated development located in the Central Business District



# Current Portfolio (Singapore)

Key On-Going Projects – Recent Awards

## Light industrial and commercial building for JTC Corporation

<b>Project Value:</b>	\$15.5 million
<b>Date of Award:</b>	August 2018
<b>Completion Date:</b>	Expected 3Q2020

**Scope of Work:** Supply, fabrication, delivery and erection of structural steelwork for a nine-storey light industrial and commercial building for JTC Corporation at the junction of Woodlands Avenues 4 and 9



# Current Portfolio (Hong Kong)

## Key On-Going Projects

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

**Project Value:** HK\$631 million (8 contracts)

**Completion Date:** 2017 to 2019

#### Project Description:

- MTR Extension: Shatin-Central Link
- 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



# Current Portfolio (Australia)

Key On-Going Projects – Recent Awards

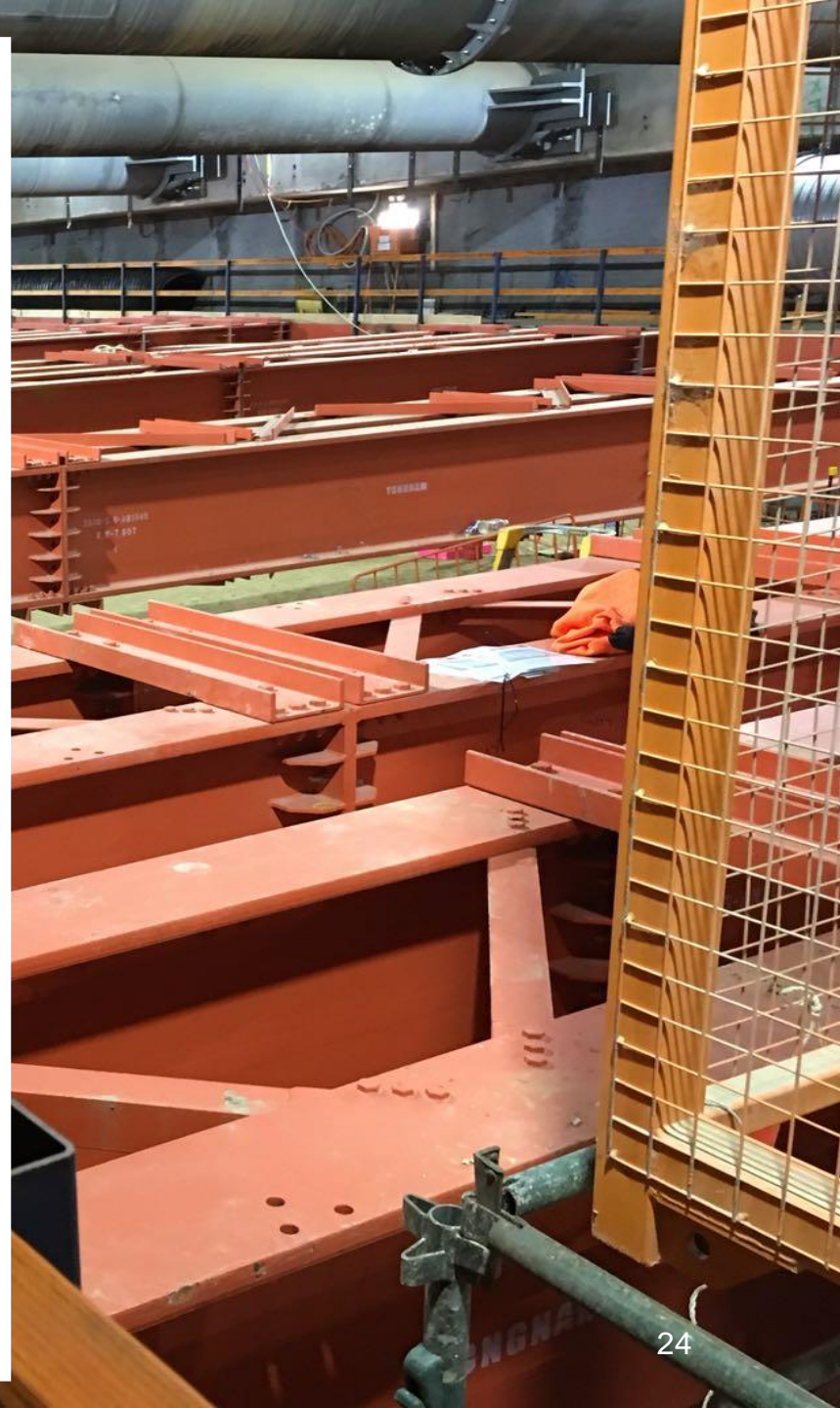
## Supply contracts for infrastructure projects in Melbourne, Victoria, Australia

**Project Value:** \$71.0 million

**Date of Award:** January 2019

**Completion Date:** Expected 2Q2021

**Scope of Work:** Supplying steel struts and strutting components for Temporary Earth Retaining Systems used in infrastructural developments in Melbourne, Victoria, Australia







# Financial Performance (FY2018)



# Key Financial Highlights

## FY2018 Financial Performance

	FY2018	FY2017 * Restated	Change (%)
Revenue (S\$m)	161.4	306.7	(47.4)
Gross Loss (S\$m)	(45.9)	(4.6)	(888.2)
Loss after Tax (S\$m)	(54.2)	(21.4)	(153.3)
EPS (Basic) (Singapore cents) <sup>(1)</sup>	(9.76)	(3.50)	(178.9)
NAV per Share (Singapore cents) <sup>(2)</sup>	48.57	58.23	(16.6)

<sup>(1)</sup> EPS per share was computed based on the weighted average number of shares of 522,602,931 for FY2018 (FY2017: 484,993,342)

<sup>(2)</sup> NAV per share as at December 31, 2018 and December 31, 2017 respectively

# Key Financial Highlights

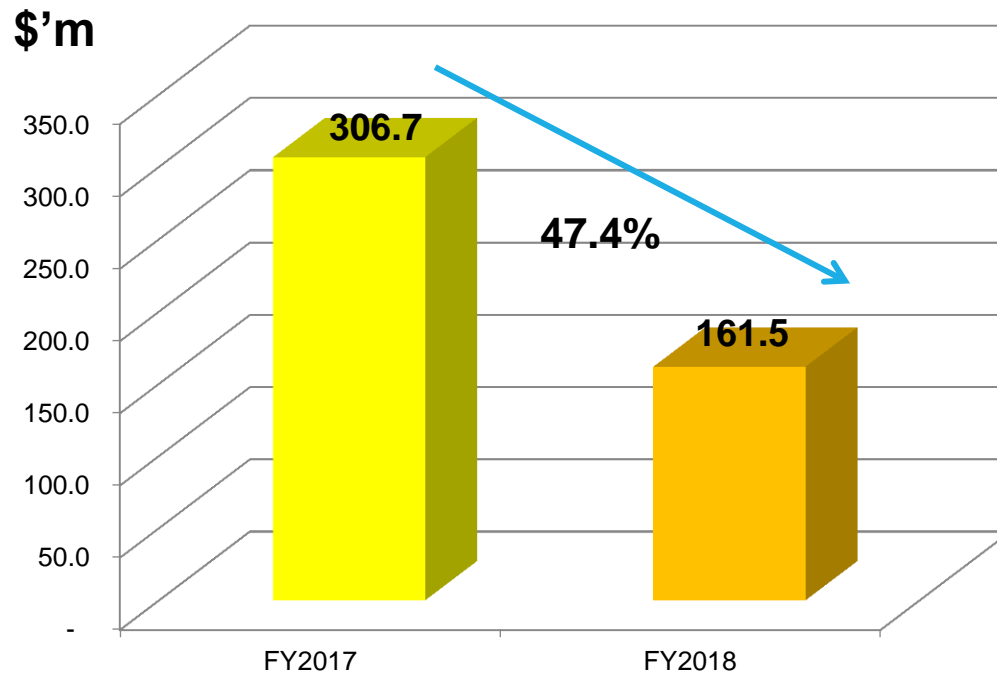
## FY2018 Financial Performance

	FY2018	FY2017 *Restated	Change (%)
Net Contract Assets (S\$m)	48.5	93.5	(48.1)
Debtors (S\$m)	29.9	22.0	35.8
Cash (S\$m)	14.3	10.2	39.9
Borrowings (S\$m)	140.1	96.4	45.3
Net Borrowings (S\$m)	125.8	86.2	45.9
Gearing (times)	0.51	0.29	75.9
Shareholders' Funds (S\$m)	253.8	304.3	(16.6)

# Key Financial Highlights

## FY2018 Financial Performance – Revenue Analysis

**FY2018 Revenue down 47.4% mainly due to lower contribution from all business segments**



### Structural Steelwork

- Decreased by 58.4% from \$196.2 million in FY2017 to \$81.7 million in FY2018
- **Key contributing projects in FY2018:** JTC Logistic Hub, SGH Community Hospital and a new industrial development in Singapore

### Design and Build

- Decreased by 44.2% from \$19.8 million in FY2017 to \$11.1 million in FY2018 mainly due to the completion of an industrial development at Kallang Junction in FY2017

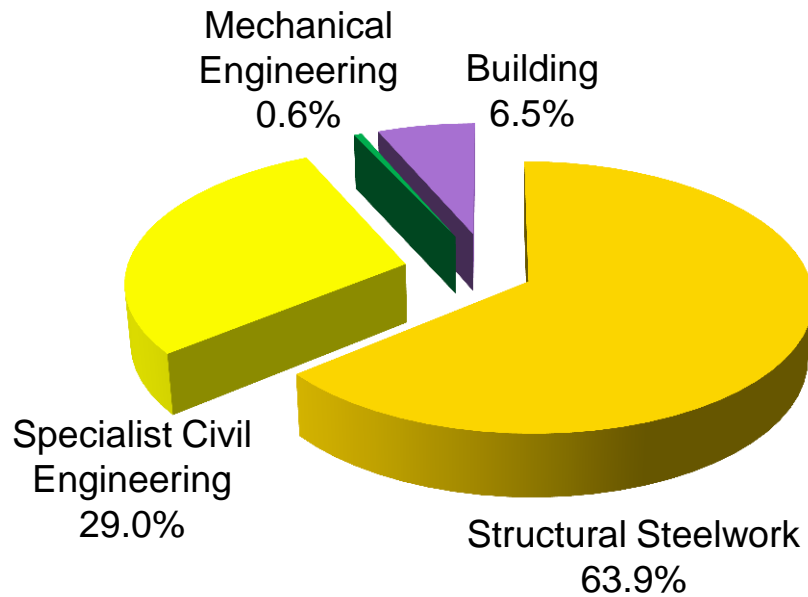
### Specialist Civil Engineering

- Decreased by 27.8% from \$88.9 million in FY2017 to \$64.3 million in FY2018
- **Key contributing projects in FY2018 include:** MRT Thomson Line, HK-MTR projects and infrastructural projects in Australia's State of Victoria

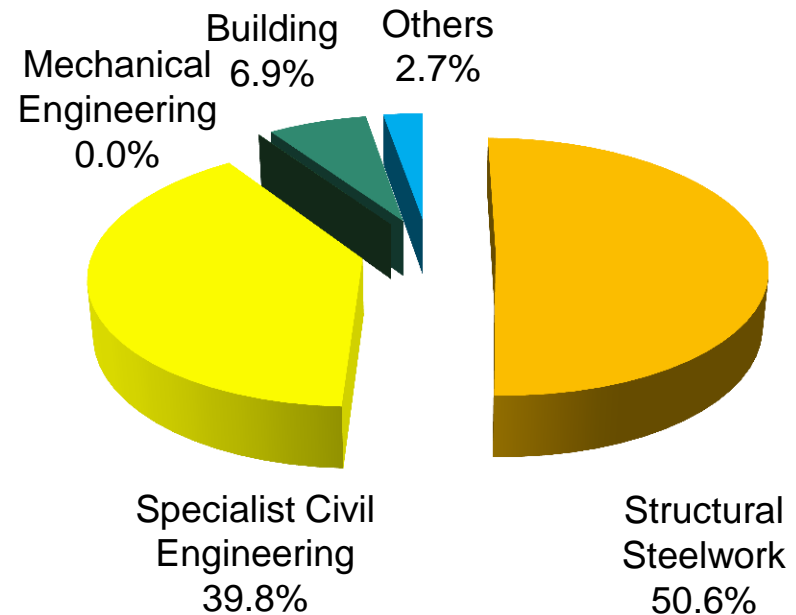
# Key Financial Highlights

FY2018 Financial Performance – Breakdown by Business Segment

## FY2017



## FY2018

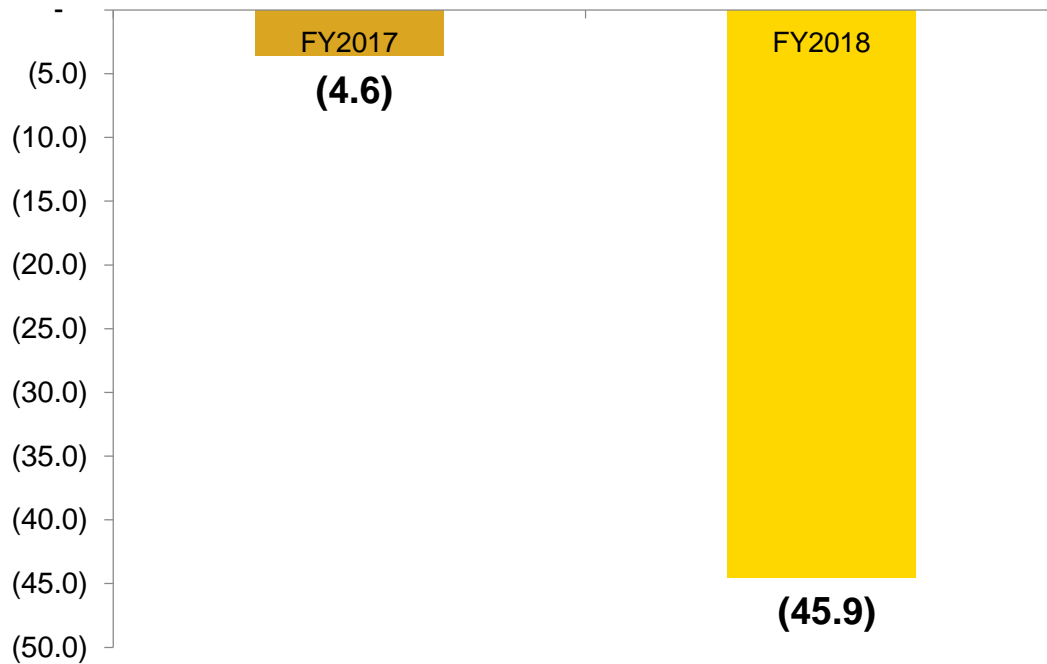


# Key Financial Highlights

FY2018 Financial Performance – Gross Loss

**Gross loss of \$45.9 million for FY2018**

\$'m



## Gross Loss

Mainly in line with drop in Group's revenue and lower level of business activities:

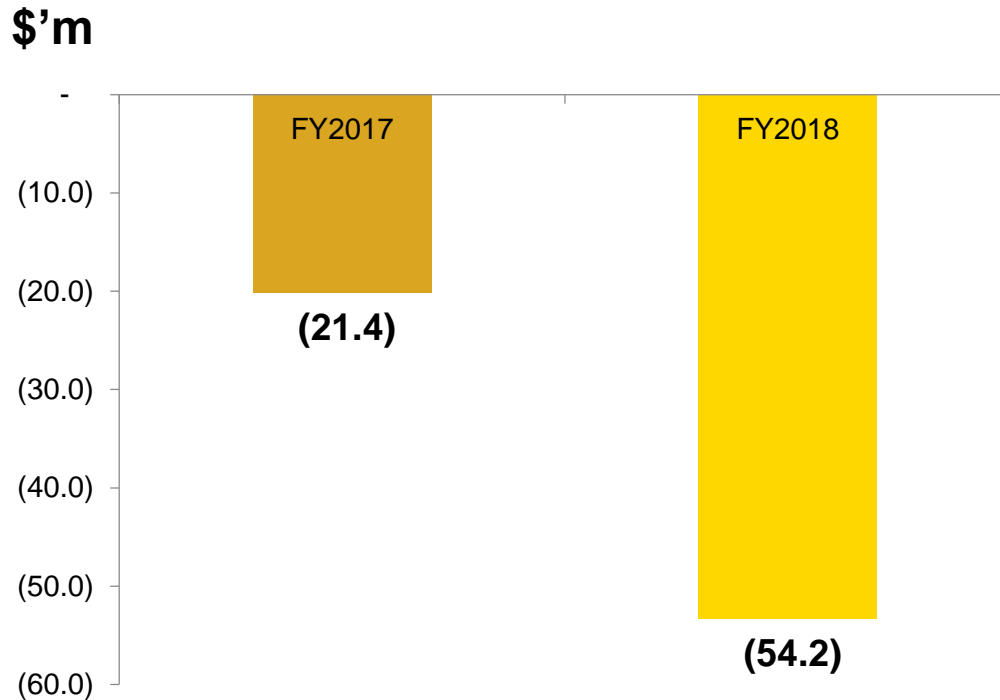
- Continued low level of strutting and fabrication activities in Singapore and Hong Kong resulted in overhead costs not being fully absorbed
- Provisions were made in anticipation of lower negotiated variation orders for two structural steelworks projects
- Lower project margins for Thomson MRT projects



# Key Financial Highlights

FY2018 Financial Performance – Loss after Tax

## Loss after Tax of \$54.2 million for FY2018



### Loss After Tax

Mainly due to:

- Higher finance cost due to higher borrowings, bank charges and interests
- Partially offset by decrease in general and administrative expenses, mainly due to gain on disposal of fixed asset as well as the absence of write-off of investment in joint venture in FY2018

# Key Financial Highlights

## Order Book

**As at December 31, 2018, the Group's order book stands at approximately \$366 million**

- Structural Steelworks: 23%
- Specialist Civil Engineering: 24%
- Others (M&E, Building): 8%
- Main Contractor: 45%
- Out of the Group's order book, around 23% of the main contractor work and 67% of the other segments are slated for completion within FY2019





# 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, Myanmar, the Philippines, Vietnam, India, GCC countries and Australia
- Selectively pursue Civil and Building projects as main contractor on JV basis
- Continue to pursue industrial and commercial projects for Design & Build Division





# Prospects and Market Outlook



# Market Prospects

Singapore

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

- Projected total construction demand in 2019 in the upper limit of the project range of between S\$27 billion and S\$32 billion
- Public sector demand expected to grow between \$16.5 billion and \$19.5 billion in 2019 (60% of projected demand)
- To be boosted by major infrastructure projects and a pipeline of major industrial building projects

## Expects steady progress in construction demand from 2020 to 2023<sup>(1)</sup>:

- Projected to reach between \$27 billion and \$34 billion per annum for 2020 and 2021, and could increase to between \$28 billion and \$35 billion per annum for 2021 and 2022
- Public sector will continue to lead construction demand and is expected to contribute between \$16 billion and \$20 billion per annum from 2022 to 2023
- Over the medium term, public construction demand to be supported by big infrastructure projects including: Cross Island Line, developments at Jurong Lake District and Changi Airport Terminal 5



Source:

(1) Singapore's total construction demand to remain strong this year, January 14, 2019



# Market Prospects

Singapore

## Government to invest in infrastructure to enhance connectivity<sup>(2)</sup>:

- MRT lines to increase from current 230km to 360km in the 2030s, when major MRT projects such as the Cross Island Line are completed
- Global connectivity: Increase the capacities of airport and sea port, to strengthen Singapore's role as key node within Asia and to the world
- Upcoming URA Master Plan 2019 to guide urban development over a 10- to 15-year time frame



Source:  
(2) Singapore Budget 2019, February 18, 2019



# Market Prospects

## Regional

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

- China's 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 2018-19 budget, the capital expenditure for infrastructure is projected to be HK\$85.6 billion
  - Major capital projects estimated to begin in 2018-19 include Cross Bay Link, Tseung Kwan O and Kai Tak development (stage 4 & 5 infrastructure at the former runway and south apron)
  - Under the Hong Kong government expenditure requirements for 2019-20 to 2022-23, annual expenditure on infrastructure will soon exceed HK\$100 billion, but this projection does not include spending by all the land development, highway and railway projects under planning
- The Macau S.A.R. Government released on 28 September 2017 the final version of 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) 2018-19 Budget, Hong Kong Gov, February 28, 2018

(3) Macao Tourism Industry Development Master Plan Comprehensive Report, Macau Government Tourism Office, September 2017



# Market Prospects

## Regional

---

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

- **Strategic infrastructure projects under way in Hong Kong:**
  - Tuen Mun-Chek Lap Kok Link and Tuen Mun Western Bypass
  - Kai Tak Development - large-scale project encompassing the ex-airport site together with the adjoining three districts of Kowloon City, Wong Tai Sin and Kwun Tong
    - Environmentally Friendly Linkage System (EFLS): Rail link connecting Kai Tak with Kowloon Bay, Kwun Tong and Sha Tin to Central Link (HK\$12 billion)
    - Central Kowloon Route – Kai Tak West Development
  - Development of Lok Ma Chau Loop
  - Kai Tak Sports Park
  - New Development Areas (Kwu Tung North and Fanling North and Hung Shui Kiu)
  - West Kowloon Cultural District
- **Other infrastructure projects:**
  - 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)
  - Cross Bay Link (CBL) Project: to connect Tseung Kwan O – Lam Tin Tunnel (TKO – LTT) to Wan Po Road
  - Macau Light Rail Transit
  - The Fourth Cross-harbour Route
  - Expansion of Macau International Airport

Sources:

(1) 2019-2020 Budget Consultation, Hong Kong Gov

(2) East Lantau Metropolis as Long-Term Strategic Growth Area, Lantau Development Advisory Committee

(3) Central-Highway Department

(4) HK Civil Engineering and Development Department

(5) 2018-19 Budget, Hong Kong Gov, February 28, 2018

(6) Macao Tourism Industry Development Master Plan Comprehensive Report, Macau Government Tourism Office, September 2017



# Market Prospects

## Regional

### India<sup>(1)</sup>:

- The Interim Budget 2019 has identified infrastructure as the backbone of the nation's development and quality of life, with the following initiatives:
  - **Roadways:** allocation of Rs 19,000 crore (US\$2.75 billion) in 2019-20
  - **Waterways:** plans to introduce container cargo movement to the North East as well, by improving the navigation capacity of the Brahmaputra River
  - **Railways:** capital support from the budget for railways is proposed at Rs 64,587 crore (US\$9.09 billion) in 2019-20; railways' overall capital expenditure programme is of Rs 1, 58, 658 (US\$22.34 billion) crore
  - **North-East:** allocation for the North Eastern Areas is being proposed to be increased by 21 per cent to Rs 58,166 crore (US\$8.19 billion) in 2019-20 as compared to 2018-19



Sources:

(1) Interim Budget 2019-2020, February 1, 2019





# Market Prospects

## Regional

### Myanmar (1,2, 3, 4):

- The government unveiled the Myanmar Investment Promotion Plan (MIPP) in October 2018, which aims for Myanmar become a middle-income country by 2030:
  - To oversee infrastructure development, supportive business-associated systems, competitive industrial links and a higher quality of human resources
  - GDP targeted to reach 152,174 trillion kyats during the 2021-2026 phase — up from 105,998 trillion kyats in the 2016-2021 phase
- In October 2018, China and Myanmar signed the China-Myanmar Economic Corridor (CMEC) agreement, a part of the BRI, to construct basic infrastructure across key economic centres in Myanmar
- The government set up the Project Bank of Public Investment Programs to facilitate major project proposals in Dec 2018, under the Myanmar Sustainable Development Plan (MSDP):
  - The project bank will provide a list of prioritised public infrastructure projects so that the flow of development assistance, allocation of the budget and private sector participation are aligned with the goals and strategies of the MSDP
  - infrastructure projects that are deemed commercially viable can be financed through public private partnerships
- Energy, transport and urban infrastructure will remain the mainstay of ADB operations, according to ADB's Myanmar Country Operations Business Plan 2019-2021



Sources:

- (1) Myanmar Investment Promotion Plan, Government of the Republic of the Union of Myanmar, Myanmar Investment Commission, 2018
- (2) Country Operations Business Plan Myanmar 2019-2021, Asian Development Bank, December 2018
- (3) Project bank to facilitate infrastructure development established, The Myanmar Times, December 5, 2018
- (4) Government's Message to Investors: Myanmar Open for Business, *The Irrawaddy*, February 1, 2019

# Market Prospects

## Potential Projects

### Structural Steelwork:

- MHA New Command Centre
- Civil & Community Development @ Punggol
- Jurong Regional Line
- Other commercial developments and Industrial plants



# Market Prospects

## Potential Projects

### Specialist Civil Engineering:

- North-South Corridor
- Changi Airport T5
- Jurong Regional Line
- HK MTR
- Kwun Tong KTIL



# Market Prospects

## Potential Projects

	Expected Commencement	Government S\$'mil	Non-Government S\$'mil	Total S\$'mil
<b>Structural Steelwork</b>				
Singapore	2019	331.9	133.5	465.4
	2020	9.0	0.0	9.0
Overseas	2019	40.6	0.0	40.6
	2020	0.0	0.0	0.0
Total		381.5	133.5	515.0
<b>Specialist Civil Engineering</b>				
Singapore	2019	487.9	0.0	487.9
	2020	0.0	0.0	0.0
Overseas	2019	122.3	75.3	197.6
	2020	149.6	0.0	149.6
Total		759.8	75.3	835.1
<b>Mechanical Engineering, Design &amp; Build</b>				
Singapore	2019	0.0	118.9	118.9
	2020	0.0	0.0	0.0
Overseas	2019	0.0	198.7	198.7
	2020	0.0	0.0	0.0
Total		0.0	317.6	317.6
Grand Total		1,141.3	526.4	1,667.7





**Thank You**

