



YONGNAM HOLDINGS LIMITED

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

NEWS RELEASE

YONGNAM REPORTS MARGINAL LOSS OF S\$1.9 MILLION IN 1QFY2014

- **Revenue down 12.4% to S\$71.8 million**
- **Net gearing remained healthy at 0.55* times**
- **Order book of S\$316.0* million**

Financial Highlights:

	1QFY2014	1QFY2013	% Change
Revenue (S\$m)	71.8	81.9	(12.4)
Gross Profit (S\$m)	2.9	19.5	(85.0)
(Loss) / Profit before tax (S\$m)	(2.5)	12.7	NA
Net (loss) / profit attributable to shareholders (S\$m)	(1.9)	11.5	NA

NA – Not Applicable

Singapore, May 15, 2014 – Yongnam Holdings Limited (“Yongnam” or the “Group”), a well-established structural steel contractor and specialist civil engineering solutions provider, reported a marginal loss of S\$1.9 million for the three months ended March 31, 2014 (“1QFY2014”) on the back of a 12.4% decrease in group revenue to S\$71.8 million. Contributions from ongoing projects in 1QFY2014 were lower than the higher-margin projects contributed in 1QFY2013.

*as at March 31, 2014

Mr Seow Soon Yong, Chief Executive Officer of Yongnam, said, “Yongnam has seen a decade of strong performance when the Group was consecutively involved in a number of iconic projects in Singapore that delivered attractive margins. However, gross margins from ongoing projects are now expected to come down to normal industry-level. On account of generally lower-margin projects in the first quarter, compounded by higher fixed production and project overheads as a result of lower fabrication and erection activities, the Group’s gross profit margin fell to 4.1% and the bottom-line dipped marginally to a loss of S\$1.9 million in 1QFY2014.”

Performance Review

Revenue contribution from Specialist Civil Engineering decreased by 22.1% year-on-year, from S\$36.5 million in 1QFY2013 to S\$28.5 million in 1QFY2014. The contributions received from on-going projects, including MRT Downtown Line 2, Downtown Line 3 and the Hong Kong MTR, were insufficient to mitigate the contribution from the MCE projects which were completed in FY2013.

Revenue from Structural Steelwork projects decreased marginally by 4.5%, from S\$45.4 million in 1QFY2013 to S\$43.3 million in 1QFY2014. The Singapore Sports Hub, South Beach Development, National Art Gallery, Market Street and Marina One were the key contributors to Structural Steelworks revenue in the quarter under review.

At the costs front, lower staff expenses helped to reduce general and administrative expenses for the quarter by 28.7% to S\$4.4 million. However, bank interest and charges increased from S\$0.7 million to S\$1.3 million due to higher bank borrowings during the quarter under review. Notwithstanding this, net gearing remained healthy at 0.55 times as at March 31, 2014, though it was marginally higher than the 0.53 times as at December 31, 2013.

Outlook

Overall, the Group expects FY2014 to be difficult as its performance continues to be dependent on the rate and extent of success in securing new contracts, most of which would start contributing only from the second half of FY2014.

In 1QFY2014, the Group has secured orders amounting to S\$54.3 million, including two new structural steelworks subcontracts for the upcoming Changi International Airport Terminal 4 and the redevelopment of the UIC Building along Shenton Way, Singapore.

“Outlook for infrastructural developments and commercial projects in Singapore and the region remains positive and the Group continues to actively pursue S\$1.2 billion worth of new infrastructural and commercial projects in Singapore, Hong Kong, Macau and the Middle East of which 73%, if awarded, is expected to commence in the second half of FY2014,” added Mr Seow.

In addition, the Group, together with consortium partners, Changi Airport Planners and Engineers, and JGC Corporation had, on April 22, 2014, re-submitted its proposal for the design, construction, operation and maintenance of the Hanthawaddy International Airport in Myanmar.

The Group’s order book stood at S\$316 million at the end of March 2014.

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 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 and accredited fabricator of the highest S1 category from the Singapore Structural Steel Society. The Group's Quality Management System takes a planned approach towards continuous improvement of its products, processes and services.

Yongnam is the solutions provider of choice for the structural steel industry.

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