



## **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 3QFY2018 FINANCIAL RESULTS**

- ***Secured three Singapore-based structural steelwork projects and one Design and Build contract worth a total of S\$53.4 million in November***
- ***Actively pursuing S\$1.3 billion worth of new infrastructure developments and commercial projects in Singapore, Hong Kong, Australia, the Philippines and India***
- ***Order book of S\$280 million as at September 30, 2018***

***Singapore, November 13, 2018*** – Yongnam Holdings Limited (“Yongnam” or the “Group”), a well-established structural steel contractor and specialist civil engineering solutions provider, reported revenue of S\$33.9 million and net loss of S\$14.4 million for the three months ended September 30, 2018 (“3QFY2018”).

Mr Seow Soon Yong, Chief Executive Officer of Yongnam, said, “Our third quarter results remained impacted by the lower level of contributions across all our business segments. Meanwhile, the Group is committed to strengthening our order book by investing time and resources in bidding for several local and international projects. These include a number of upcoming mega public sector infrastructure projects in Singapore this year such as various major contracts for the North-South Corridor and Changi Airport Terminal 5 development works. Most of the potential projects, if awarded, are expected to make an impact from 2019.”

As at September 30, 2018, Yongnam has an order book of S\$280 million, which will be strengthened by four structural steelwork and Design and Build contracts worth S\$53.4 million announced in November 2018. These contracts comprise the main contract works, with full design consultancy as well as civil & structural, architectural and mechanical & electrical works for a four-storey regional headquarters and two-

storey production facility project at Tampines Wafer Fab Park. Other contracts include three structural steelwork awards for a nine-storey light industrial and commercial building for JTC Corporation, a 51-storey integrated development located in the Central Business District and a seven-storey Health Campus comprising a community hospital, outpatient clinics and nursing homes in Woodlands.

### **Performance review**

The Group posted revenue of S\$33.9 million during 3QFY2018, which was down 50.5% from the same period a year ago.

On a segmental basis, revenue contribution from the Structural Steelworks segment decreased 55.1% from S\$36.6 million in 3QFY2017 to S\$16.4 million in 3QFY2018. This was a result of the substantial completion of the Senoko Food Hub and Jewel Changi Airport at the end of the last financial year. The JTC Logistic Hub, Outram Community Hospital and Micron fabrication buildings were the key contributors to the segment's revenue in 3QFY2018.

The Group's Specialist Civil Engineering segment recorded revenue of S\$14.8 million in 3QFY2018, down from S\$25.6 million in 3QFY2017. This was due to lower contributions from its MTR projects in Hong Kong and the Thomson-East Coast MRT. Design and Build projects contributed S\$0.8 million in revenue during the quarter, mainly due to the substantial completion of a project for light industrial developments at Kallang Junction in Singapore, at the end of the last financial year. Additionally, the Group received a government grant of S\$120,000 in 3QFY2018.

As a result of lower overall revenue and business activities during the quarter under review, the Group incurred a gross loss of S\$13.4 million. Gross profit margin remained depressed by the continued low level of strutting and fabrication activities in Singapore and Hong Kong, contributing to overhead costs not being fully absorbed.

The Group's net gearing remained stable at 0.49 times as at September 30, 2018, compared to 0.30 times as at December 31, 2017. Net asset value per share stood at 50.94 Singapore cents as at September 30, 2018, compared to 55.91 Singapore cents as at December 31, 2017.

## **Outlook**

The Group is well-positioned to secure opportunities to further strengthen its order book. Backed by its proven track record of more than 40 years and renowned reputation as an established structural steel contractor and specialist civil engineering solutions provider, the Group is actively pursuing S\$1.3 billion worth of new infrastructure and commercial projects in Singapore, Hong Kong, Australia, the Philippines and India.

Demand for public sector construction is expected to be stable over the medium term, supported by mega infrastructure projects such as the Jurong Regional Line, Cross Island Line and various infrastructure developments for Changi Airport Terminal 5.

## **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-9001:2015, ISO 14001:2015 and OHSAS 18001:2007 certified company, accredited fabricator of the highest S1 category from the Singapore Structural Steel Society and holds A1 and A2 Grades from the Singapore Building and Construction Authority 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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November 13, 2018