



## 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'S 3QFY2019 REVENUE ROSE 92.0% TO S\$65.0 MILLION**

- ***Stronger order book of S\$371 million as at September 30, 2019, compared to S\$280 million a year ago***
- ***Actively pursuing S\$1.2 billion worth of new infrastructural developments and commercial projects in Singapore, Hong Kong and Australia***

**Singapore, November 11, 2019** – Yongnam Holdings Limited (“Yongnam” or the “Group”), a well-established structural steel contractor and specialist civil engineering solutions provider, reported that the Group’s revenue increased by 92.0% to S\$65.0 million for the three months ended September 30, 2019 (“3QFY2019”) compared to S\$33.9 million for the three months ended September 30, 2018 (“3QFY2018”). The Group reduced its net loss from S\$14.4 million in 3QFY2018 to S\$11.4 million in 3QFY2019.

The Group’s revenue growth in 3QFY2019 was attributed to higher contributions from the Specialist Civil Engineering and Design and Build business segments. On a segmental basis, revenue contribution from the Specialist Civil Engineering segment rose by 159.9% to S\$38.4 million in 3QFY2019, boosted mainly by higher contributions from Singapore Changi Terminal 5 project and infrastructural projects in Australia. Revenue contributions for the quarter under review were from the Thomson Line and Circle Line MRT projects, Changi Terminal 5 project and infrastructural projects in Australia.

Revenue from Design and Build projects jumped ten-fold from S\$0.8 million in 3QFY2018 to S\$9.9 million in 3QFY2019, mainly due to contributions from a four-storey regional headquarters with mezzanine offices and a two-storey production facility located in Tampines Industrial Crescent.

Meanwhile, revenue contribution from Structural Steelwork projects decreased by 7.3% to S\$15.2 million in 3QFY2019. This was due to the substantial completion of Changi Jewel, Outram Community Hospital and Evonik methionine plant in Jurong Island at the end of FY2018. JTC Logistics Hub, JTC North Coast Development and a new industrial development in Singapore were key contributors to the Structural Steelwork segment's revenue in the quarter under review.

The Group incurred a marginal gross loss of S\$0.4 million in 3QFY2019, compared to a gross loss of S\$13.4 million in 3QFY2018 due to higher revenue and better margin projects. Despite the improvement, the Group's gross margin continued to be affected by the continued low level of strutting and fabrication activities in Singapore and Hong Kong, resulting in significant overhead costs not being fully allocated to projects.

General and administrative expenses increased from S\$2.6 million in 3QFY2018 to S\$8.3 million in 3QFY2019, mainly due to the impairment of a trade receivable and operational restructuring costs in the current quarter under review. Finance costs rose from S\$2.3 million to S\$3.2 million mainly due to notional interest on lease liabilities, arising from the adoption of new SFRS (I) 16 Leases accounting standard, in addition to higher bank interest and convertible bond interest. Depreciation expenses increased due to the recognition of right-of-use assets upon adoption of SFRS (I) 16 Leases.

The Group's net gearing is 0.77 times as at September 30, 2019, compared to 0.51 times as at December 31, 2018, due to the adoption of new SFRS (I) 16 lease accounting standard which brought the off-balance sheet operating leases to the balance sheet. Net asset value per share was 44.16 Singapore cents as at September 30, 2019, compared to 48.57 Singapore cents as at December 31, 2018.

## **Outlook**

The Group is currently in active pursuit of approximately S\$1.2 billion of infrastructure and commercial contracts across Singapore, Hong Kong and Australia. If awarded, most of the potential projects, the bulk of which are in Singapore, are expected to contribute positively from FY2020.

In Singapore, the Group is currently pursuing a number of upcoming mega public sector infrastructure projects, which include various major contracts for the North-South Corridor, Changi Airport Terminal 5 development works and Jurong Regional MRT Line. Over the next few years, Singapore is expected to focus on major infrastructure projects such as the Cross Island Line, developments at Jurong Lake District and construction of Changi Airport Terminal 5.

Mr Seow Soon Yong, Chief Executive Officer of Yongnam, said, "Singapore's robust pipeline of public sector infrastructure projects is expected to continue to support local construction activity in the years ahead. We aim to continue to seize opportunities in Singapore and regionally to strengthen our orderbook by leveraging on our established track record in the region as an established structural steel contractor and specialist civil engineering solutions provider."

As at September 30, 2019, the Group's order book stood at S\$371 million, compared to S\$280 million as at September 30, 2018.

## **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-9001:2015, ISO 14001:2015, ISO 45001:2018 certified company and a certified manufacturer of CE-marked structural steelwork to EN 1090 and EN ISO 3834 for the highest execution class EXC4 for the EU market. Yongnam is also an 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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