



YONGNAM HOLDINGS LIMITED

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

NEWS RELEASE

YONGNAM REPORTS LOSS OF S\$8.4 MILLION FOR 3QFY2014

- *Order book at S\$316 million as at end of September 2014*

Financial Highlights:

S\$'m	3QFY2014	3QFY2013	% Change	9MFY2014	9MFY2013	% Change
Revenue	47.3	95.9	(50.7)	180.7	293.0	(38.3)
Gross Profit/Loss	(5.9)	8.2	N.A.	(5.8)	50.1	N.A.
Profit/Loss After Tax	(8.4)	(3.4)	(146.7)	(15.6)	16.7	N.A.
EPS (Basic) (Singapore cent) ⁽¹⁾	(0.66)	(0.27)	(144.4)	(1.23)	1.32	N.A.
NAV per share (Singapore cent) ⁽²⁾	-	-	-	23.13	24.98	(7.4)

⁽¹⁾ EPS was computed based on the weighted average number of shares of 1,266,942,003 for 3QFY2014 (3QFY2013: 1,266,942,003) and 1,266,942,003 for 9MFY2014 (9MFY2013: 1,264,947,670).

⁽²⁾ NAV per share as at September 30, 2014 and December 31, 2013 respectively.

Singapore, November 14, 2014 – Yongnam Holdings Limited (“Yongnam” or the “Group”), a well-established structural steel contractor and specialist civil engineering solutions provider, today reported a net loss of S\$8.4 million on a 50.7% decrease in revenue to S\$47.3 million for the three months ended September 30, 2014 (“3QFY2014”).

Mr Seow Soon Yong, Yongnam's Chief Executive Officer commented: "Our financial performance in the third quarter was in line with expectations. The losses were mainly due to lower fabrication and erection activities which were insufficient to absorb the higher fixed production and overhead costs."

"Nonetheless, Yongnam continues to be an active participant in regional infrastructure and construction opportunities, with our business units securing S\$250.1 million worth of new contracts in Hong Kong and Singapore year-to-date. The Group, together with consortium partners, JGC Corporation and Changi Airport Planners and Engineers, also made a significant breakthrough, securing the tender for the Hanthawaddy International Airport concession in October. These exciting developments are expected to contribute to our performance going forward and continue to cement Yongnam's reputation in the industry as a solutions provider of choice."

Performance Review

With the completion of the Marina Coastal Expressway ("MCE") contracts at the end of FY2013, the Singapore Sports Hub at the end of 1QFY2014, Group revenue decreased 50.7% to S\$47.3 million, compared to S\$95.9 million in 3QFY2013.

On a segmental basis, Specialist Civil Engineering saw a decrease of 49.5% to S\$19.7 million in 3QFY2014, from S\$39.0 million in 3QFY2013. On a sequential basis, this segment reported a lower decline of 33.8%, from S\$29.7 million in the preceding quarter ("2QFY2014"). Key contributors for the review quarter included on-going projects such as the MRT Downtown Line 2, Downtown Line 3 and the Hong Kong MTR.

The Group's Structural Steelwork segment contributed revenue of S\$27.6 million in 3QFY2014, from S\$56.8 million in 3QFY2013. Sequentially, the Structural Steel segment recorded a lower decline, down 13.0% from S\$31.7 million in 2QFY2014. South Beach Development, Market Street and Marina One were the key revenue contributors for the Structural Steelwork segment for the review quarter.

The Group reported a 79.1% decrease in general and administrative expenses to S\$2.9 million in 3QFY2014, which was due mainly to a one-off loss on disposal of fixed assets amounting to S\$8.1 million incurred in 3QFY2013. Excluding the non-recurring loss on disposal, general and administrative expenses would still have been lower by S\$3.0 million, due mainly to lower expenses and professional fees incurred. Finance costs rose 43.4% to S\$1.2 million for 3QFY2014, mainly a result of higher borrowings, bank interest and charges.

As a result, the Group reported a net loss of S\$8.4 million for 3QFY2014. Accordingly, the Group registered a loss per share of 0.66 Singapore cent in 3QFY2014. Notwithstanding the losses, the Group's net gearing remained at a healthy 0.61 times as at the end of September 2014, with cash and bank balances of S\$8.6 million.

Net asset value per share declined by 1.85 Singapore cents, from 24.98 Singapore cents as at December 31, 2013 to 23.13 Singapore cents as at September 30, 2014.

Outlook

The Group is currently in active pursuit of S\$964 million worth of new infrastructural and commercial projects in Singapore, Hong Kong, Malaysia and the Middle East.

"Our strategy for growth remains unchanged, and Yongnam will continue to selectively deploy our resource to harness higher-yielding opportunities in Singapore and in the region. We expect an improved performance in FY2015, supported by a growing order book of S\$316 million as at end of September 2014," Mr Seow concluded.

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 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, 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.

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

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