



YONGNAM HOLDINGS LIMITED

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

NEWS RELEASE

YONGNAM ANNOUNCES 2QFY2018 FINANCIAL RESULTS

- ***Order book of S\$273 million as at June 30, 2018***
- ***Yongnam secured four Singapore-based structural steelworks contracts worth S\$23.0 million in July and the Group's 30% owned joint venture secured a S\$553.8 million tunnel and infrastructure contract under the North-South Corridor project***
- ***Actively pursuing S\$1.4 billion worth of new infrastructural developments and commercial projects in Singapore, Hong Kong, Australia, Philippines, India and Vietnam***

Singapore, August 14, 2018 – Yongnam Holdings Limited (“Yongnam” or the “Group”), a well-established structural steel contractor and specialist civil engineering solutions provider, reported revenue of S\$45.5 million and net loss of S\$8.2 million for the three months ended June 30, 2018 (“2QFY2018”).

Mr Seow Soon Yong, Chief Executive Officer of Yongnam, said, “Our second quarter results was attributed to the lower level of activities across all our business segments, including the continued low level of strutting and fabrication activities in Singapore and Hong Kong.

Our order book of S\$273 million as at June 30, 2018, will be boosted by four structural steelworks contracts worth S\$23.0 million announced in July 2018. Separately, the Group, via its 30% owned joint venture with CIMC Group Limited’s Leighton Asia, secured the S\$553.8 million tunnel and infrastructure contract under the North-South Corridor project (“N103”), which is the Group’s first design and construction contract under the North-South Corridor project. In addition to bidding for several projects in Hong Kong and Australia, we are also pursuing for a number of upcoming mega public

sector infrastructure projects in Singapore this year, which include various major contracts for the Circle Line 6, North-South Corridor and Changi T5 Land Preparation. Most of the potential projects, if awarded, are expected to make an impact from 2019.”

Performance review

During 2QFY2018, Group revenue declined by 43.0% to S\$45.5 million. On a segmental basis, revenue contribution from the Structural Steelworks segment fell by 52.7% to S\$23.3 million in 2QFY2018, as a result of the substantial completion of Senoko Food Hub and Jewel Changi Airport at the end of the last financial year. Outram Community Hospital was the key contributor to the segment’s revenue in the quarter under review.

As for the Specialist Civil Engineering segment, the Group’s MTR projects in Hong Kong and the Thomson-East Coast MRT contributed to the segment’s revenue in 2QFY2018. However, the division posted 16.5% lower revenue of S\$19.6 million, against S\$23.5 million in 2QFY2017, mainly due to a lower contribution from Hong Kong upon the completion of certain MTR projects. With the completion of a project for a light industrial development at Kallang Junction in Singapore at the end of last financial year, the Design and Build segment recorded revenue of S\$1.8 million in 2QFY2018, compared to S\$6.7 million in the previous corresponding quarter.

In line with the lower overall revenue and business activity during the quarter under review, the Group incurred a gross loss of S\$3.3 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.

On the Group’s balance sheet, its net asset value per share declined from 55.91 Singapore cents as at December 31, 2017, to 53.64 Singapore cents as at June 30, 2018.

The Group’s net gearing remained at a healthy level of 0.42 times as at June 30, 2018, compared to 0.30 times as at December 31, 2017.

Outlook

Currently, the Group is in active pursuit of S\$1.4 billion worth of new infrastructure and commercial projects mostly in Singapore, Hong Kong, Australia, Philippines, India and Vietnam. 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 well-positioned to secure opportunities to further strengthen its order book.

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 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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