



## 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 REPORTS 1QFY2019 FINANCIAL RESULTS

- ***Order book of S\$327 million as at March 31, 2019, an increase of S\$185 million as compared to S\$142 million a year ago***
- ***Actively pursuing S\$1.5 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 contribute positively from the second half of 2019***

**Singapore, May 15, 2019** – Yongnam Holdings Limited (“Yongnam” or the “Group”), a well-established structural steel contractor and specialist civil engineering solutions provider, reported revenue of S\$51.1 million and net loss of S\$6.9 million for the three months ended March 31, 2019 (“1QFY2019”).

Mr Seow Soon Yong, Chief Executive Officer of Yongnam, said, “Our financial performance in the first quarter of 2019 was mainly due to the substantial completion of projects in end FY2018, which resulted in a comparatively lower level of activity for our Structural Steelwork segment during the review quarter. We aim to continue to strengthen our order book, which stood at S\$327 million as at March 31, 2019, which is substantially higher compared to a year ago.”

“Currently, we are actively pursuing a number of infrastructure projects in Singapore, Hong Kong, Australia, the Philippines and India. In particular, we have submitted bids for various major contracts for the Changi Airport Terminal 5 project as well as the North-South Corridor. The results of the packages that we have tendered for are expected to be announced in the coming months and if awarded to us, are likely to commence in the later part of this year,” added Mr Seow.

## **Performance review**

During the quarter under review, the Group's revenue declined 5.5% to S\$51.1 million as compared to S\$54.1 million the same period a year ago ("1QFY2018").

Revenue contribution from the Structural Steelworks segment declined 21.5% from S\$32.2 million in 1QFY2018 to S\$25.3 million in 1QFY2019. This was mainly due to the substantial completion of Outram Community Hospital and Evonik methionine plant in Jurong Island at the end of FY2018. In 1QFY2019, key contributors to Structural Steelwork's revenue comprised the JTC Logistics Hub, JTC North Coast Development and a new industrial development in Singapore.

Revenue contribution from the Specialist Civil Engineering segment increased by 6.5% to S\$20.3 million in 1QFY2019, supported by higher contribution from infrastructural projects in Australia's State of Victoria as well as contributions from the ongoing MRT Thomson Line projects.

In line with the lower overall revenue and business activities, the Group recorded a gross loss of S\$1.4 million in 1QFY2019 as gross profit margin was impacted by the continued low level of strutting and other activities in Singapore and Hong Kong, which resulted in overhead costs not being fully absorbed.

The Group's net gearing is 0.72 times as at March 31, 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 sheets. Net asset value per share was 46.96 Singapore cents as at March 31, 2019, compared to 48.57 Singapore cents as at December 31, 2018.

## **Outlook**

According to Singapore Building and Construction Authority (“BCA”), Singapore’s projected total construction demand is expected to remain strong in 2019, registering in the upper limit of S\$32 billion, comparable to the estimated S\$30.5 billion awarded in 2018. Public sector construction demand is estimated to contribute to about 60% of the projected demand for this year, boosted by major infrastructure projects and a pipeline of major industrial building projects.

In addition, construction demand for the next few years is expected to be supported by major infrastructure projects such as the Cross Island Line, developments at Jurong Lake District and Changi Airport Terminal 5. The above developments will open up opportunities for the Group given its focus on public sector infrastructure projects as well as commercial and industrial developments.

As at March 31, 2019, the Group’s order book stood at S\$327 million, an increase of S\$185 million as compared to S\$142 million as at the corresponding period last year.

Currently, the Group is pursuing a number of upcoming mega public sector infrastructure projects in Singapore including various major contracts for the North-South Corridor and Changi Airport Terminal 5 development works.

The total value of the infrastructure and commercial contracts across the geographical regions of Singapore, Hong Kong, Australia, the Philippines and India, that the Group is currently in active pursuit of stands at approximately S\$1.5 billion. Most of the potential projects, if awarded, are expected to make an impact from the second half of 2019.

## **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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ISSUED ON BEHALF OF : Yongnam Holdings Limited  
BY : Citigate Dewe Rogerson Singapore Pte Ltd  
105 Cecil Street  
#09-01 The Octagon  
SINGAPORE 069534  
CONTACT : Ms Chia Hui Kheng / Ms Samantha Koh  
at telephone  
DURING OFFICE HOURS : 6534-5122  
EMAIL : [huikheng.chia@citigatedewerogerson.com](mailto:huikheng.chia@citigatedewerogerson.com) /  
[samantha.koh@citigatedewerogerson.com](mailto:samantha.koh@citigatedewerogerson.com)

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May 15, 2019