



YONGNAM HOLDINGS LIMITED

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

NEWS RELEASE

YONGNAM REPORTS THIRD QUARTER NET PROFIT OF S\$2.0 MILLION

- **Revenue jumps 59.6% to S\$75.5 million**
- **Order book of S\$400 million as at September 30, 2015**
- **In active pursuit and bidding for S\$1.3 billion worth of infrastructural and commercial projects in Singapore, Hong Kong, Malaysia and the Middle East**

Financial Highlights:

S\$'m	3Q2015	3Q2014	% Change	9M2015	9M2014	% Change
Revenue	75.5	47.3	59.6	212.1	180.7	17.4
Gross Profit/(Loss)	7.8	(5.9)	nm	20.5	(5.8)	nm
Profit/(Loss) After Tax	2.0	(8.4)	nm	4.7	(15.6)	nm
EPS (Basic) (Singapore cent) ⁽¹⁾	0.62	(2.66)	nm	1.50	(4.92)	nm
				As at Sep 30, 2015	As at Dec 31, 2014	% Change
NAV per share (Singapore cents)	-	-	-	96.28	94.73	1.6

⁽¹⁾ EPS per share was computed based on the weighted average number of shares of 316,735,383 for 3Q2015 (3Q2014: 316,735,383) and 316,735,383 for 9M2015 (9M2014: 316,735,383).

Singapore, November 12, 2015 – Yongnam Holdings Limited (“Yongnam” or the “Group”), a well-established structural steel contractor and specialist civil engineering solutions provider, today reported a net profit of S\$2.0 million for the three months ended September 30, 2015 (“3Q2015”), reversing from a net loss of S\$8.4 million in the corresponding financial period (“3Q2014”). This was achieved on the back of a 59.6% jump in revenue to S\$75.5 million over the same period.

Mr. Seow Soon Yong, Chief Executive Officer of Yongnam, said, “While we remain focused on our two core businesses – Structural Steel and Specialist Civil Engineering, our efforts to selectively bid for civil engineering projects as main contractor via joint ventures will allow us to expand our revenue streams and enjoy synergies with existing businesses. We will continue to explore opportunities in this area as well as take on selected ‘Design and Build’ industrial and commercial projects.”

Performance Review

The Group reported a 59.6% jump in revenue to S\$75.5 million in 3Q2015, from S\$47.3 million a year ago, due mainly to higher contributions from its Structural Steelworks business.

Revenue from the Structural Steelworks segment registered a nearly two-fold increase from S\$27.6 million in 3Q2014 to S\$54.1 million in 3Q2015, with Marina One, Changi Airport Terminal 4 and Senoko Food Hub being key contributors in the quarter under review.

Meanwhile, the Specialist Civil Engineering division saw its revenue contribution increase by 6.5% year-on-year from S\$19.7 million in 3Q2014 to S\$21.0 million in 3Q2015. Contributions for the quarter under review came from on-going projects, mainly from MRT Downtown Line 3, Thomson Line and the Hong Kong MTR.

Gross profit improved to S\$7.8 million in 3Q2015, a reversal from a gross loss of S\$5.9 million in 3Q2014. The Group’s gross profit margins had improved sequentially over the past three quarters due to better margins achieved from on-going projects.

On the cost front, general and administrative expenses rose 29.6% to S\$3.8 million in 3Q2015, up from S\$2.9 million a year ago, due mainly to loss on disposal of fixed assets. Finance costs rose marginally from S\$1.2 million in 3Q2014 to S\$1.4 million in 3Q2015, due to higher bank charges and interests.

Overall, the Group achieved a net profit after tax of S\$2.0 million in 3Q2015, a turnaround from a net loss of S\$8.4 million a year ago.

The Group reported earnings per share of 0.62 Singapore cent in 3Q2015, compared to loss per share of 2.66 Singapore cents in 3Q2014. Net asset value per share as at September 30, 2015 was 96.28 Singapore cents, improving from 94.73 Singapore cents as at December 31, 2014.

For the nine months ended September 30, 2015 ("9M2015"), the Group registered a net profit after tax of S\$4.7 million on the back of S\$212.1 million in revenue, compared to a net loss of S\$15.6 million and revenue of S\$180.7 million a year ago ("9M2014").

Outlook

As at September 30, 2015, the Group's order book stood at S\$400 million. The Group expects about 18.5% of the existing orders to be fulfilled by the end of FY2015. The Group is currently in active pursuit and bidding of S\$1.3 billion worth of Structural Steelworks, Specialist Civil Engineering and Mechanical Engineering infrastructural and commercial projects in Singapore, Hong Kong, Malaysia and the Middle East.

Leveraging its BCA A1 gradings in both General Building and Civil Engineering, the Group has also tendered for selected civil engineering projects as the main contractor via joint-venture partnerships and will continue to explore opportunities.

Its newly established Design & Build Division to pursue business opportunities in industrial and commercial projects is also making good progress, securing its first project worth S\$13.5 million, and is currently pursuing S\$91 million worth of building projects. Leveraging the Group's experience in project and construction management, Yongnam aims to be a one-stop solutions provider of conceptual design, construction, project management and final delivery.

The Group has also recently announced its planned acquisition of three plots of adjacent industrial land for approx. RM38.4 million (approx. S\$13.0 million) in Malaysia as a permanent solution for the shortage of storage space for strutting materials in Singapore. This will result in cost savings in rental cost as well as yard shifting costs for the Group. The proposed acquisition will also provide the Group the flexibility to bid for local projects in Malaysia.

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, 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. 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.

ISSUED ON BEHALF OF : Yongnam Holdings Limited
BY : Citigate Dewe Rogerson, i.MAGE Pte Ltd
55 Market Street
#02-01
SINGAPORE 048941
CONTACT : Ms Chia Hui Kheng
at telephone
DURING OFFICE HOURS : 6534-5122 (Office)
AFTER OFFICE HOURS : 9690-3841 (Handphone)
EMAIL : huikheng.chia@citigatedrimage.com

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