



YONGNAM HOLDINGS LIMITED

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

NEWS RELEASE

YONGNAM REPORTS 1QFY2018 FINANCIAL RESULTS

- ***Order book of S\$142.0 million as at March 31, 2018***
- ***Actively pursuing S\$1.1 billion worth of new infrastructural developments and commercial projects in Singapore, Hong Kong, Australia and the Middle East***

Singapore, May 15, 2018 – Yongnam Holdings Limited (“Yongnam” or the “Group”), a well-established structural steel contractor and specialist civil engineering solutions provider, reported revenue of S\$54.1 million and net loss of S\$4.8 million for the three months ended March 31, 2018 (“1QFY2018”).

Mr Seow Soon Yong, Chief Executive Officer of Yongnam, said, “Our first quarter financial performance was mainly impacted by the generally lower level of activity for our Structural Steelwork segment, coupled with the continued low level of strutting and fabrication activities in Singapore and Hong Kong.”

“But we are gearing up to tap opportunities related to the upcoming mega public sector infrastructure projects in Singapore to further strengthen our order book. We have submitted bids relating to various major contracts for the North-South Corridor as well as bidding for a number of infrastructure projects in Hong Kong and Australia. In total, the Group is actively pursuing S\$1.1 billion worth of new infrastructure and commercial projects in Singapore, Hong Kong, Australia and the Middle East. We expect some of these projects, if awarded, to likely commence in the later part of this year,” added Mr Seow.

During the quarter under review, the Group's revenue decreased by 40.9% to S\$54.1 million. On a segmental basis, its Structural Steelworks segment posted revenue of S\$32.2 million against S\$67.7 million in the previous corresponding quarter, which was largely due to the substantial completion of Senoko Food Hub and Jewel Changi Airport projects at the end of FY2017. The Outram Community Hospital and Evonik methionine plant in Jurong Island were key contributors to the segment's 1QFY2018 revenue. Revenue contribution from the Specialist Civil Engineering segment decreased marginally by 3.4% to S\$19.1 million in 1QFY2018, which was mainly from the Thomson-East Coast MRT and HK MTR projects.

In line with the lower overall revenue, the Group's gross profit declined from S\$3.4 million in 1QFY2017 to S\$0.5 million in 1QFY2018. Gross profit margin remained impacted by the continued low level of strutting and other activities in Singapore and Hong Kong as overhead costs were not being fully absorbed.

With respect to the Group's balance sheet, its net asset value per share decreased from 55.91 Singapore cents as at December 31, 2017 to 54.99 Singapore cents as at March 31, 2018.

The Group's net gearing remained at a healthy level of 0.34 time as at March 31, 2018, compared to 0.30 time as at December 31, 2017.

Outlook

Over the medium term, public sector construction demand in Singapore is expected to be supported by mega infrastructure projects such as the Jurong Regional Line, Cross Island Line, the Kuala Lumpur – Singapore High Speed Rail and various infrastructure developments for Changi Airport Terminal 5.

Mr Seow added, "Yongnam's reputable and trusted name in the sector as an established structural steel contractor and specialist civil engineering solutions provider, coupled with the industry's recognition of our proven track record and cutting-edge fabrication technologies, position the Group well to secure opportunities locally and overseas to strengthen our order book."

As at March 31, 2018, the Group's order book stood at S\$142.0 million, which included the S\$22.9 million worth of projects secured in Singapore in February this year.

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 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 certified company, 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 has also achieved a bizSAFE Star Level award and BCA Green and Gracious Builder award.

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 Singapore Pte Ltd
55 Market Street
#02-01
SINGAPORE 048941
CONTACT : Ms Chia Hui Kheng / Ms Carol Chong
at telephone
DURING OFFICE HOURS : 6534-5122
EMAIL : huikheng.chia@citigatedewerogerson.com /
carol.chong@citigatedewerogerson.com

May 15, 2018