



# **YONGNAM HOLDINGS LIMITED**

## **1H FY2014 Results Presentation**

**6 August 2014**

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- **Our Business**
- **Corporate Updates**
- **1H FY2014 Financial Performance**
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- **Growth Strategies and Plans**

# Our Business

## A well-established Structural Steel Contractor and Specialist Civil Engineering Solutions Provider



### Structural Steelworks:

- One of the largest steel fabrication facilities in Southeast Asia
- Leading steel specialist contractor with unparalleled track record of iconic projects
- On-time delivery and with quality
- A1 (General Building) Grade from BCA Singapore
- S1 category accreditation from Singapore Structural Steel Society

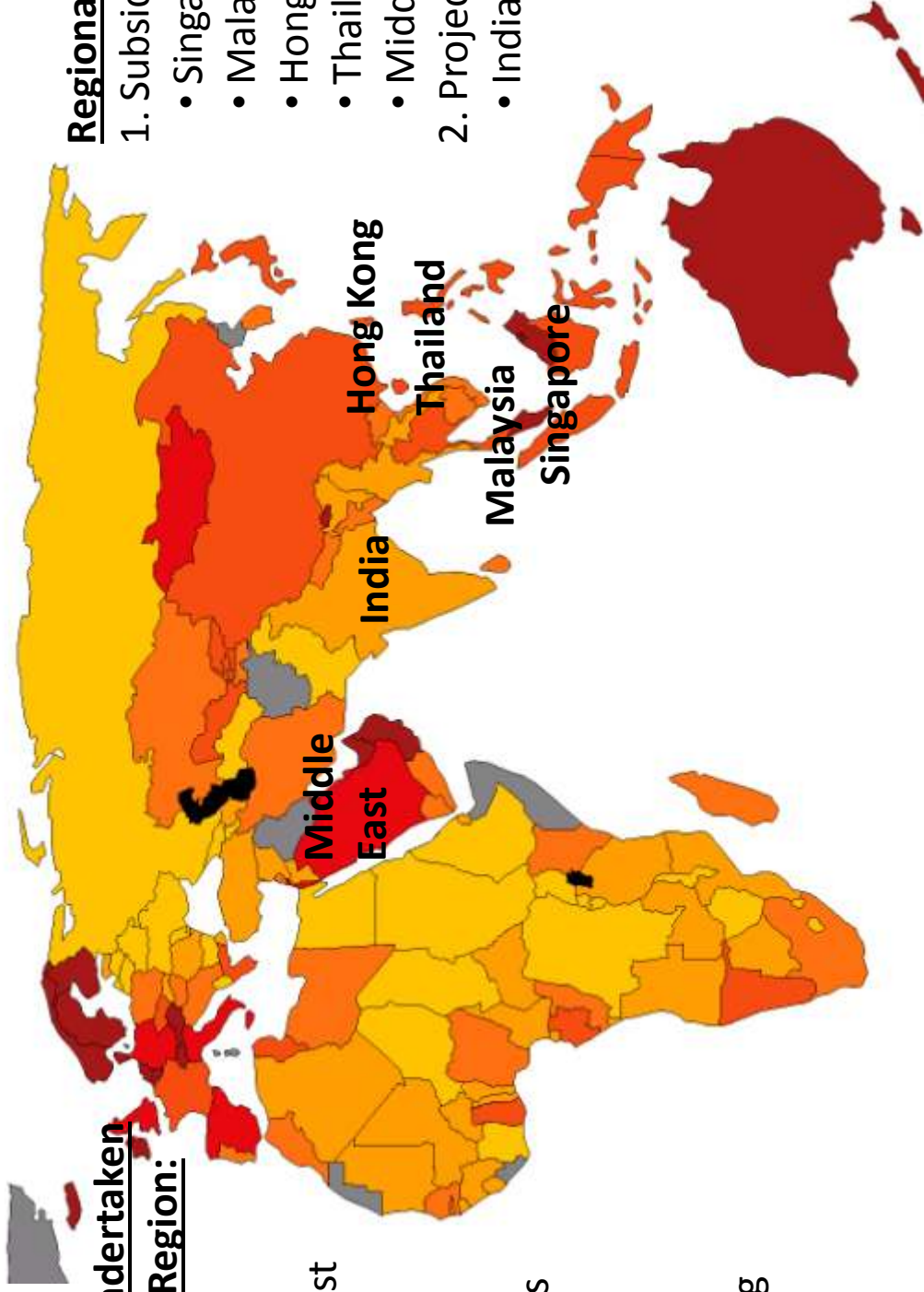
### Specialist Civil Engineering

- Modular Strutting System meets increasingly stringent design and project requirements
- Approximately 184,000 tonnes of strutting assets and pipe piles
- Strong track record and high replacement cost of struts are major barriers to entry
- A1 (Civil Engineering) Grade from BCA Singapore

# Our Business

- More than 40 years of experience in steel fabrication and provision of engineering solutions
- Long established relationships with major reputable contractors:
  - Takenaka Corporation
  - Taisei Corporation
  - Obayashi Corporation
  - Penta Ocean
  - Shimizu Corporation
  - Dragages Singapore
  - Sembawang E&C Pte Ltd
  - Samsung Corporation
  - Ssangyong E&C Co. Ltd
  - Hyundai E&C Ltd
  - Daelim Industrial Co. Ltd
  - Woh Hup Pte Ltd
  - Larsen & Toubro Ltd

# Our Footprint



## Projects Undertaken

### Across the Region:

- Singapore
- Malaysia
- Middle East
- China
- Norway
- Brunei
- Philippines
- Thailand
- Japan
- Korea
- Hong Kong
- Pakistan
- India

## Regional Presence:

### 1. Subsidiaries

- Singapore
- Malaysia
- Hong Kong
- Thailand
- Middle East

### 2. Project Office

- India

# Our Facilities

- **Singapore**
  - Total Land Area
  - Workshop Covered Area
  - Capacity (Normal Steel Structure)
- **Malaysia (Nusajaya, Johor)**
  - Total Land Area
  - Workshop Covered Area
  - Capacity (Normal Steel Structure)
- **Total Staff Strength**

Approximately 76,000 m<sup>2</sup>

20,250 m<sup>2</sup>

3,000 Tonnes per month

Approximately 109,103 m<sup>2</sup>

38,600 m<sup>2</sup>

4,000 Tonnes per month

Approximately 2,000



# Structural Steel – Track Record

- Singapore:
  - Terminal 1, Changi International Airport
  - Suntec City
  - Capital Tower
  - National Library Building
  - One Raffles Quay
  - ION Orchard
  - Marina Bay Sands Integrated Resort
  - Gardens by The Bay
  - Civic, Cultural & Retail Complex @ One-North
  - Singapore Sports Hub
- Overseas:
  - Brunei (Hangars)
  - KLIA
  - Suvarnabhumi International Airport, Bangkok
  - Dubai Metro Rail
  - New Delhi International Airport
  - Mumbai International Airport



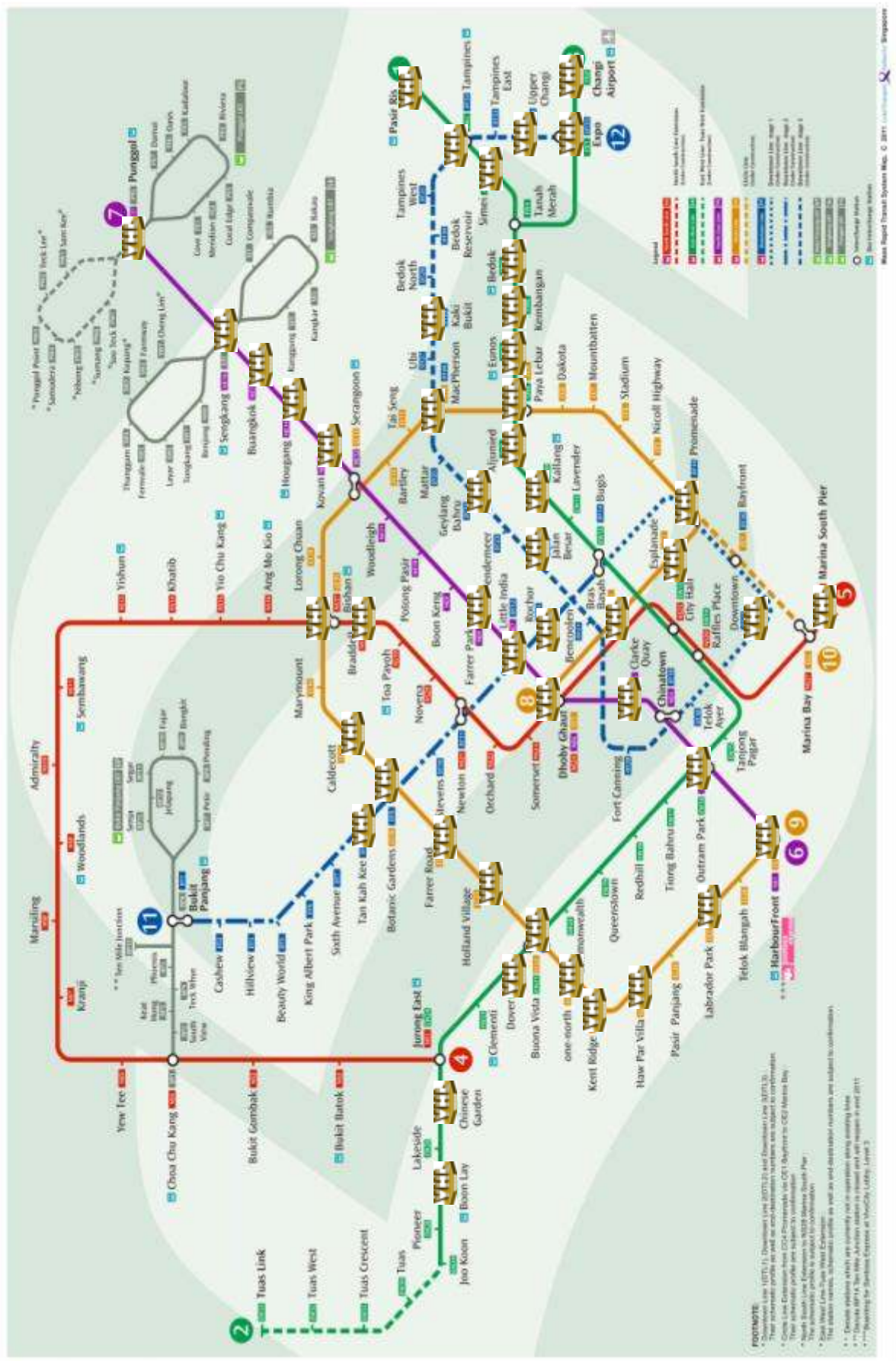
# Specialist Civil Engineering – Track Record

- Singapore:
  - Singapore Post Centre
  - Central Expressway
  - MRT North-south Line
  - MRT East-west Line
  - MRT North-east Line
  - Kallang-Paya Lebar Expressway
  - MRT Circle Line
  - MRT Downtown Line Phase 1
  - Marina Bay Sands Integrated Resort
  - Marina Coastal Expressway
- Overseas:
  - Dubai Metro Rail
  - Hong Kong MTR





# MRT – Yongnam's Track Record



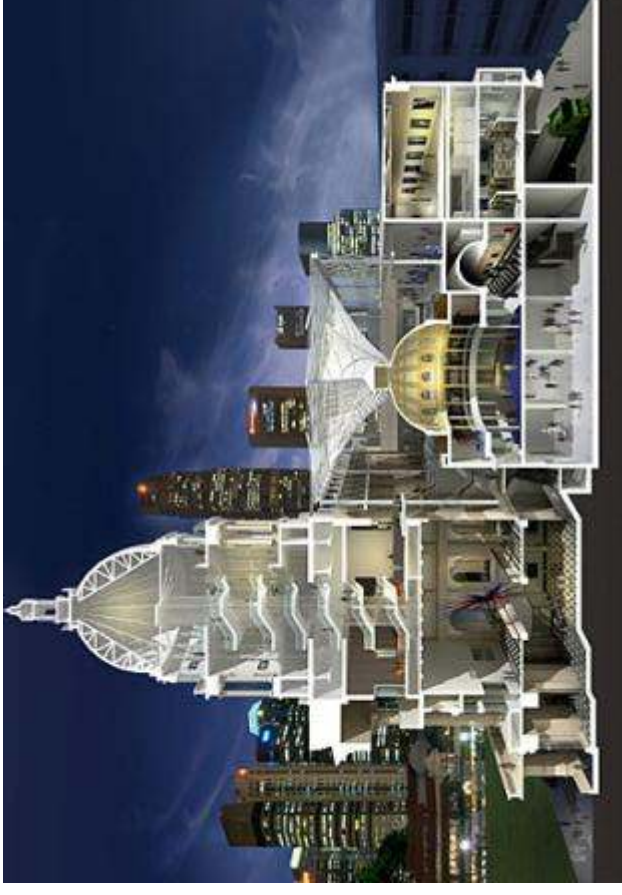
**FOOTNOTE**

- • • New MRT (L1) is shown in pink. It will be completed in 2015. This extension will connect the city center to the west coast.
- Green Line Extension from CCE1 (Ponggol) to CCE2 (Marina Bay). This extension will connect the city center to the east coast.
- North South Line Extension to 4332 (Marina South Pier). This extension will connect the city center to the south coast.
- The above routes are shown in pink. They will be completed in 2015.
- • • Circle extension which will be jointly constructed with existing line.
- • • Details of the MRT system can be found at [www.sls.com.sg](http://www.sls.com.sg)
- • • Planning for Downtown East Line - Phase 2

# On-Going Projects

## National Art Gallery

- Contract worth S\$38.8 million
- Supply and erect structural steelworks for new floor structure and skybridges, plus underpinning, shoring and strengthening works
- 60,000 sqm NAG will be largest visual arts venue in Singapore
- Expected completion in 3Q 2014



# On-Going Projects

## Market Street Development

- Contract worth S\$40.3 million
- Supply and erect structural steelworks and installation of precast columns and beams
- Expected completion in 3Q2014



# On-Going Projects

## South Beach

### Development

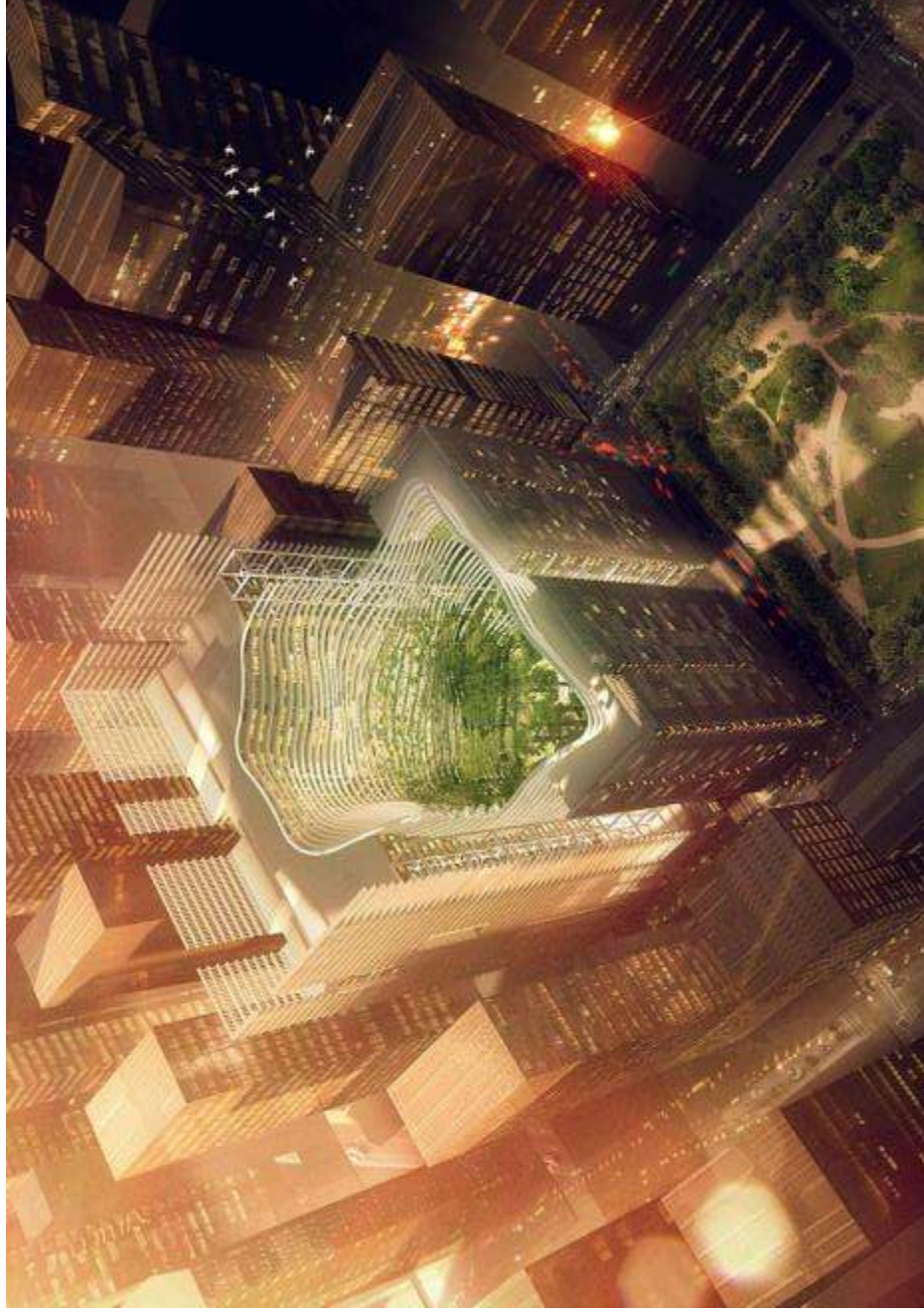
- Contract worth S\$32 million
- Supply and erect structural steelworks for façade and canopies
- Expected completion in 4Q 2014



# On-Going Projects

## Marina One

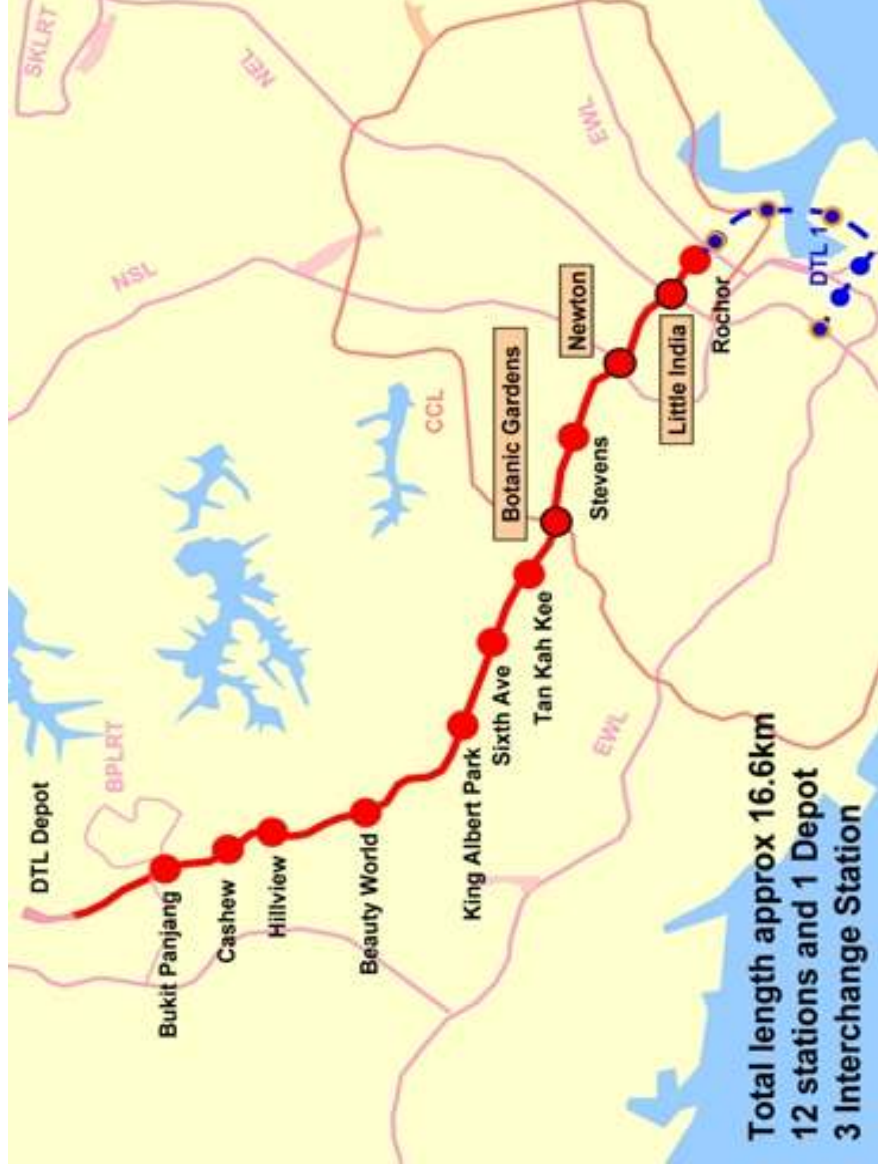
- Secured in Dec 2013
- Contract worth S\$168 million
- Supply and erect structural steelworks for 2 blocks of 30-Storey Office, 2 blocks of 34 Storey Residential Building, 3-Storey Commercial Podium and 4-Level Basement Carparks with Underground Pedestrian/Shopping Mall
- Expected completion in 3Q 2016



# On-Going Projects

## MRT Downtown Line 2 – 4 contracts worth total of S\$116 million

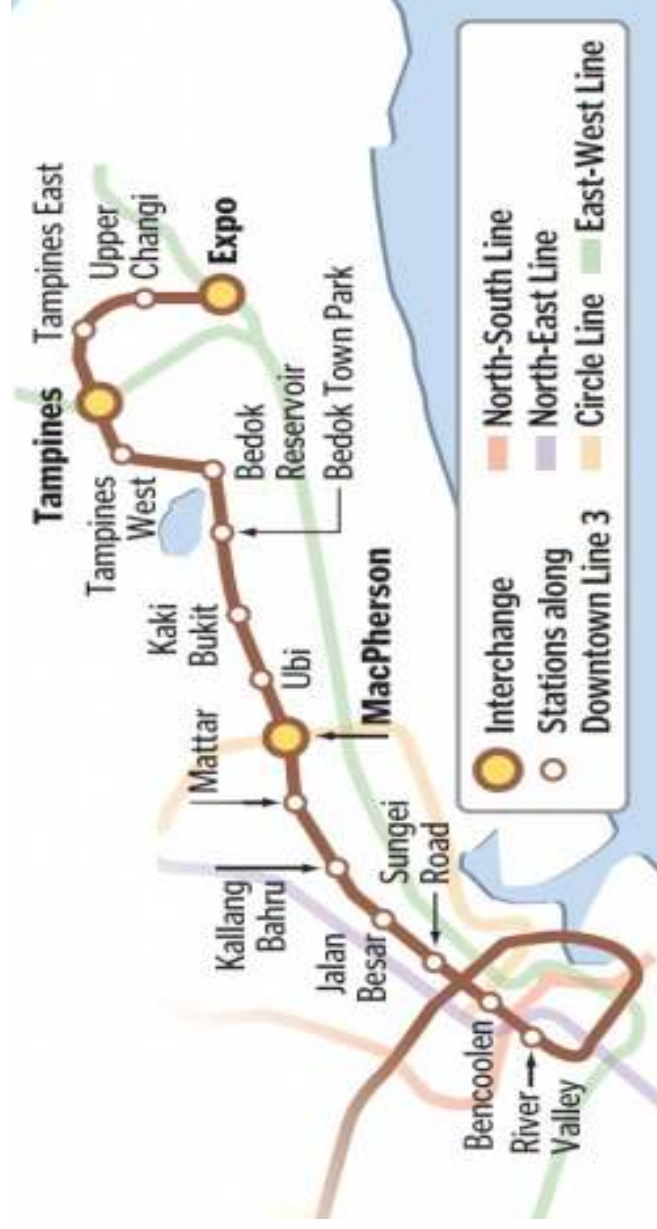
- C921 (3 contracts)  
Installation and removal of steel struts and walers, sheet piles, soldier piles, king posts and RC decking for Little India Station, Rochor Station and tunnel between the two stations. Expected completion 1Q 2015
- C918 - Installation and removal of steel struts and walers for Tan Kah Kee Station and Cut & Cover Tunnel. Expected completion 3Q 2014.



# On-Going Projects

## MRT Downtown Line 3 – 6 contracts worth total of S\$109 million

- C929 & C932A – Installation and removal of steel struts, sheetpile and decking for Kaki Bukit and Kallang Bahru Stations. Expected completion 1Q 2015
- C933 – Installation and removal of steel struts and walers and construction decking for Jalan Besar Station. Expected completion 2Q 2015
- C923 – Deep basement excavation, installation and removal of steel struts and construction decking for Upper Changi Station. Expected completion in 3Q 2015



# On-Going Projects

## MRT Downtown Line 3 – 6 contracts worth total of S\$109 million

- C922 – Installation and removal of steel struts, decking and king posts for Expo Station and overrun tunnels. Expected completion 2Q 2015
- C931 – Installation and removal of steel struts and decking for Macpherson Station. Expected completion 1Q 2015

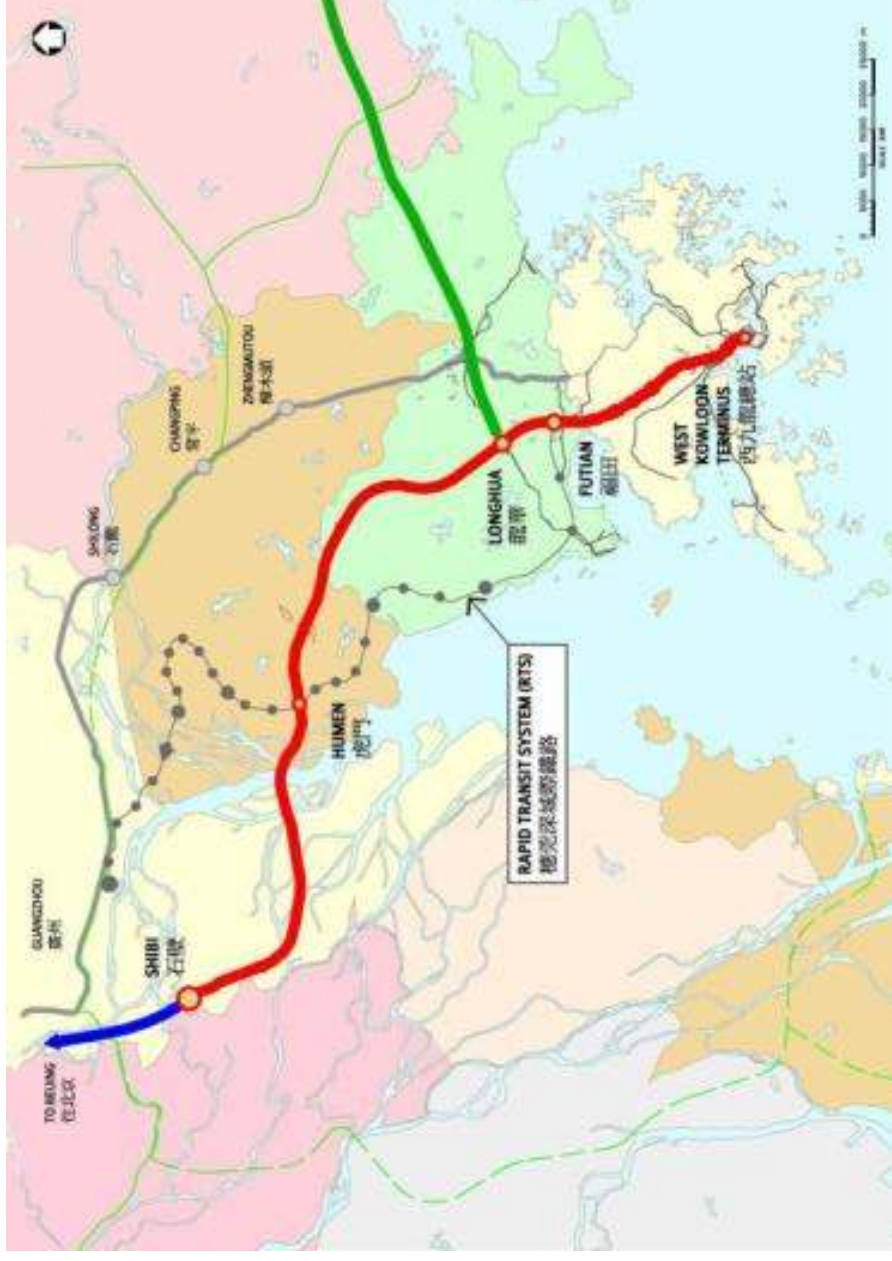




# On-Going Projects

## HK MTR Extension – 8 contracts worth total of HK\$770 million

- Part of 26-km long HK section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link running from West Kowloon to Shenzhen
- Design, supply, installation and removal of strut and walers
- Cofferdam excavation of cut and cover tunnels and emergency rescue sidings
- Construction of temporary bridge
- Expected completion between 2014 to 2016



# 1H FY2014 Financial Performance

# 1H FY2014 Financial Performance

	2Q FY2014	2Q FY2013	Change (%)	1H FY2014	1H FY2013	Change (%)
Revenue (S\$m)	61.6	115.1	(46.5)	133.4	197.0	(32.3)
Gross Profit/(Loss) (S\$m)	(2.9)	22.4	nm	0.0	41.9	(100.0)
Gross Margin (%)	(4.7)	19.4	nm	0.0	21.3	(100.0)
Profit after Tax (S\$m)	(5.3)	8.6	nm	(7.2)	20.2	nm
EPS (Basic) (Singapore cents) <sup>(1)</sup>	(0.42)	0.68	nm	(0.57)	1.59	nm
NAV per Share (Singapore cents) <sup>(2)</sup>	-	-	-	23.78	24.98	(4.8)
ROE (%) (Annualized)	-	-	-	(4.5)	12.7	nm

<sup>(1)</sup> EPS per share was computed based on the weighted average number of shares of 1,266,942,003 for 2Q FY2014 (2Q FY2013: 1,265,166,003)

<sup>(2)</sup> NAV per share as at June 30, 2014 and December 31, 2013 respectively

**Period ended June 30**

# 1H FY2014 Financial Performance

	Jun 30 2014	Dec 31 2013	Change (%)
Net Work-In-Progress (S\$m)	130.9	112.5	16.3
Debtors (S\$m)	31.0	39.7	(21.9)
Cash (S\$m)	11.3	14.8	(23.4)
Borrowings (S\$m)	187.7	182.6	2.8
Net Borrowings (S\$m)	176.4	167.8	5.1
Gearing (times)	0.59	0.53	11.3
Shareholders' Funds (S\$m)	301.2	316.4	(4.8)

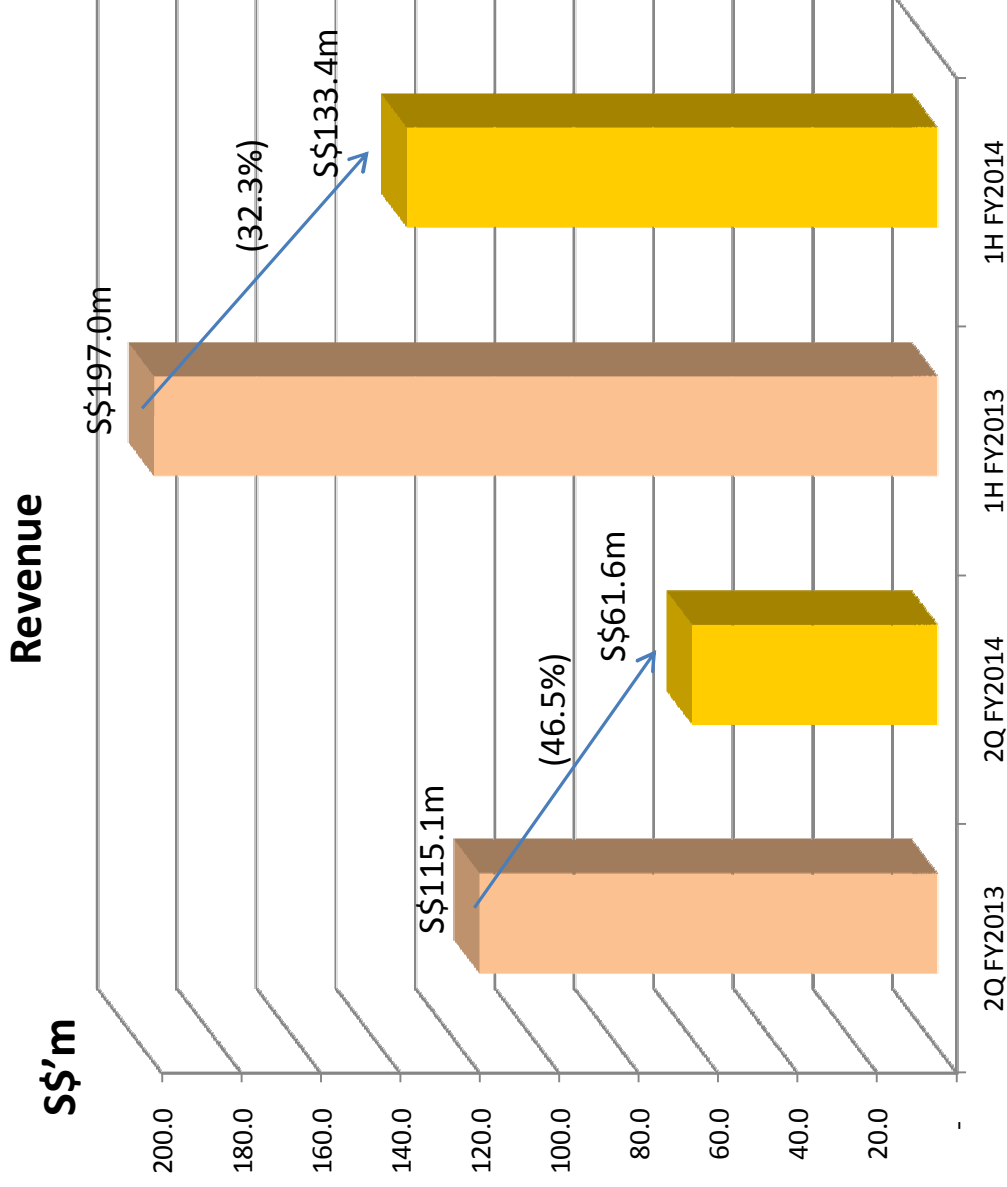
Period ended June 30

# 1H FY2014 Financial Performance

## Revenue

2Q FY2014 Revenue decreased 46.5% mainly due to completion of mega projects and lack of new projects.

- Structural Steelworks decreased from S\$70.4 million in 2Q FY2013 to S\$31.7 million in 2Q FY2014.
- Key contributing projects include:
  - National Art Gallery
  - Market Street Redevelopment
  - South Beach Development
  - Marina One
- Specialist Civil Engineering decreased from S\$44.7 million in 2Q FY2013 to S\$29.7 million in 2Q FY2014.
- Key contributing projects include:
  - MRT Downtown Line 2 & 3
  - Hong Kong projects

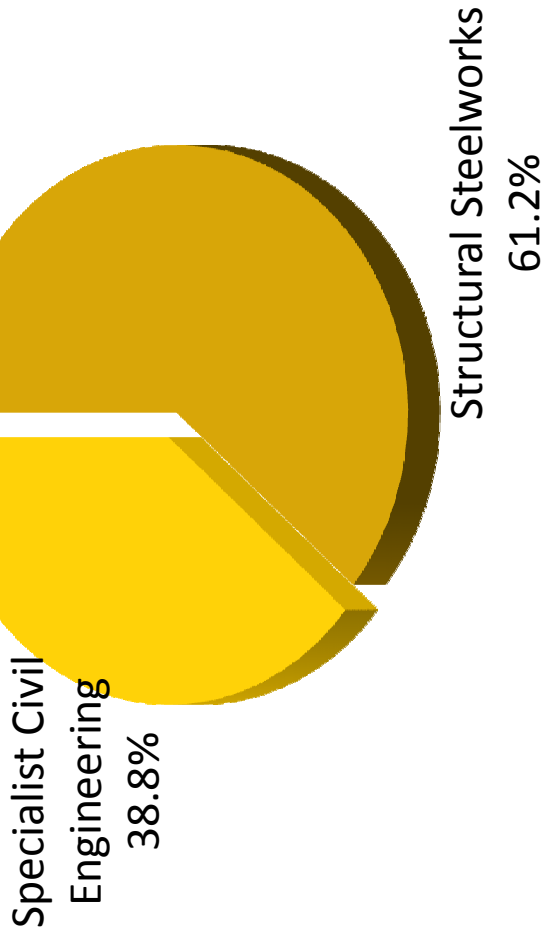


Period ended June 30

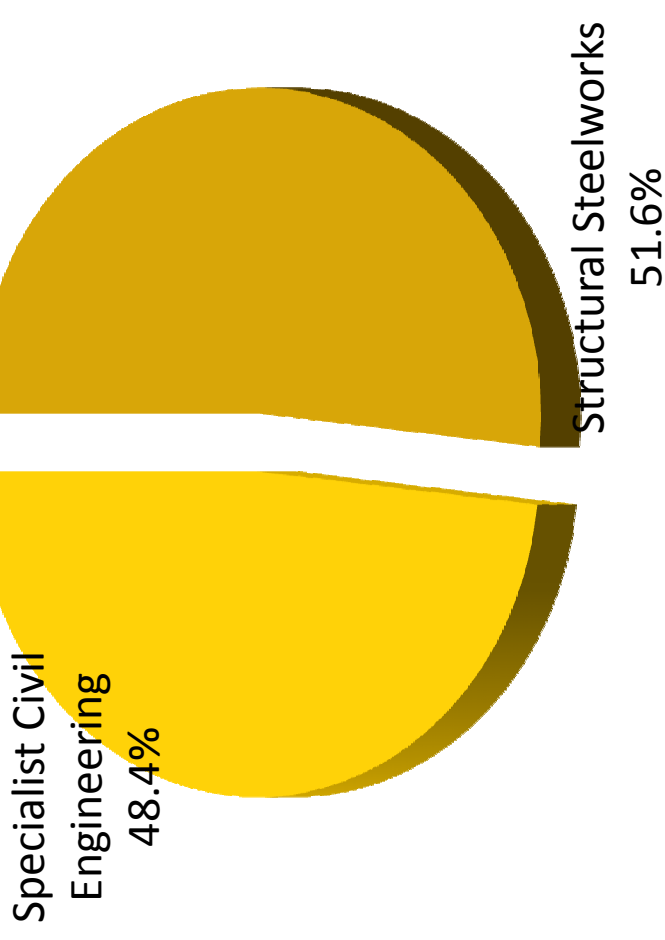
# 1H FY2014 Financial Performance

## Revenue by Business Segment

2Q FY2013



2Q FY2014

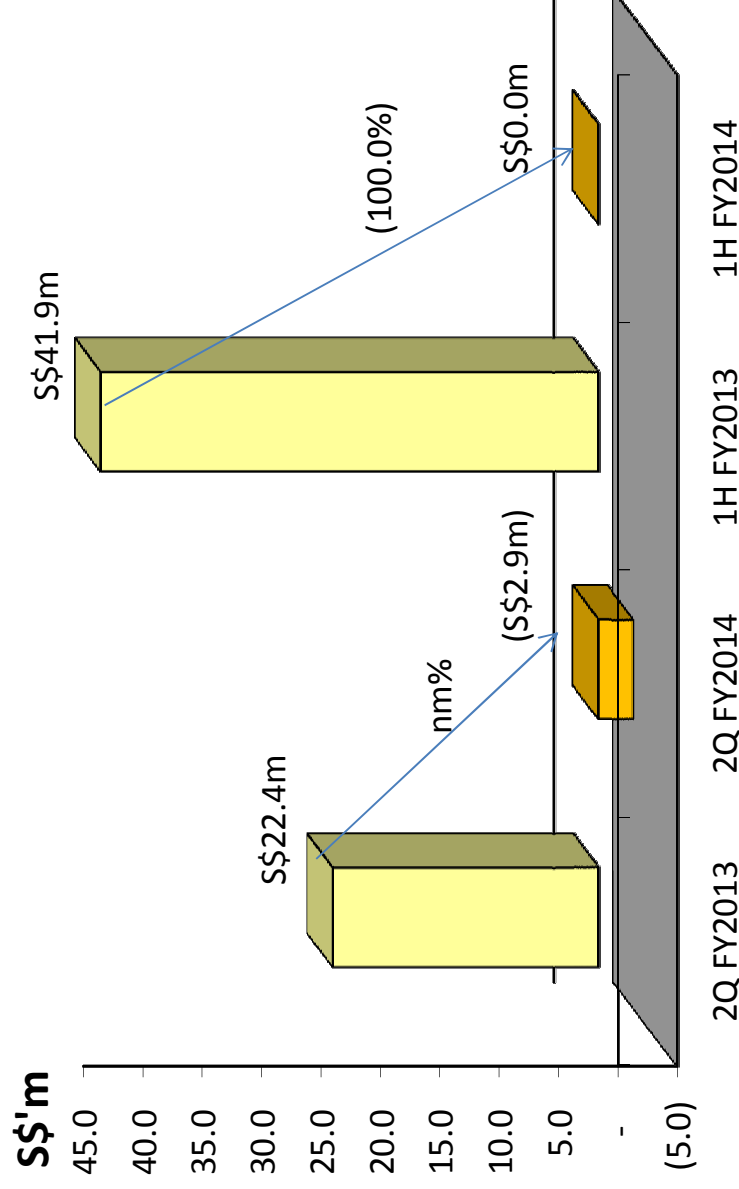


# 1H FY2014 Financial Performance

## Gross Profit/(Loss)

2Q FY2014 incurred gross loss of S\$2.9m, due mainly to:

- Lower margin projects; and
- Higher unabsorbed overheads due to lower fabrication and erection.



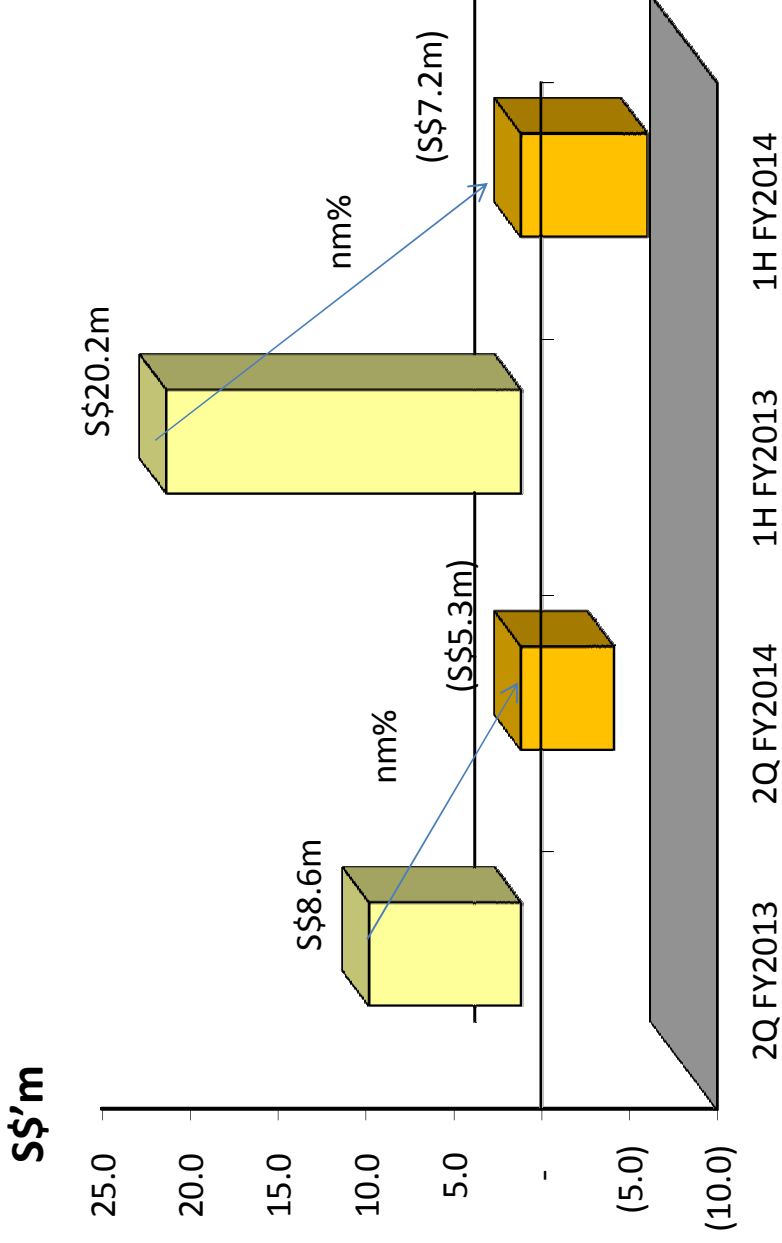
Period ended June 30

# 1H FY2014 Financial Performance

## Profit/(Loss) after Tax

### Tax

Consequently, 2Q FY2014 incurred loss after tax of S\$5.3m.



Period ended June 30



# **1H FY2014 Financial Performance**

## **Order Book**

Order book of S\$275 million as at June 30, 2014

- Structural Steelworks Vs Specialist Civil Engineering – 79:21
- 30% expected to complete in FY2014

*Period ended June 30*

# Prospects and Market Outlook

# Market Prospects: Singapore

## Construction sector remains buoyant <sup>(1)</sup>:

- Construction demand and outlook for 2014 expected to be between \$31-38 billion, anchored by public sector projects.
- In 2Q2014, the construction sector expanded at an annualised rate of 2.6% on a quarter-on-quarter basis, an improvement from a 0.5% contraction recorded in the previous quarter<sup>(2)</sup>

## 2015 and 2016 to see robust performance<sup>(3)</sup>:

- For 2015 and 2016, the average construction demand is projected to be a robust \$29-37 billion per annum
- Lower rate of growth mainly due to a slowdown in private sector construction activities
- Spending however, is expected to remain relatively buoyant on the back of planned infrastructural projects as the Government strives to meet the needs of the population.

## Healthy pipeline of opportunities in 2014 and beyond<sup>(4)</sup>:

- Strong construction demand for civil engineering is expected to support business outlook
- Roll-out of tenders for the next major MRT line will likely be in 2015<sup>(5)</sup>
- Public projects by the Land Transport Authority including:
  - Cross Island Line, Eastern Region Line, Jurong Region Line, Circle Line Stage 6, Downtown Line Extension, North East Line Extension
  - Planned expansion of the Kallang Paya Lebar Expressway and Tampines Expressway interchange

### Sources:

- (1) *Construction demand for 2014 to remain strong – Building Construction Authority, 9 January 2014*
- (2) *Singapore's GDP growth moderated in the second quarter of 2014 – Ministry of Trade and Industry Singapore, 14 July 2014*
- (3) *Business expectations of the construction sector - Building and Construction Authority, 27 Dec 2013*
- (4) *Land Transport Authority of Singapore website, Public Transport Projects On The Horizon, <http://www.lta.gov.sg/content/ltaweb/en/public-transport.html>*
- (5) *Business Expectations for of the construction sector – Building and Construction Authority, 25 June 2014*

# Market Prospects: Regional

- **Hong Kong / Macau<sup>(1)</sup>:**
  - Capital expenditure for Hong Kong between 2014 – 15 forecast to be HK\$86.2 billion, including HK\$70.8 million on capital works
  - Major infrastructure projects could include:
    - Proposal to build an artificial island in central waters between Hong Kong and Lantau Island
    - HK\$100 billion project expansion of HKIA to a three-runway system
    - Central-Wan Chai Bypass and Island Eastern Corridor Link (HK\$28.1 billion)
    - Third runway at Chek Lap Kok airport in 2014 (HK\$136.2 billion)
    - EFLS: rail link connecting Kai Tak with Kowloon Bay, Kwun Tong and Sha Tin to Central Link (HK\$12 billion)
  - China's 12<sup>th</sup> 5-Year Plan for National Economic and Social Development supports Macao's development into a world tourism and leisure centre, and development of convention and exhibition business, amongst others.
- **India<sup>(2)</sup>:**
  - The India government outlined in its Budget 2014 that it will continue to support and fast track decisions in infrastructure projects
    - Committed to an 8,500 km build-out of national highways, awarding 6 new port/harbor projects and completing the master planning of three smart cities and seven industrial smart cities
    - Plan for Rs 41 lakh cr. (US\$1 trillion) investment in infrastructure for India's 12<sup>th</sup> Five-Year Plan (2012 – 17)
    - Targeted fields include power generation, national highways, railways, roads, ports, airports and telecommunications
    - Delhi-Mumbai Industrial Corridor will involve a 1, 500km railroad network and the construction of 16 new industrial complexes
    - India needs to modernize 39 airports and build 10 new ones

**Sources:**

(1) Hong Kong 2014 – 15 Budget – <http://www.budget.gov.hk/2014/eng/speech.html>, 26 February 2014

(2) Who benefits from India's New Budget – Forbes, 28 July 2014

# Market Prospects: Regional

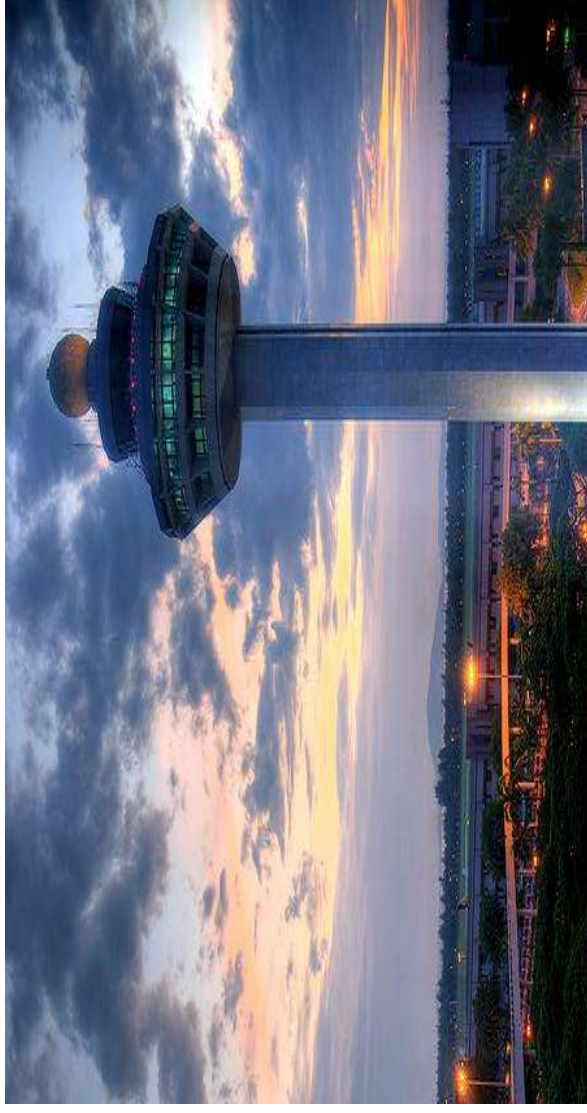
- **Middle East<sup>(1)(2)</sup>:**
  - A study by PwC notes an expected increase in funding for infrastructure and capital projects over the next 12 months. In particular, the UAE, Qatar and Saudi are seen as top target for investment due to the strong economic growth and budget surpluses of these countries
  - A report by EC Harris has outlined that the Middle East is expected to see unprecedented levels of construction planned over the next 20 years, with the construction peak forecast from 2014 to 2019
    - Identified 117 major construction programmes that are planned for completion by 2030 e.g.
      - Gulf Cooperation Council (GCC) expected to continue spending on energy and construction projects during the coming years, allocating a total of \$985 billion for infrastructure development during 2010 – 2015
      - Qatar: Up to \$135 billion in infrastructure projects between now and World Cup 2022, including urban public transport, bridges, highways, railways, airports and ports, and sports stadiums/facilities
      - Dubai: \$7.8 billion airport and airspace expansion program will boost capacity at Dubai International airport from 60 million to 90 million passengers per year by 2018
- **Myanmar<sup>(3)</sup>:**
  - Estimates by the World Bank highlighted that Myanmar's economy grew at 6.5% in FY2012/13
  - IMF said that Myanmar's economy is forecast to strengthen at an average of 7% to 8% over the next ten years, largely driven by huge investments into power, oil & gas and infrastructure
  - The increased presence of international organisations such as the World Bank, IMF and ADB in Myanmar is also expected to contribute significantly to the country's development, as technical expertise and fresh loans are introduced to put in place the necessary infrastructure to support economic growth

**Sources:**

- (1) *Infrastructure Spending in the Middle East Set to Rise – Survey – PwC, June 29, 2014*
- (2) *Middle East Major Construction Programmes – EC Harris, published in November 2013*
- (3) *IE Insights – Myanmar: Navigating the Risks and Opportunities – January 2014*

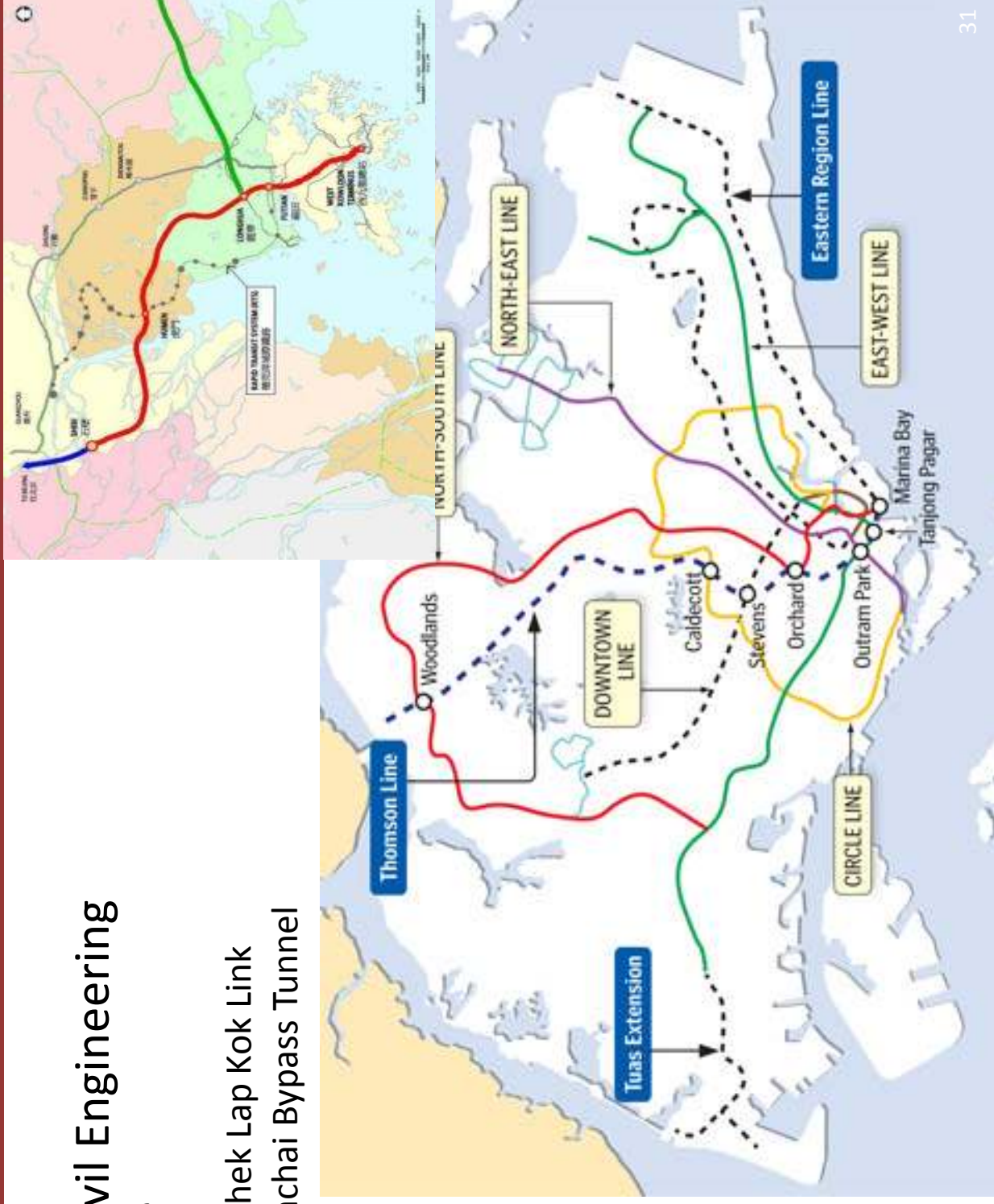
# Potential Projects

- Structural Steel
- Project Jewel, Changi Airport
- Commercial Developments
- Keels City Development
- Industrial Plants



# Potential Projects

- Specialist Civil Engineering
  - Thomson Line
  - HK MTR
  - Tuen Mun – Chek Lap Kok Link
  - Central – Wanchai Bypass Tunnel



# Potential Projects

## • Structural Steelworks

Location	Expected Commencement	Government S\$'mil	Non-Government S\$'mil	Total S\$'mil
Singapore	2014	-	222.6	222.6
	2015	8.2	43.5	51.7
Overseas	2014	-	190.6	190.6
	2015	215.0	52.4	267.4
Total		223.2	509.1	732.4

## • Specialist Civil Engineering

Location	Expected Commencement	Government S\$'mil	Non-Government S\$'mil	Total S\$'mil
Singapore	2014	-	-	-
	2015	258.4	-	258.4
Overseas	2014	18.0	27.0	45.0
	2015	106.0	-	106.0
Total		382.4	27.0	409.4

## Projects announced by Government (not included above):

Qatar – Infrastructure	North-south Expressway	MRT Eastern Region Line
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# **Growth Strategies and Plans**

# Growth Strategies and Plans

- 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
- Pursue investment opportunities in infrastructure developments that complement our Structural Steel and Specialist Civil Engineering capabilities
- Continue to explore projects in Hong Kong, Malaysia, Indonesia, India, GCC countries and Europe



**Thank You**