



# **YONGNAM HOLDINGS LIMITED**

## **Corporate Presentation (1H FY2018)**

**August 14, 2018**

An aerial photograph of a city at dusk or dawn. In the foreground, a large, modern stadium with a distinctive, curved, metallic roof structure is visible. The stadium is surrounded by parking lots and some greenery. In the background, a dense urban landscape with numerous high-rise buildings and a river winding through the city is visible under a sky with soft, colorful clouds.

# Business Overview



# Yongnam Holdings Limited

Excels in adding value to steel construction

## Multi-disciplinary Engineering and Construction Group

Structural  
Steelwork

Specialist Civil  
Engineering

Design & Build

Mechanical  
Engineering

- Well-established structural steel contractor and specialist civil engineering solutions provider with more than 40 years of experience
- Two production facilities in Singapore and Nusajaya, Johor, Malaysia with a total annual production capacity of 84,000 tons of steel fabrication



# Yongnam Holdings Limited

Excels in adding value to steel construction

---

## Long established relationships with major reputable contractors

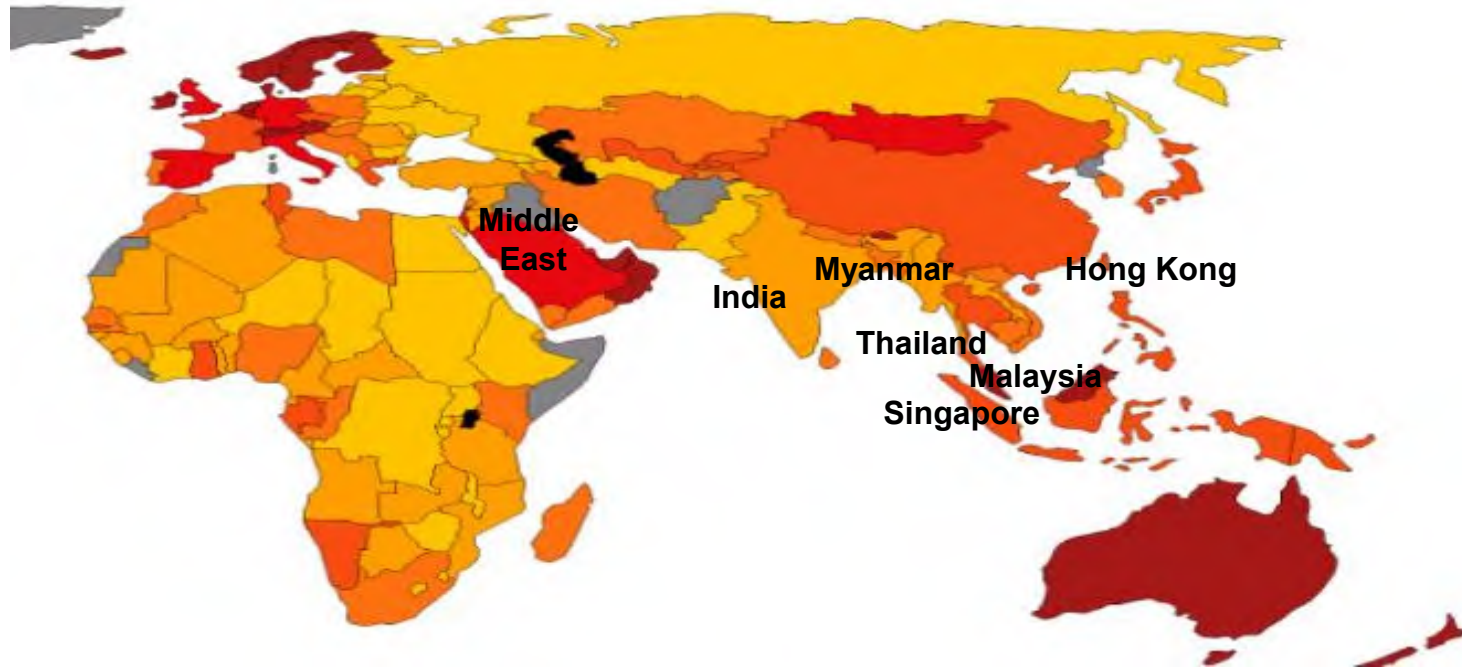
- Takenaka Corporation
- Taisei Corporation
- Obayashi Corporation
- Penta Ocean
- Shimizu Corporation
- Dragages Singapore
- Sembcorp Design & Construction Pte Ltd
- Samsung Corporation
- Ssangyong E&C Co. Ltd
- Hyundai E&C Ltd
- Daelim Industrial Co. Ltd
- Woh Hup Pte Ltd
- Larsen & Toubro Ltd



# Wide Geographical Footprint

Regional Presence, Global Reach

## Wide network of subsidiaries and project offices in the region



### Projects Undertaken Across the Region

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



# Structural Steelworks

Adding structural and aesthetic value to buildings

---

## Leading steel specialist contractor with unparalleled track record of iconic projects

- One of the largest steel fabrication facilities in Southeast Asia
- On-time delivery and with quality
- A1 Grade in General Building from BCA Singapore
- S1 category accreditation from Singapore Structural Steel Society



# Specialist Civil Engineering

A frontrunner of the times

## Design, fabrication, supply and erection of steel temporary support for deep basement and tunnel excavations

- Yongnam's modular strutting system meets increasingly stringent design and project requirements
- Owns approximately 208,000 tonnes of strutting assets and pipe piles
- Strong track record and high replacement cost of struts creates a significant barrier to entry
- A2 Grade in Civil Engineering from BCA Singapore



# Mechanical Engineering

Strong expertise of over forty years

---

## Three key activity areas:

- a. Installation of mechanical equipment and plant
  - b. Supply, fabrication and installation of mechanical components; and
  - c. Plant maintenance
- Able to undertake more complex mechanical and plant installation projects
  - Projects and involvement include: Power stations, chemical plants, refineries, shipyard facilities, incineration plants and other infrastructure-related projects





# Design & Build

Emerging as a new growth driver

---

**Yongnam aims to be a one-stop solutions provider of conceptual design, construction, project management and final delivery**

- Leverages Yongnam's experience in project and construction management
- Focused on pursuing opportunities in industrial and commercial projects



# Production Capabilities

Well-equipped, state-of-art facilities

## Singapore

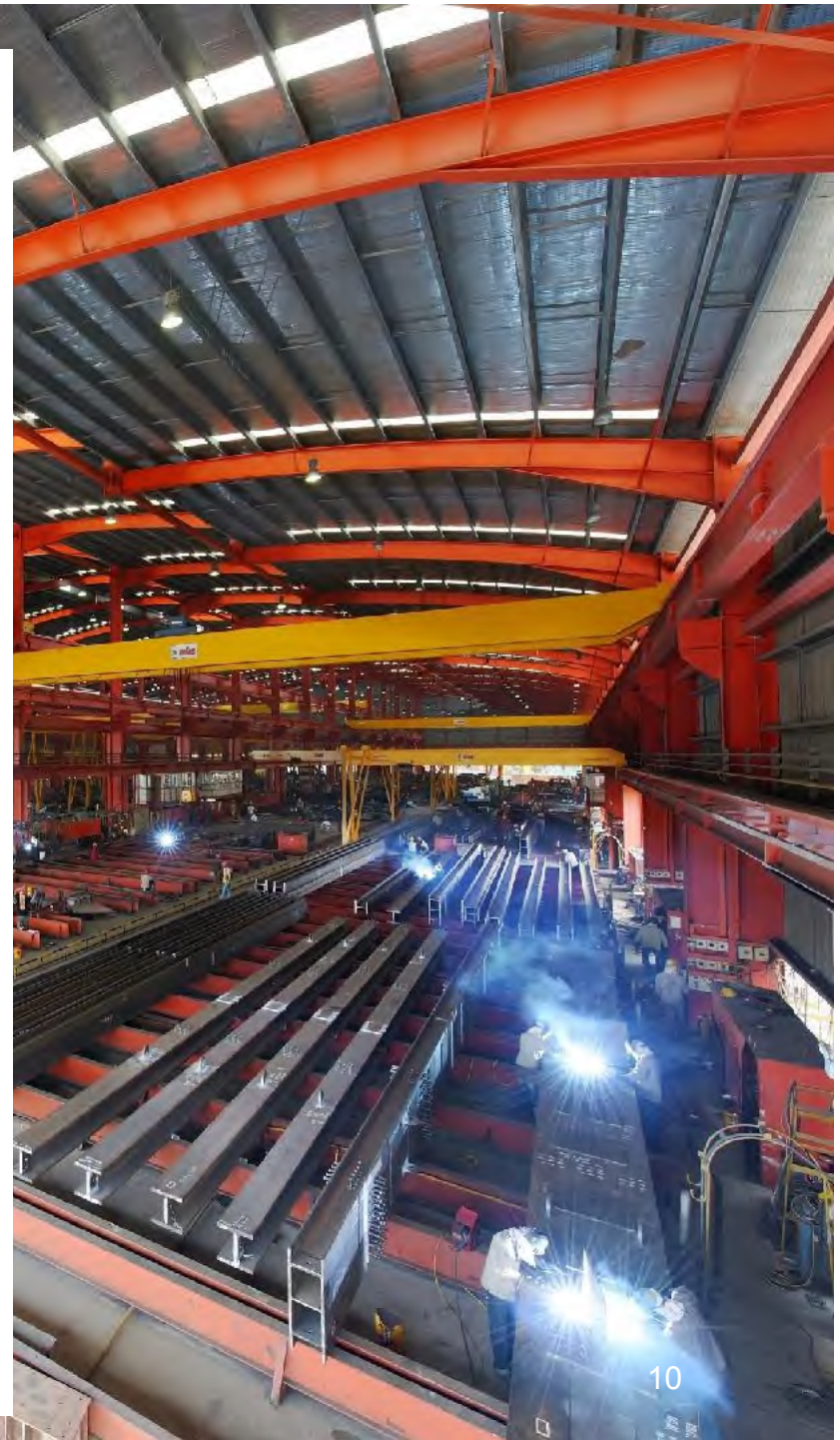
**Mega complex in Tuas occupying a land area of 76,000 sq m**

Covered workshop measuring 20,250 sq m with production capacity of 3,000 tonnes per month

## Malaysia

**Facility in Nusajaya, Johor, sited on a land area of 109,103 sq m**

Operational since 2009, with a covered workshop measuring 38,600 sq m and production capacity of 4,000 tonnes per month



# Our Experience

## Unparalleled Track Record

### Airports

- **Brunei**, Royal Pavilion Hangars
- **Malaysia**, Kuala Lumpur International Airport
- **Singapore**, Changi International Airport
- **Thailand**, Suvarnabhumi International Airport
- **India**, Indira Gandhi International Airport
- **India**, Chhatrapati Shivaji International Airport

### Sports & Recreation Complex

- Kranji Race Course
- Bishan Sports Stadium
- Singapore Sports Hub

### Transport Infrastructure

- **Singapore**, Kallang-Paya Lebar Expressway
- **Singapore**, Marina Coastal Expressway
- **Singapore**, MRT Thomson-East Coast Line
- **Singapore**, MRT Downtown Line
- **Singapore**, MRT Circle Line
- **Singapore**, MRT Northeast Line
- **Singapore**, MRT East-west Line
- **Singapore**, MRT North-south Line
- **Singapore**, MRT North-south Line Extension
- **Hong Kong**, Mass Transit Rail
- **Hong Kong**, Express Rail Link
- **Middle-east**, Dubai Metro

### High Rise Buildings & Iconic Structures

- Marina One
- Marina Bay Sands Integrated Resort
- Suntec City Exhibition & Convention Centre
- Singapore Post Centre
- Capital Tower
- Singapore MRT Expo Station
- National Library Board
- Fusionopolis
- One Raffles Quay
- Ion Orchard
- Integrated Civic, Cultural, Retail and Entertainment Hub
- Gardens by the Bay
- NUH Medical Centre
- National Gallery
- Capita Green

### Power Plants & Mechanical Installations

- **Singapore**, Senoko Power Station
- **Singapore**, Seraya Power Station (Stage II development)
- **Singapore**, Mandai Quarry Plant
- **Singapore**, Senoko Incineration Plant
- **Singapore**, Tuas Incineration Plant
- **Singapore**, Wind Tunnel
- **Malaysia**, Kenyir Power Station (Hydroelectric power plant)
- **Malaysia**, Paka/Pasir Gudang YTL Power Station
- **Malaysia**, Panglima Power Station
- **Malaysia**, Tanjung Bin Power Plant
- **Malaysia**, Naphtha Cracker Plant – Cracking Furnace



# Our Experience

## Project Showcase

---

**Yongnam was involved in the development of Marina One, Marina Bay Sands Integrated Resort, Gardens by the Bay, CCRC and the Singapore Sports Hub:**



Marina One



Skypark



ArtScience Museum



Gardens by the Bay



CCRC



Sports Hub



# Our Experience

## Mass Rapid Transit Rail Infrastructure (Singapore)

Since the mid 1980s, Yongnam has been extensively involved in the development of Singapore's railway network



# Current Portfolio

## Key On-Going Projects

### North-South Corridor Project (N103 contract)

**Project Value:** \$553.8 million  
**Date of Award:** May 2018, JV (30%)  
**Completion Date:** Expected 2026

**Scope of Work:** Design and construction works includes 640 metres of twin, three-lane vehicular tunnels, the underpinning of an existing expressway flyover, a new facility building as well as an entrance ramp and an exit ramp.



# Current Portfolio

## Key On-Going Projects

---

### Jewel Changi Airport

**Project Value:** \$91.9 million  
**Date of Award:** November 2014  
**Completion Date:** Expected 3Q2018

**Scope of Work:** Supply, fabricate and erect structural framing system of main buildings, associated structures and pedestrian bridges to Terminals 2 and 3



# Current Portfolio

## Key On-Going Projects

---

### Outram Community Hospital

**Project Value:** \$49.4 million

**Date of Award:** January 2016

**Completion Date:** Expected 3Q2018

**Scope of Work:** Supply, fabricate and erect structural steelwork for the building structure, link bridges, roof crown structure, trellis supports and other structural components for a new 19-storey mixed-use development housing the Outram Community Hospital





# Current Portfolio

## Key On-Going Projects

---

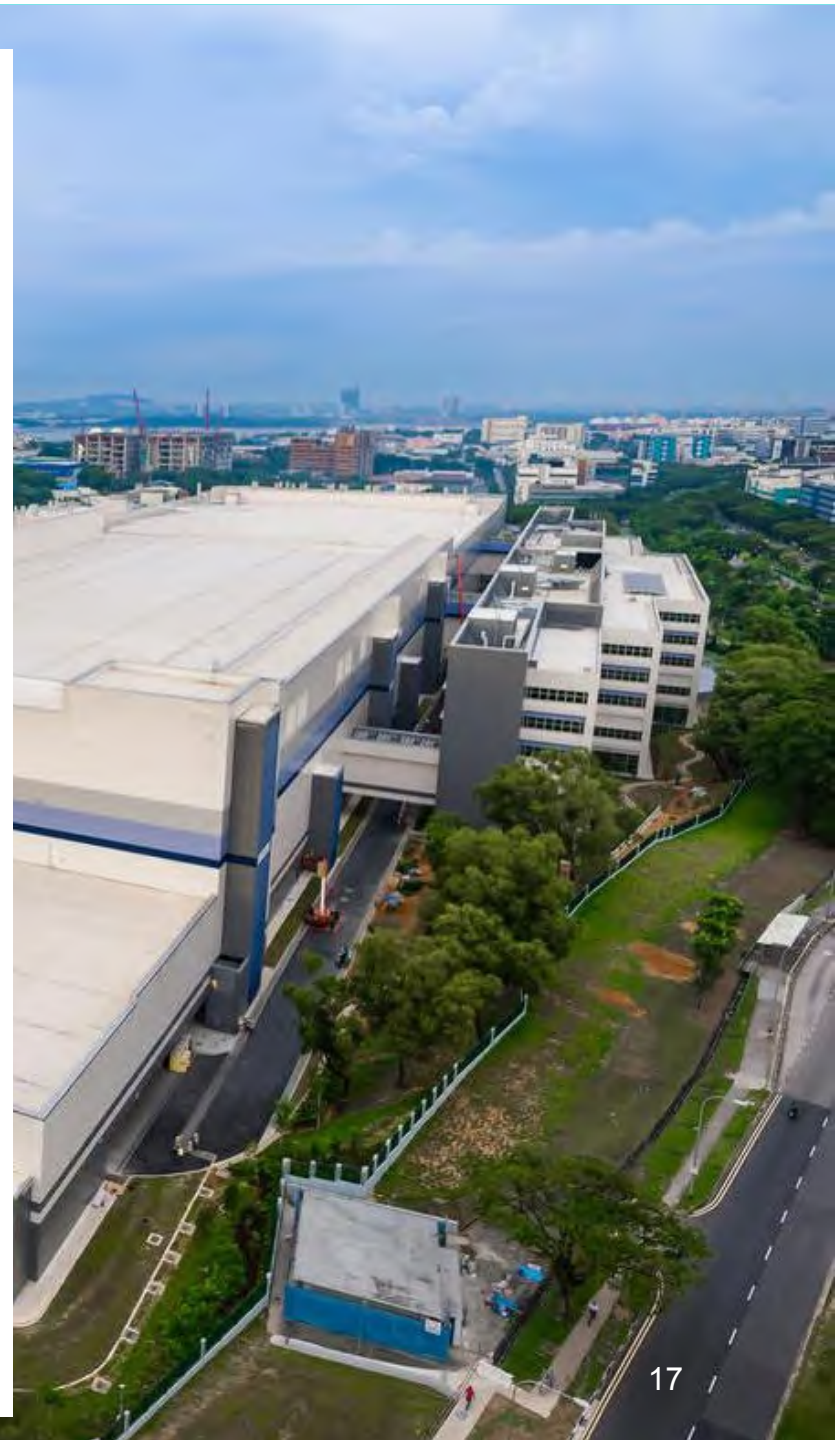
### JTC Logistics Hub

**Project Value:** \$54 million

**Date of Award:** August 2017

**Completion Date:** Expected 3Q2019

**Scope of Work:** Supply, fabricate and erect balance structural steelwork and install alternative steel system



# Current Portfolio

## Key On-Going Projects

---

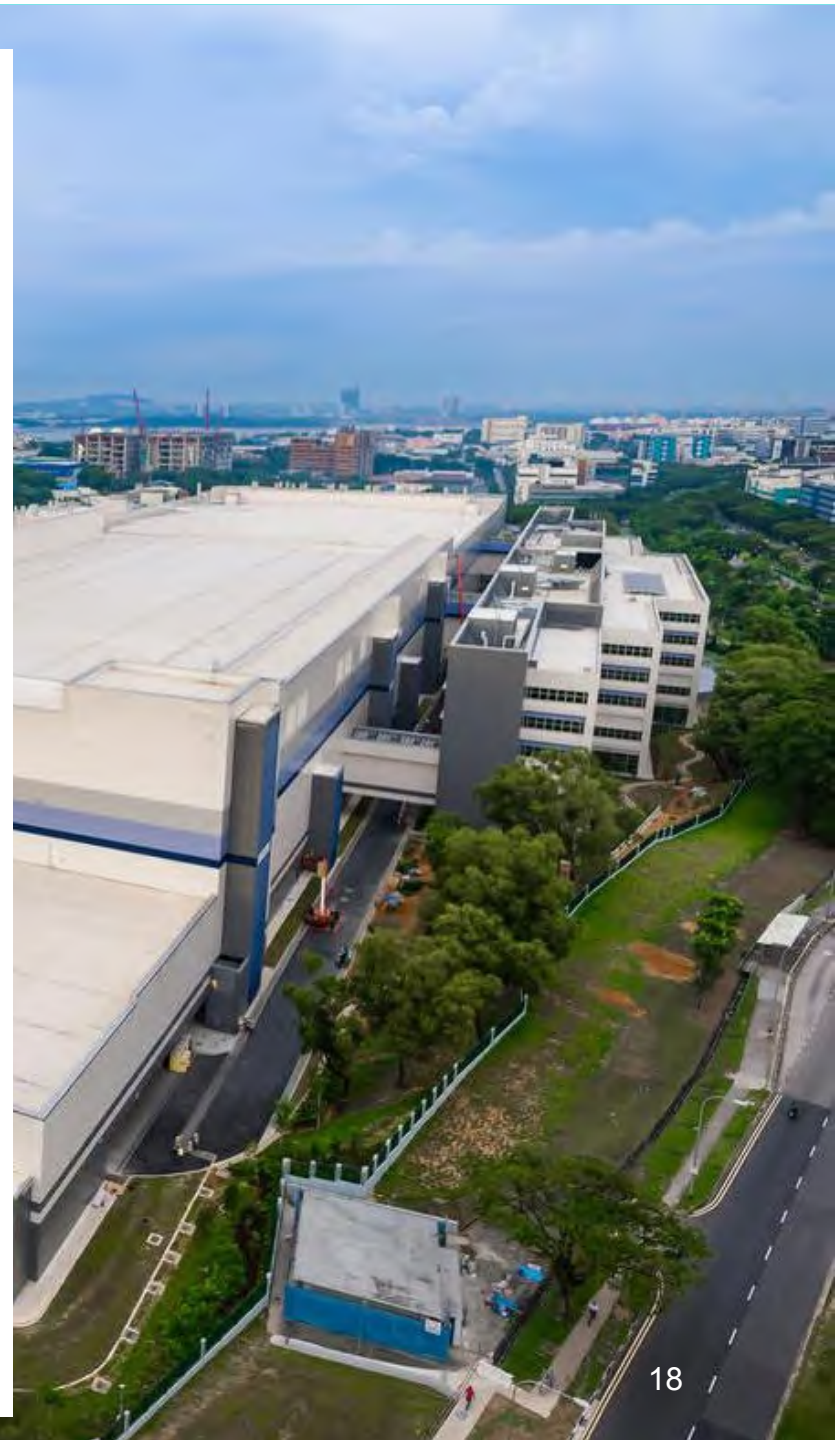
### Industrial Development in Singapore

**Project Value:** \$17.6 million

**Date of Award:** June 2018

**Completion Date:** Expected 1Q2019

**Scope of Work:** Supply, fabricate and erect structural steelwork



# Current Portfolio

## Key On-Going Projects

### MRT Thomson Line

**Project Value:** \$97.9 million (3 contracts)

#### Key Projects Description

**C217 (4Q2018):** Installation and removal of steel struts for Napier Station

**C227 (2Q2020):** Installation and removal of pipe pile cofferdam, steel struts and decking for Marina South Station



# Current Portfolio

## Key On-Going Projects

### HK MTR Extension, Wan Chai Bypass Tunnel, NSL Cross Harbour Tunnel, Kai Tak Development Stage 3

**Project Value:** HK\$667 million (8 contracts)

**Completion Date:** 2017 to 2019

**Project Description:**

- MTR Extension: Shatin-Central Link
- Wan Chai Bypass Tunnel : 4 km Trunk Road Tunnel
- NSL Cross Harbour Tunnels
- Kai Tak Development Stage 3

**Scope of work:**

- Design, supply, installation and removal of strut and walers
- Cofferdam excavation of cut and cover tunnels
- Construction of steel temporary bridge





# Financial Performance (1H FY2018)



# Key Financial Highlights

## 1H FY2018 Financial Performance

	2Q FY2018	2Q FY2017	Change (%)	1H FY2018	1H FY2017	Change (%)
Revenue (\$'m)	45.5	79.8	(43.0)	99.6	171.2	(41.9)
Gross Profit/(Loss) (\$'m)	(3.3)	(0.5)	531.8	(2.8)	2.9	(197.3)
Loss after Tax (\$'m)	(8.2)	(4.1)	(98.4)	(13.0)	(5.7)	(129.4)
EPS (Basic) (Singapore cents) <sup>(1)</sup>	(1.60)	(0.87)	83.9	(2.49)	(1.17)	112.8
NAV per Share (Singapore cents) <sup>(2)</sup>	-	-	-	53.6	55.9	(4.1)

<sup>(1)</sup> EPS per share was computed based on the weighted average number of shares of 522,602,931 for 2Q FY2018 (2Q FY2017: 475,102,931 )

<sup>(2)</sup> NAV per share as at June 30, 2018 and December 31, 2017 respectively



# Key Financial Highlights

1H FY2018 Financial Performance

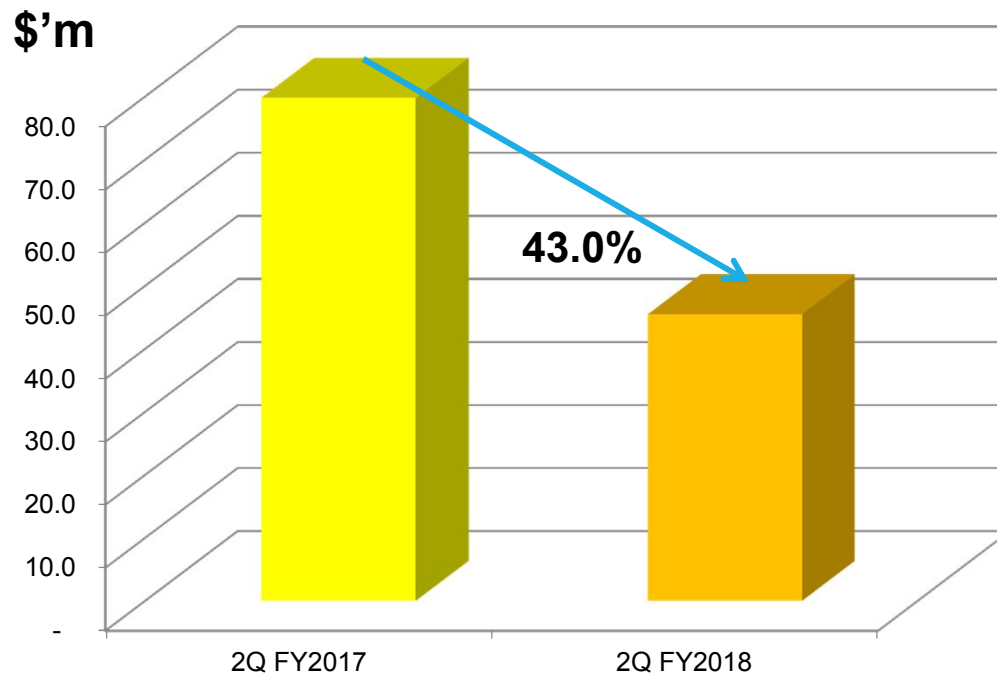
	Jun 30 2018	Dec 31 2017	Change (%)
Net Work-In-Progress (S\$m)	89.9	93.5	(3.9)
Debtors (S\$m)	21.0	22.0	(4.5)
Cash (S\$m)	15.1	10.2	48.0
Borrowings (S\$m)	131.2	96.4	36.1
Net Borrowings (S\$m)	116.1	86.2	34.7
Gearing (times)	0.42	0.30	40.0
Shareholders' Funds (S\$m)	275.2	287.2	(4.2)



# Key Financial Highlights

1H FY2018 Financial Performance – Revenue Analysis

**2QFY2018 Revenue down 43.0% mainly due to lower contribution from all business segments**



## Structural Steelwork

- Revenue contribution decreased by 52.7% from \$49.3 million in 2Q FY2017 to \$23.3 million in 2Q FY2018
- **Key contributing project in 2Q FY2018:** Outram Community Hospital

## Design and Build

- Revenue contribution decreased by 72.8% from \$6.7 million in 2Q FY2017 to \$1.8 million in 2Q FY2018 mainly due to the completion of an industrial development at Kallang Junction in 2017

## Specialist Civil Engineering

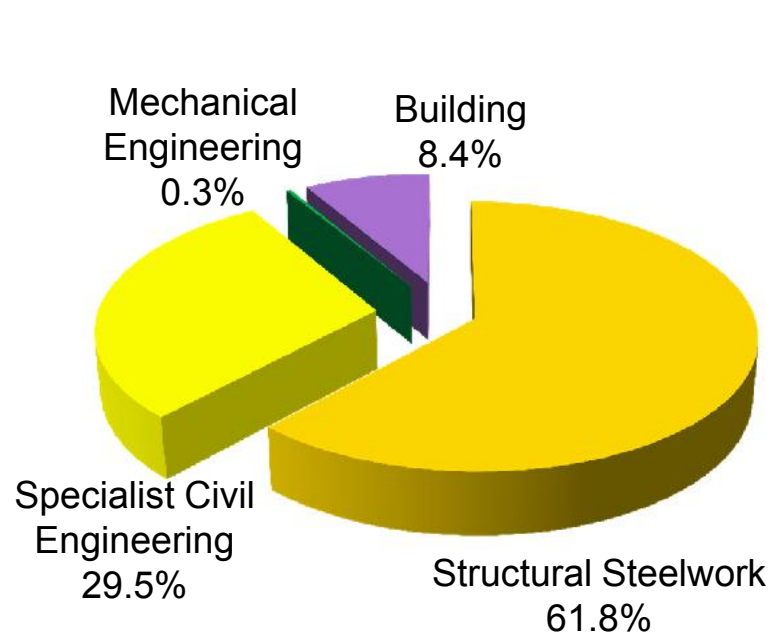
- Revenue contribution decreased by 16.5% from \$23.5 million in 2Q FY2017 to \$19.6 million in 2Q FY2018
- **Key contributing projects in 2Q FY2018 include:** MRT Thomson Line and HK-MTR projects



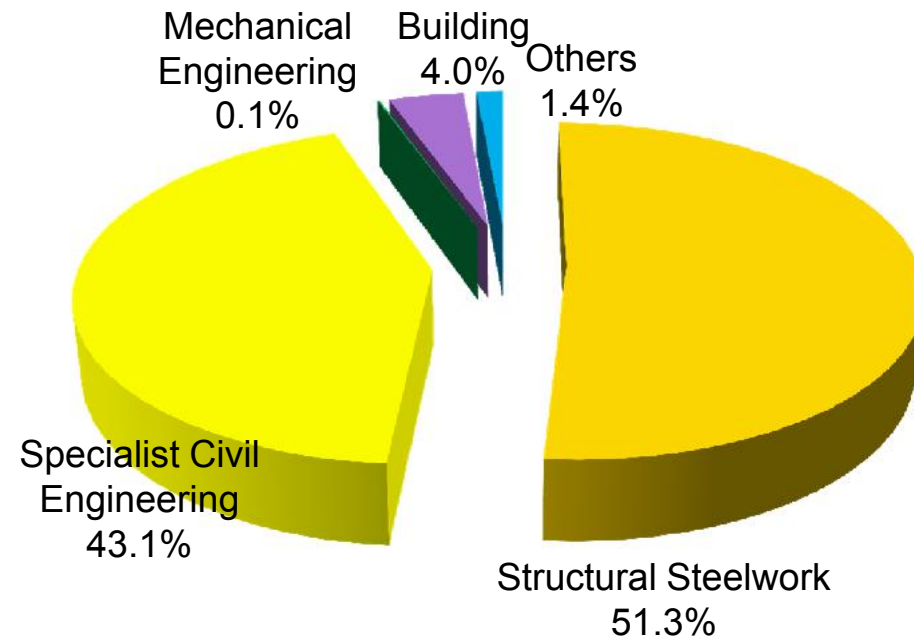
# Key Financial Highlights

1H FY2018 Financial Performance – Breakdown by Business Segment

## 2QFY2017



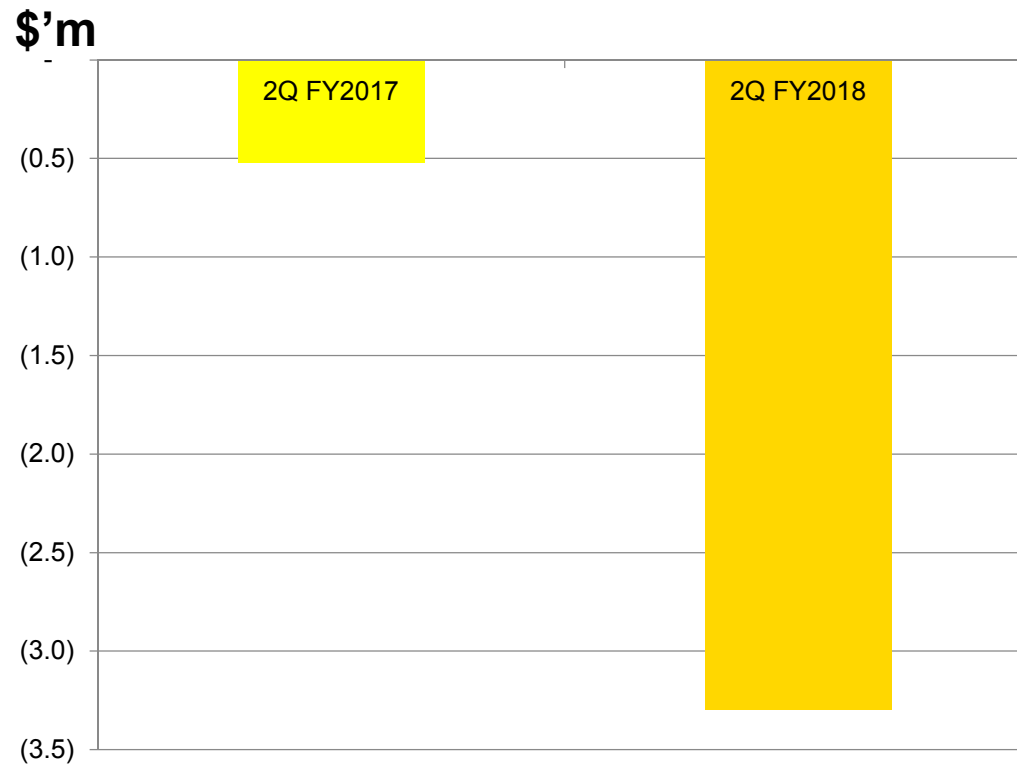
## 2QFY2018



# Key Financial Highlights

1H FY2018 Financial Performance – **Gross Loss**

## Gross loss of \$3.3 million for 2QFY2018



### Gross Loss

Gross Loss of \$3.3 million for 2QFY2018 compared to \$0.5 million for 2QFY2017 due to:

- Mainly in line with drop in revenue
- Lower business activity during the quarter

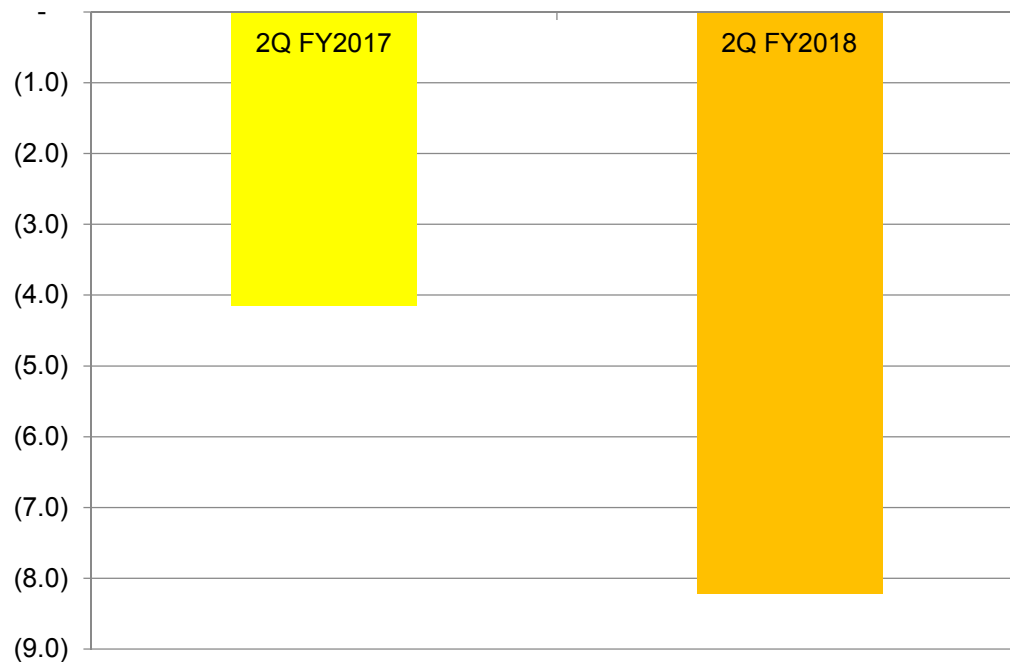


# Key Financial Highlights

1H FY2018 Financial Performance – **Loss after Tax**

## Loss after Tax of \$8.2 million for 2QFY2018

\$'m



### Loss after tax

Loss after tax of \$8.2 million for 2QFY2018 compared to \$4.1 million for 2QFY2017 due to:

- Increased general and administrative expenses, mainly due to loss on disposal of fixed assets during the quarter.
- Higher finance costs due to higher borrowings, bank charges and interests



# Key Financial Highlights

Order Book

**As at 30 June 2018, the Group's order book stands at approximately \$273.3 million**

- Structural Steelworks: 23.7%
- Specialist Civil Engineering: 14.8%
- Others (M&E, Building): 0.7%
- Main Contractor: 60.7%
- Approximately 30.0% of the Group's order book is slated for completion within FY2018



# Growth Strategies and Plans



# Strategies and Plans

- To enhance cost competitiveness and operational efficiency, the Group, where possible, will continue to relocate some of its factory operations in Singapore to a new site in Johor, Malaysia – the Group stands to benefit from reductions in manpower costs, fabrication costs and ancillary staff costs
- Continuous review of the Group's cost structure to further manage costs and achieve better efficiencies
- 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
- Continue to explore projects in Hong Kong, Thailand, Malaysia, Indonesia, Myanmar, Philippines, Vietnam, India, GCC countries and Australia
- Selectively pursue Civil and Building projects as main contractor on JV basis
- Continue to pursue industrial and commercial projects for Design & Build Division





# Prospects and Market Outlook



# Market Prospects

Singapore

## Construction industry gets a boost from Public Sector Jobs<sup>(1)</sup>:

- For 2018, public sector demand for construction projects is projected to grow between \$16 billion and \$19 billion - an increase from the \$15.5 billion in 2017
- Upcoming public sector infrastructure projects this year include major contracts for the North-South Corridor, new MRT works, Deep Tunnel Sewerage System (DTSS) phase 2 and the remaining package for Runway 3 by Changi Airport Group

## Expects steady pick-up in construction demand from 2019 to 2022<sup>(1)</sup>:

- Construction demand is projected to reach between \$26 billion and \$35 billion per annum for 2019 and 2020, and could increase to between \$28 billion and \$35 billion per annum for 2021 and 2022
- Public sector will continue to lead construction demand and is expected to contribute between \$16 billion to \$20 billion per annum in 2019 to 2022
- Projects supporting the public sector demand will include various developments for Changi Airport Terminal 5 and land transport projects such as the Cross Island Line, Jurong Regional Line and Rapid Transit System and Kuala Lumpur-Singapore High Speed Rail



Source:

(1) Public sector construction demand is expected to strengthen this year, Building and Construction Authority, Jan 11, 2018





# Market Prospects

## Singapore

### Government stepping up infrastructure spending:

- Singapore has allocated \$20 billion for infrastructure spending under the Budget for 2018  
Over the next 10 years:
  - Expand Singapore's rail network by over 100km
  - Redevelop different parts of the Singapore: Jurong Lake District, Punggol Digital District and Woodlands North Coast
  - Build Changi Airport Terminal 5, Tuas Port, KL-Singapore High Speed Rail and JB-Singapore Rapid Transit System Link.

### Government to help firms better tap infrastructure opportunities in Asia:

- Set up an Infrastructure Office in 2018 to bring together local and international firms from across the value chain to develop, finance and execute infrastructure projects in the region
- China's Belt and Road Initiative, Japan and India's Asia-Africa Growth Corridor, and the World Bank's Infrastructure and Urban Development Hub



Source:  
(1) Singapore Budget 2018, Feb 19, 2018



# Market Prospects

## Regional

### Hong Kong/Macau (1,2,3):

- China's 13<sup>th</sup> Five-Year plan (for 2017 – 2021) includes plans for infrastructure upgrades in Hong Kong, including trans-regional railways and highways systems
- Under Hong Kong's 2018-19 budget, the capital expenditure for infrastructure is projected to be HK\$85.6 billion
- Major capital projects estimated to begin in 2018-19 include Cross Bay Link, Tseung Kwan O and Kai Tak development (stage 4 & 5 infrastructure at the former runway and south apron)
- Under the Hong Kong government expenditure requirements for 2019-20 to 2022-23, annual expenditure on infrastructure will soon exceed HK\$100 billion, but this projection does not include spending by all the land development, highway and railway projects under planning
- The Macao S.A.R. Government released in September 2017 the final version of the official five-year development plan (2016 – 2020), which articulated its vision of building Macau into a world tourism and leisure center

*Sources:*

- (1) *Commission on Strategic Development The National Five Year Plan – Opportunities for Hong Kong Special Administrative Region*
- (2) *2018-19 Budget, Hong Kong Gov, Feb 28, 2018*
- (3) *Macao Tourism Industry Development Master Plan Comprehensive Report, Macao Government Tourism Office, Sep 2017*



# Market Prospects

## Regional

### Hong Kong/Macau<sup>(1,2,3,4,5)</sup>:

- Major infrastructure projects:
  - Development of the East Lantau Metropolis to be Hong Kong's third CBD
  - Expansion of HKIA to a three-runway system (HK\$141.5 billion)
  - Environmentally Friendly Linkage System: Rail link connecting Kai Tak with Kowloon Bay, Kwun Tong and Sha Tin to Central Link (HK\$12 billion)
  - Kai Tak Sports Hub (HK\$31.9 billion)
  - Tseung Kwan O-Lam Tin Tunnel
  - Cross Bay Link, Tseung Kwan O
  - Central Kowloon Route – Kai Tak West Development
  - Macau Light Rail Transit
  - The Fourth Cross-harbour Route
  - Expansion of Macau International Airport

*Sources:*

- (1) *East Lantau Metropolis as Long-Term Strategic Growth Area, Lantau Development Advisory Committee*
- (2) *Central-Highway Department*
- (3) *HK Civil Engineering and Development Department*
- (4) *2018-19 Budget, Hong Kong Gov, Feb 28, 2018*
- (5) *Macau Tourism Industry Development Master Plan Comprehensive Report, Macau Government Tourism Office, Sep 2017*



# Market Prospects

## Regional

---

### India<sup>(1)</sup>:

- The Indian government targets investments in excess of US\$786.02 billion in the country's infrastructure to increase GDP growth as well as connect and integrate the country's transport network within the period of 2018 – 2019
  
- For 2018-2019, the budget allocated for infrastructure is set at US\$93.85 billion, while capital expenditure in the railway sector is set at US\$23.35 billion
  - Around 35,000 km of road construction has been approved under the Phase-1 of the Bharatmala Pariyojana which is scheduled for completion in 2022
  - Construction of new tunnel in Sela Pass to promote tourism
  - 600 major railway stations will be redeveloped
  - 160km of additional suburban railway networks to be set up in Bengaluru



Sources:

(1) Union Budget of India (2018-19), ibef.org, Feb 2018



# Market Prospects

## Regional

---

### Myanmar<sup>(1,2)</sup>:

- As the new 2018-19 fiscal year will commence from October 1, 2018 to September 30, 2019, a revised budget of K202 billion (approximately US\$139 million) has been allocated for Yangon for the period between April 1 and September 30, 2018; the budget will be used for the construction of roads and bridges, extension of electricity and distribution of drinking water
- Foreign direct investments are also expected to rise, following the launch of the New Yangon City. Infrastructure works related to Phase 1 are expected to amount to a sum in excess of \$1.5 billion, including the construction of townships, bridges, road, industrial estate and distribution facilities etc.
- The implementation of the new Myanmar Investment Law in April 2017 will result in changes for the country's businesses and investors, including speeding up the process of applying permissions to operate businesses in Myanmar
  - The new legislation could spell well for the infrastructure sector in which private investment is encouraged
- 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 strategic guidance and technical expertise are introduced to put in place the necessary infrastructure
  - The ADB has recently approved a new medium-term country partnership strategy for Myanmar to support the government's aim to improve economic growth and job creation
  - Under the 2017–2021 strategy, ADB's operations in Myanmar will focus on infrastructure – particularly energy transmission and distribution, transport upgrading and urban development
  - While ADB will expand sovereign concessional lending for projects from about US\$150 million to US\$350 million per year through 2021, the bank will also expand its lending, equity investment, and guarantees to the private sector to boost Myanmar's infrastructure and finance sectors



**Sources:**

- (1) *Fiscal year 2017 – 18: a new dawn for economic policies*, UTCC Asean Economic Community Strategy Center, Mar 24, 2017  
(2) *ADB partnership with Myanmar to support growth, job creation*, Asian Development Bank, Mar 29, 2017

# Market Prospects

## Potential Projects

### Structural Steelwork:

- MHA New Command Centre
- Civil & Community Development @ Punggol
- Other commercial developments and Industrial plants



# Market Prospects

## Potential Projects

### Specialist Civil Engineering:

- North-South Corridor
- HK MTR
- Tuen Mun – Chek Lap Kok Link
- Melbourne Metro



# Market Prospects

## Potential Projects

	Expected Commencement	Government S\$'mil	Non-Government S\$'mil	Total S\$'mil
<b>Structural Steelwork</b>				
Singapore	2018	7.7	22.2	29.9
	2019	199.2	87.8	287.0
Overseas	2018	-	24.2	24.2
	2019	40.6	-	40.6
Total		247.5	134.2	381.7
<b>Specialist Civil Engineering</b>				
Singapore	2018	220.5	59.5	280.0
	2019	46.8	4.5	51.3
Overseas	2018	122.3	24.1	146.4
	2019	240.5	66.5	307.0
Total		630.1	154.6	784.7
<b>Mechanical Engineering, Design &amp; Build</b>				
Singapore	2018	-	143.9	143.9
	2019	-	4.0	4.0
Overseas	2018	-	80.3	80.3
	2019	-	16.6	16.6
Total		-	244.8	244.8
Grand Total		877.6	533.6	1,411.2







**Thank You!**

