



YONGNAM HOLDINGS LIMITED

FY2014 Full Year Results Presentation

2 March 2015

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Our Business

A well-established Structural Steel Contractor and Specialist Civil Engineering Solutions Provider



Structural Steelworks:

- One of the largest steel fabrication facilities in Southeast Asia
- Leading steel specialist contractor with unparalleled track record of iconic projects
- On-time delivery and with quality
- A1 (General Building) Grade from BCA Singapore
- S1 category accreditation from Singapore Structural Steel Society

Specialist Civil Engineering

- Modular Strutting System meets increasingly stringent design and project requirements
- Approximately 185,000 tonnes of strutting assets and pipe piles
- Strong track record and high replacement cost of struts are major barriers to entry
- A1 (Civil Engineering) Grade from BCA Singapore

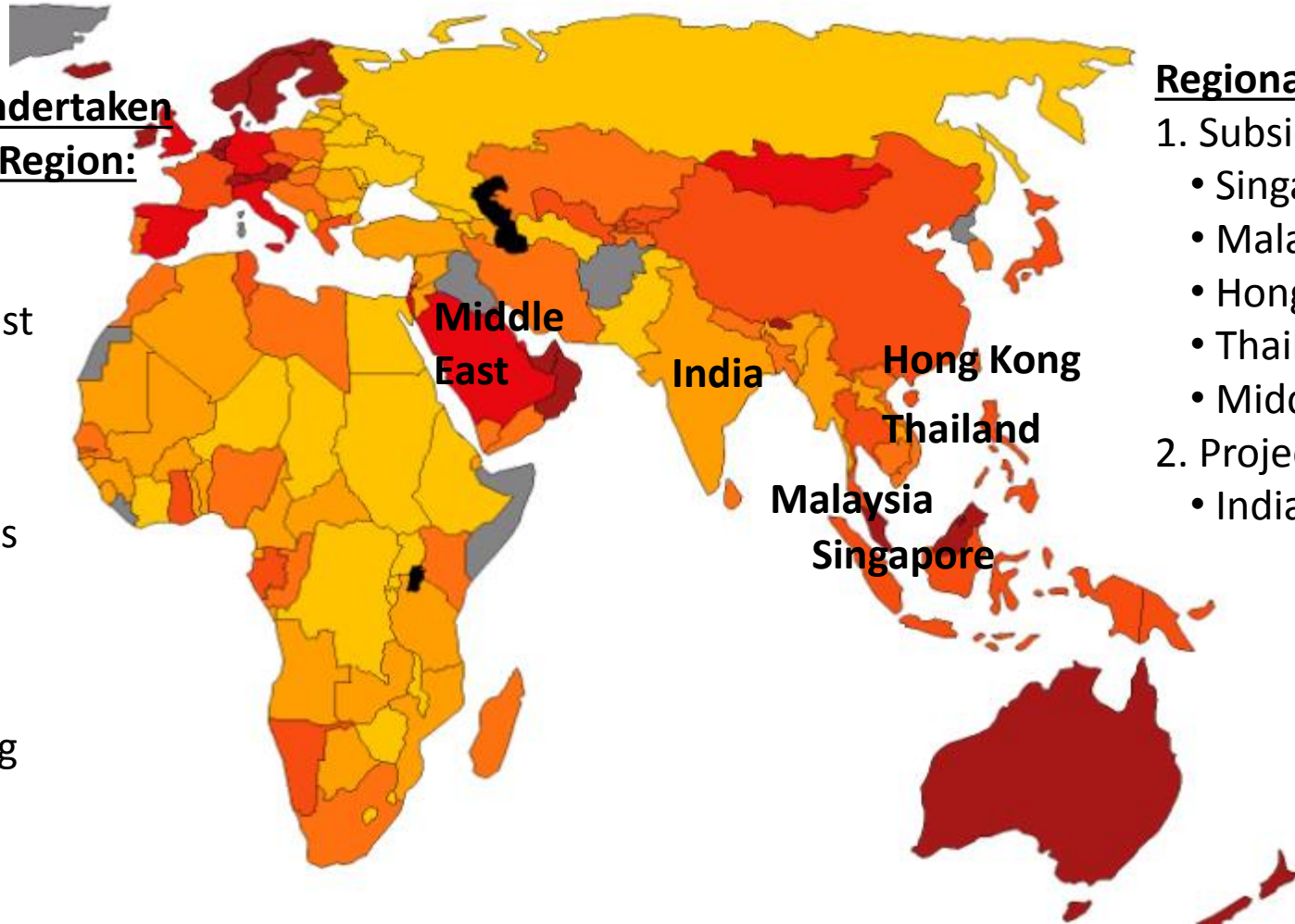
Our Business

- More than 40 years of experience in steel fabrication and provision of engineering solutions
- Long established relationships with major reputable contractors:
 - Takenaka Corporation
 - Taisei Corporation
 - Obayashi Corporation
 - Penta Ocean
 - Shimizu Corporation
 - Dragages Singapore
 - Sembawang E&C Pte Ltd
 - Samsung Corporation
 - Ssangyong E&C Co. Ltd
 - Hyundai E&C Ltd
 - Daelim Industrial Co. Ltd
 - Woh Hup Pte Ltd
 - Larsen & Toubro Ltd

Our Footprint

Projects Undertaken Across the Region:

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



Regional Presence:

1. Subsidiaries
 - Singapore
 - Malaysia
 - Hong Kong
 - Thailand
 - Middle East
2. Project Office
 - India

Our Facilities

- **Singapore**

Total Land Area

Approximately 76,000 m²

Workshop Covered Area

20,250 m²

Capacity (Normal Steel Structure)

3,000 Tonnes per month

- **Malaysia (Nusajaya, Johor)**

Total Land Area

Approximately 109,103 m²

Workshop Covered Area

38,600 m²

Capacity (Normal Steel Structure)

4,000 Tonnes per month

- **Total Staff Strength**

Approximately 1,900



Structural Steel – Track Record

- Singapore:
 - Terminal 1, Changi International Airport
 - Suntec City
 - Capital Tower
 - National Library Building
 - One Raffles Quay
 - ION Orchard
 - Marina Bay Sands Integrated Resort
 - Gardens by The Bay
 - Civic, Cultural & Retail Complex @ One-North
 - Singapore Sports Hub
- Overseas:
 - Brunei (Hangars)
 - KLIA
 - Suvarnabhumi International Airport, Bangkok
 - Dubai Metro Rail
 - New Delhi International Airport
 - Mumbai International Airport

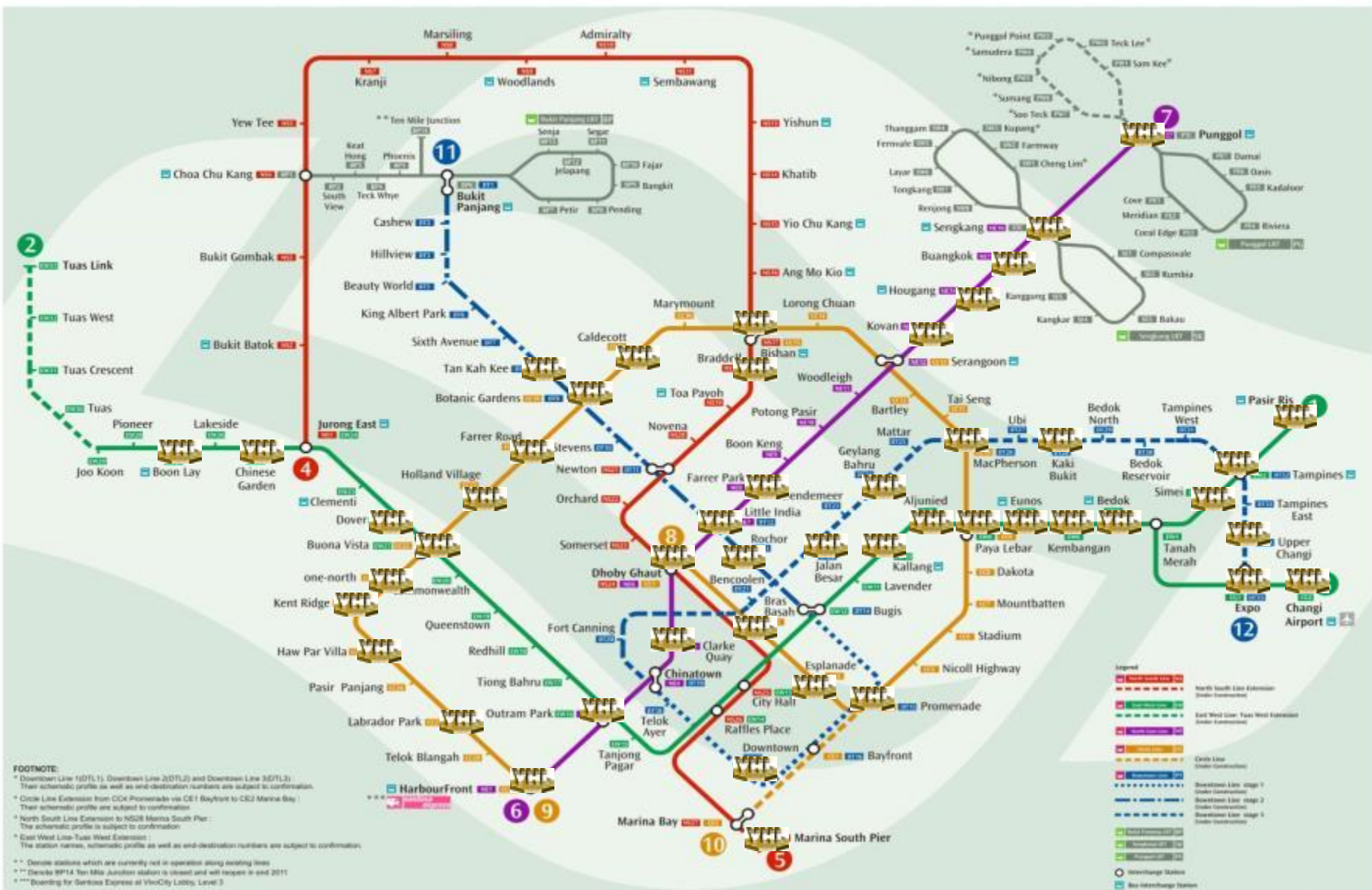


Specialist Civil Engineering – Track Record

- Singapore:
 - Singapore Post Centre
 - Central Expressway
 - MRT North-south Line
 - MRT East-west Line
 - MRT North-east Line
 - Kallang-Paya Lebar Expressway
 - MRT Circle Line
 - MRT Downtown Line Phase 1
 - Marina Bay Sands Integrated Resort
 - Marina Coastal Expressway
- Overseas:
 - Dubai Metro Rail
 - Hong Kong MTR



MRT – Yongnam's Track Record



FOOTNOTE:

- * Downtown Line (D1/L1), Downtown Line (D2/L2) and Downtown Line (D3/L3): Their schematic profile as well as end-destination numbers are subject to confirmation.
- * Circle Line Extension from COX Promenade via CE1 Bayfront to CE2 Marina Bay: Their schematic profile are subject to confirmation.
- * North-South Line Extension to NS28 Marina South Pier: The schematic profile is subject to confirmation.
- * East-West Line-Tuas West Extension: The station names, schematic profile as well as end-destination numbers are subject to confirmation.
- ** Denote stations which are currently not in operation along existing lines.
- ** Denote SP14 Ten Mile Junction station is closed and will reopen in end 2011.
- *** Boarding for Serangoon Express at VivoCity Lobby, Level 3.

On-Going Projects

South Beach Development

- Contract worth S\$28.5 million
- Supply and erect structural steelworks for façade and canopies
- Expected completion in 3Q2015



On-Going Projects

Marina One

- Secured in Dec 2013
- Contract worth S\$168 million
- Supply and erect structural steelworks for 2 blocks of 30-Storey Office, 2 blocks of 34 Storey Residential Building, 3-Storey Commercial Podium and 4-Level Basement Carparks with Underground Pedestrian/Shopping Mall
- Expected completion in 1Q2016



On-Going Projects

Changi Airport Terminal 4

- Secured in Mar 2014
- Contract worth S\$50 million
- Supply, fabricate and erect structural steelworks for roof structure, internal floors, link bridges, canopies and other appendages
- Expected completion in 4Q2015



On-Going Projects

Jewel at Changi Airport

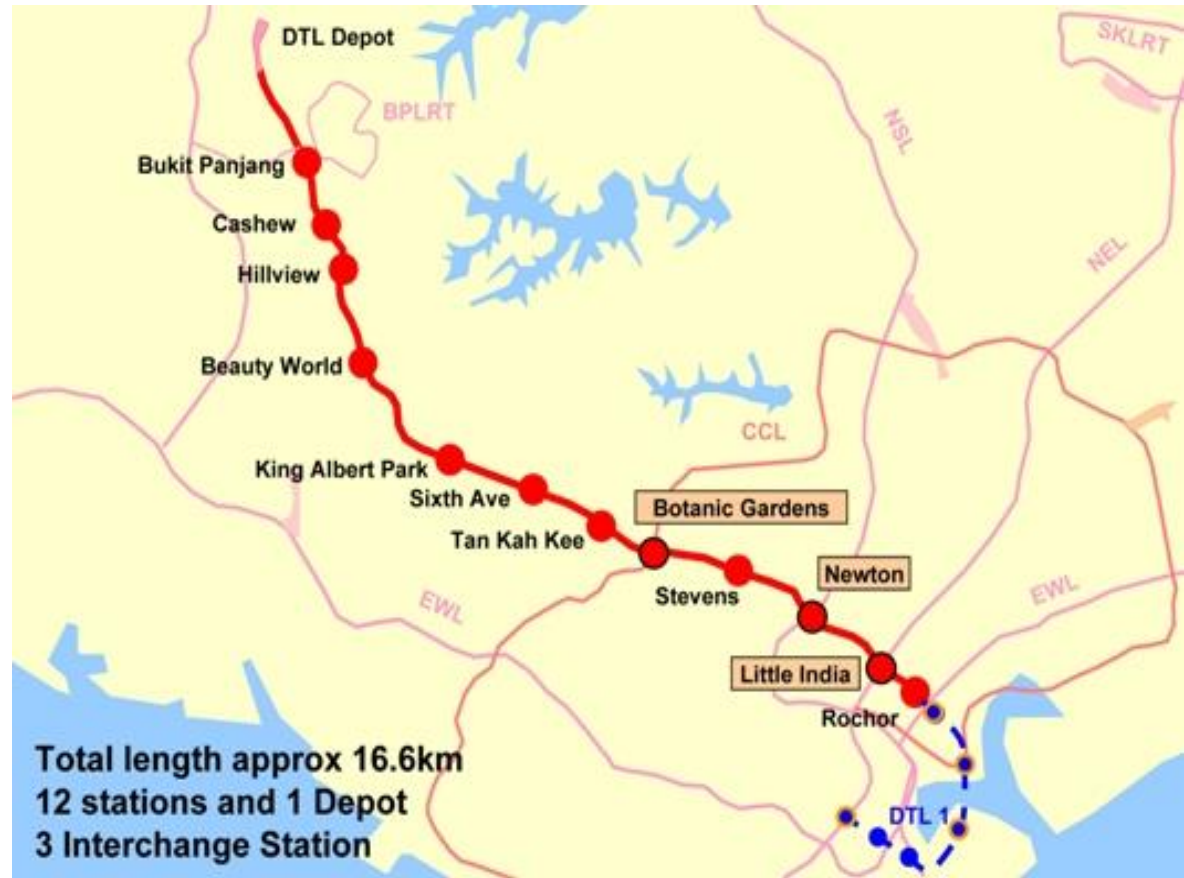
- Secured in Nov 2014
- Contract worth S\$82 million
- Supply, fabricate and erect structural framing system of main buildings, the associated structures and pedestrian bridges to Terminals 2 and 3
- Expected completion in 4Q2016



On-Going Projects

MRT Downtown Line 2 – 4 contracts worth total of S\$116 million

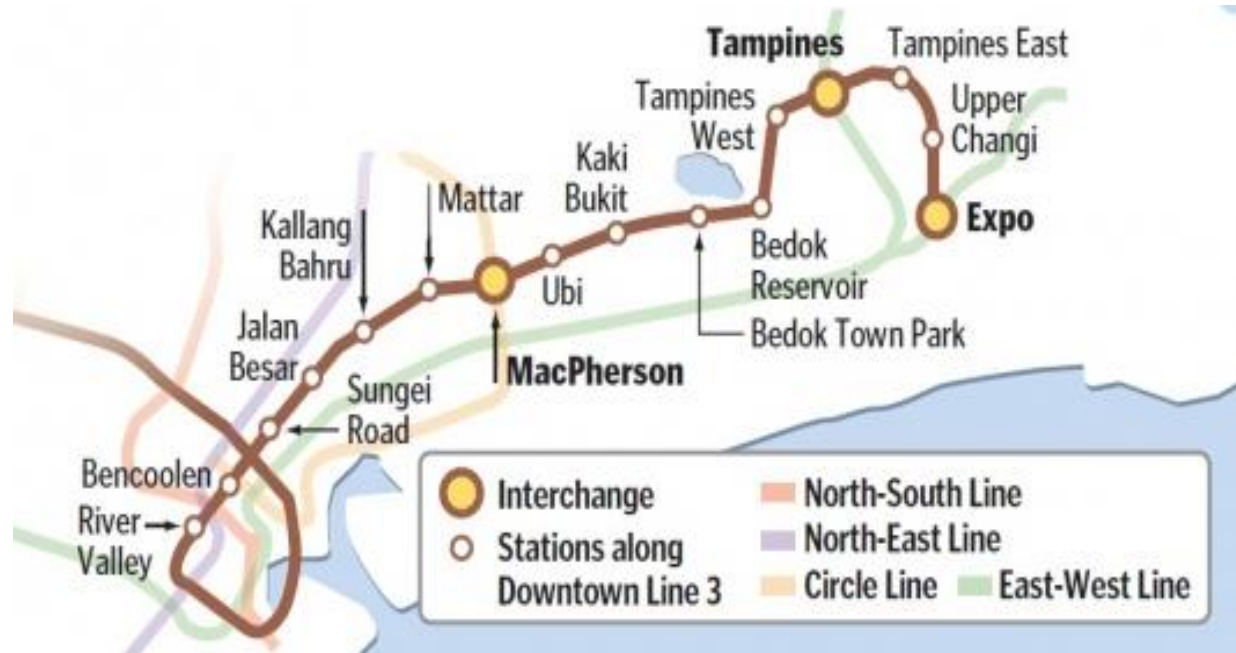
- C921 (3 contracts)
Installation and removal of steel struts and walers, sheet piles, soldier piles, king posts and RC decking for Little India Station, Rochor Station and tunnel between the two stations. Expected completion 4Q2015
- C918 - Installation and removal of steel struts and walers for Tan Kah Kee Station and Cut & Cover Tunnel. Expected completion 2Q2015.



On-Going Projects

MRT Downtown Line 3 – 7 contracts worth total of S\$113 million

- C929 & C932A – Installation and removal of steel struts, sheetpile and decking for Kaki Bukit and Kallang Bahru Stations. Expected completion 2Q2015
- C933 – Installation and removal of steel struts and walers and construction decking for Jalan Besar Station. Expected completion 2Q2015
- C923 – Deep basement excavation, installation and removal of steel struts and construction decking for Upper Changi Station. Expected completion in 4Q2015



On-Going Projects

MRT Downtown Line 3 – 7 contracts worth total of S\$113 million

- C922 – Installation and removal of steel struts, decking and king posts for Expo Station and overrun tunnels. Expected completion 3Q2015
- C931 – Installation and removal of steel struts and decking for Macpherson Station. Expected completion 2Q2015
- C936 – Installation and removal of steel struts and decking for Bencoolen Station. Expected completion 4Q2015.



On-Going Projects

MRT Thomson Line – 2 contracts worth total of S\$77.2 million

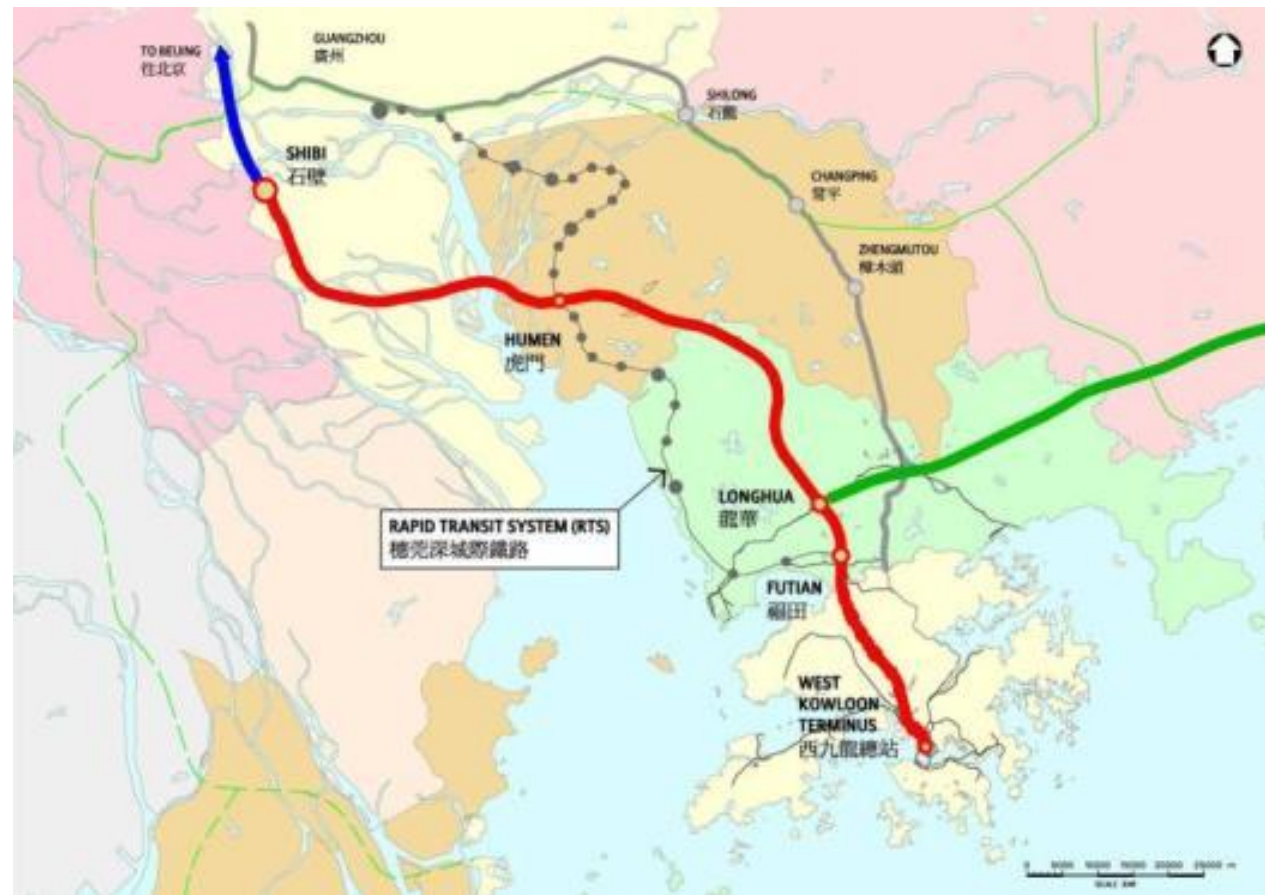
- C217 – Installation and removal of steel struts for Napier Station and Expected completion 4Q2018
- C227 – Installation and removal of pipe pile cofferdam, steel struts and decking for Marina South Station. Expected completion 4Q2018



On-Going Projects

HK MTR Extension and Express Rail Link – 10 contracts worth total of HK\$923 million

- Part of 26-km long HK section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link running from West Kowloon to Shenzhen
- MTR Shatin-Central Link consisting of East West Corridor (extension of West Rail Line) and North South Corridor (Extension of East Rail Line)
- Design, supply, installation and removal of strut and walers
- Cofferdam excavation of cut and cover tunnels and emergency rescue sidings
- Construction of temporary bridge
- Expected completion between 2015 to 2016



FY2014 Financial Performance

FY2014 Financial Performance

	FY2014	FY2013	Change (%)
Revenue (S\$'m)	212.1	361.6	(41.4)
Gross (Loss)/Profit (S\$'m)	(32.6)	38.1	n.m.
Gross (Loss)/Profit Margin (%)	(15.3)	10.5	n.m.
(Loss)/Profit after Tax (S\$'m)	(8.5)	5.5	n.m.
EPS (Basic) (Singapore cent) ⁽¹⁾	(0.67)	0.44	n.m.
NAV per Share (Singapore cents) ⁽²⁾	23.68	25.01	(5.6)
ROE (%)	(6.2)	1.4	n.m.

⁽¹⁾ EPS per share was computed based on the weighted average number of shares of 1,266,942,003 for FY2014 (FY2013: 1,265,446,253)

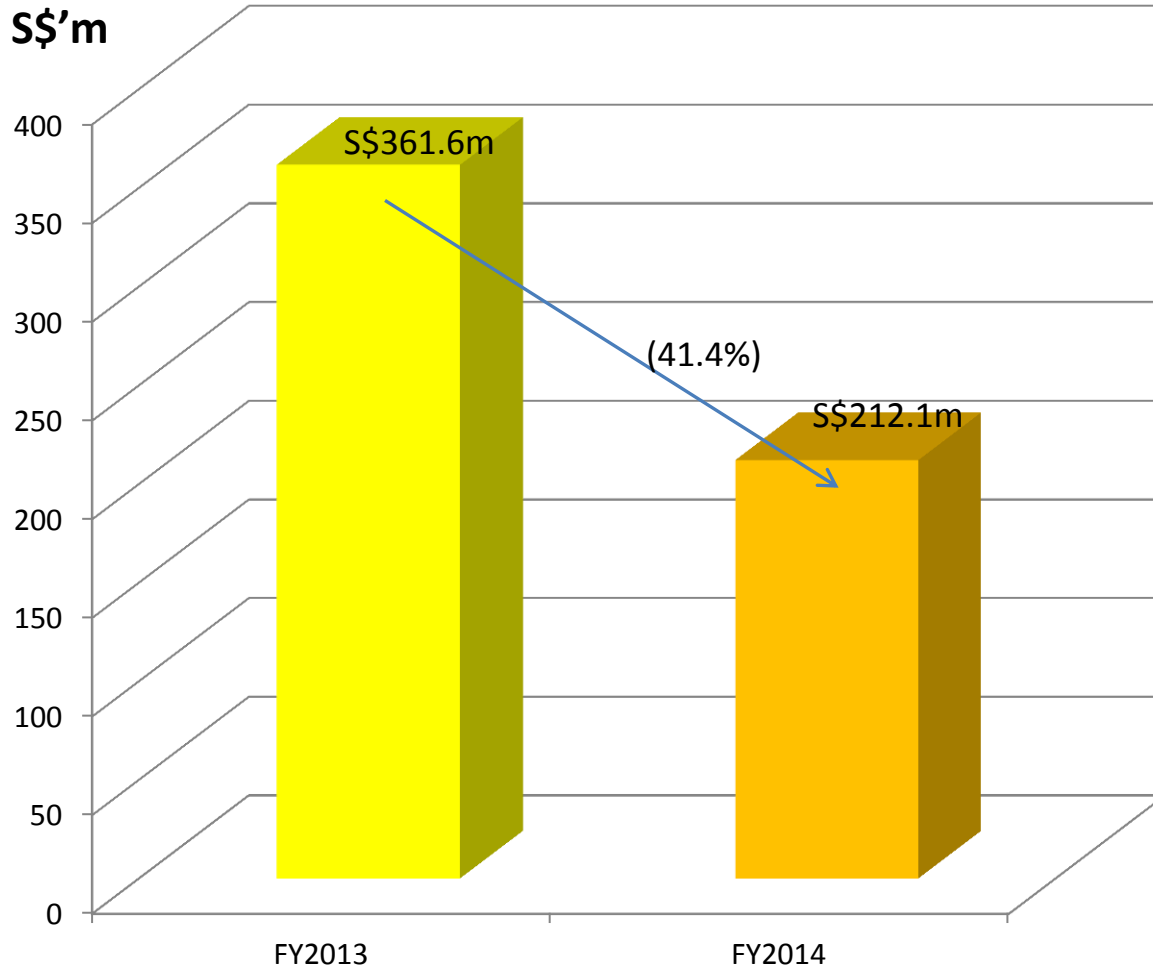
⁽²⁾ NAV per share as at December 31, 2014 and December 31, 2013 respectively

FY2014 Financial Performance

	Dec 31 2014	Dec 31 2013	Change (%)
Net Work-In-Progress (S\$'m)	97.8	112.5	(13.1)
Debtors (S\$'m)	27.7	35.7	(30.2)
Cash (S\$'m)	6.0	14.8	(59.5)
Borrowings (S\$'m)	178.9	182.6	(2.0)
Net Borrowings (S\$'m)	172.9	167.8	3.0
Gearing (times)	0.58	0.53	9.4
Shareholders' Funds (S\$'m)	300.0	316.8	(5.6)

Year ended December 31

FY2014 Financial Performance



Revenue

FY2014 Revenue decreased 41.4%:

- Structural Steelworks decreased from S\$214.5 million in FY2013 to S\$117.6 million in FY2014
- Specialist Civil Engineering decreased from S\$147.0 million in FY2013 to S\$94.5 million in FY2014

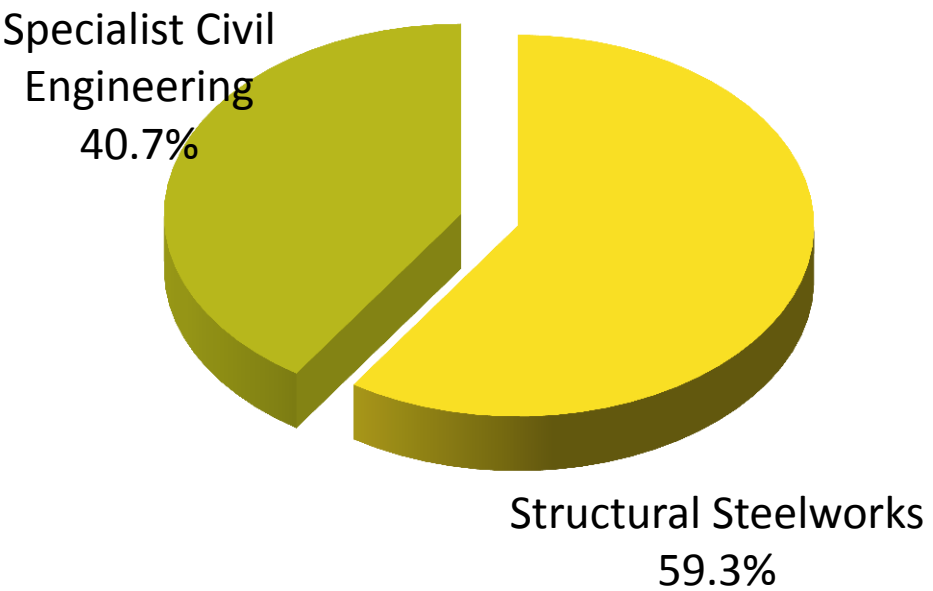
Lower revenue mainly due to:

- completion of Singapore Sports Hub in 1Q FY2014 and contracts for Marina Coastal Expressway in FY2013
- Tailing down of existing projects
- Slow start in Changi Airport Terminal 4 and Marina One

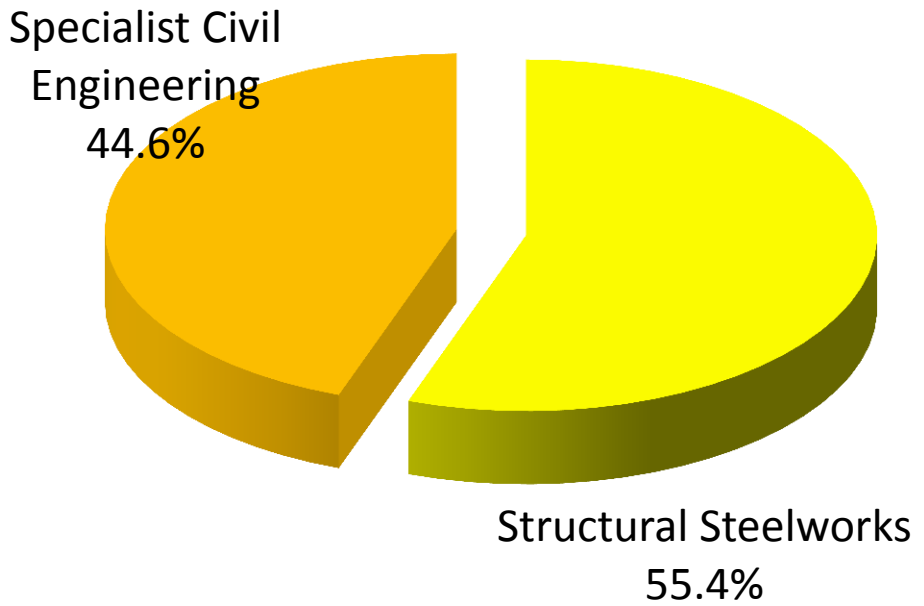
FY2014 Financial Performance

Revenue by Business Segment

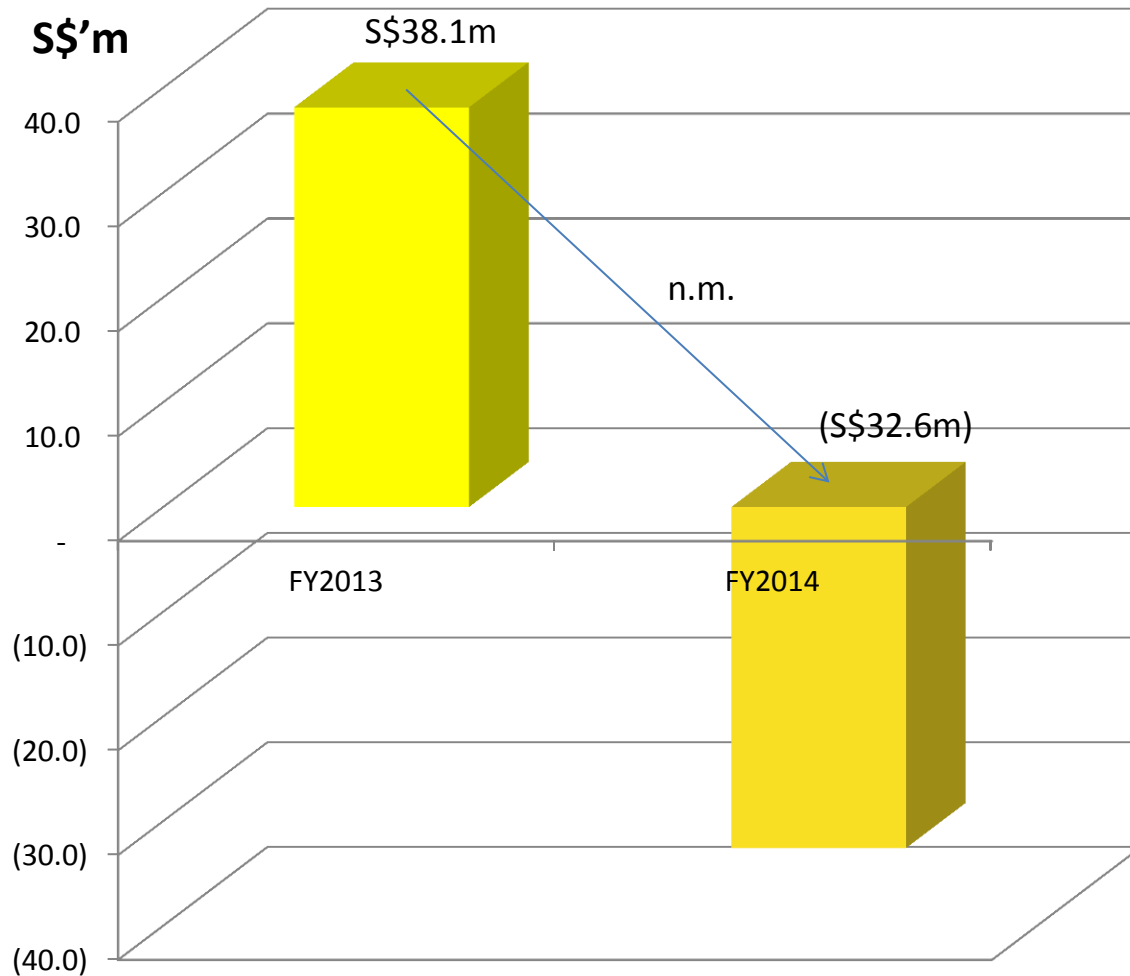
FY2013



FY2014



FY2014 Financial Performance

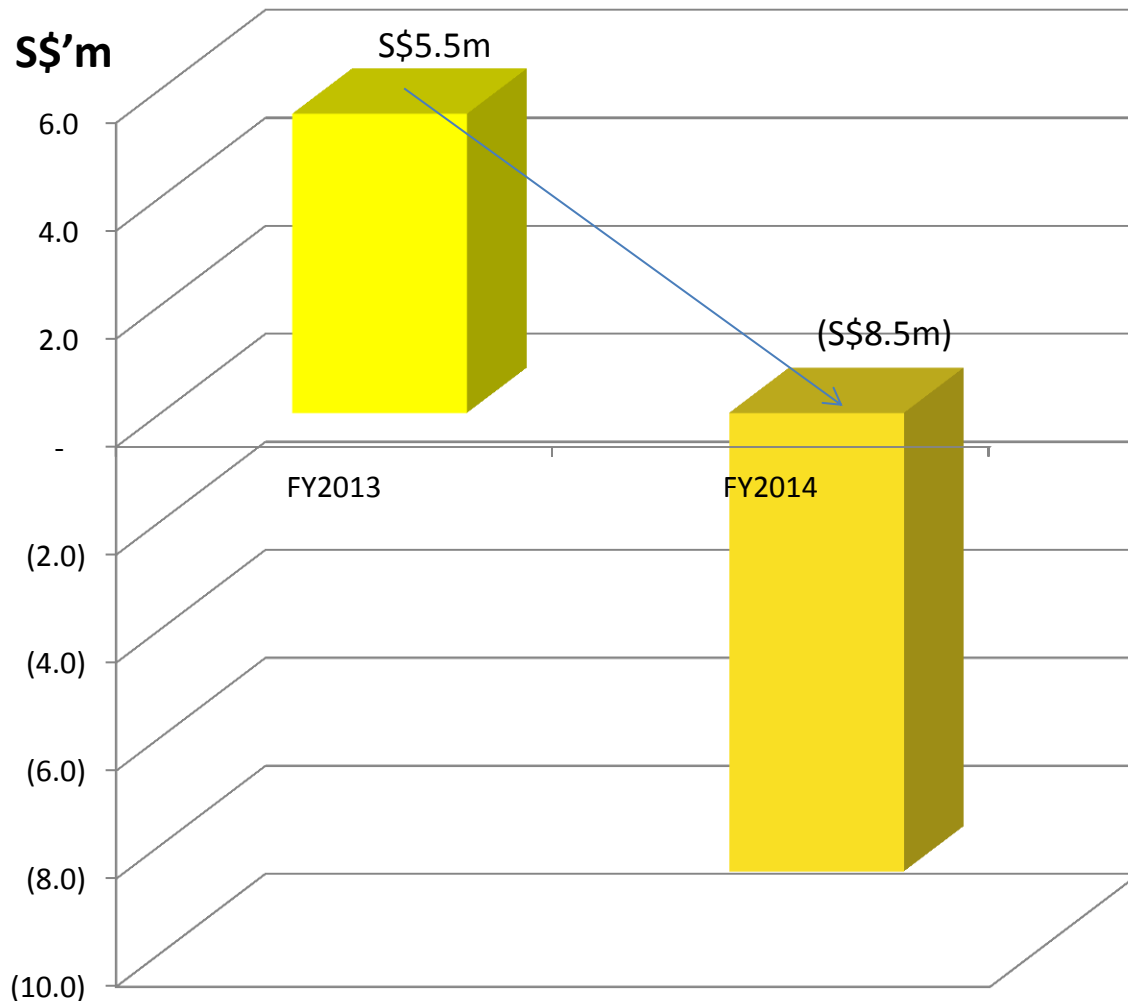


Gross Loss

FY2014 Gross loss was due mainly to:

- lower level of fabrication and erection activities leading to unabsorbed fixed production and overhead costs;
- lower margin projects; and
- provisions made in expectation of lower variation orders for certain projects

FY2014 Financial Performance



Loss after Tax

Loss after Tax in FY2014 as a result of:

- erosion of Gross Profit;
- lower staff costs and professional fees;
- increase in finance costs of \$1.6 million due to higher borrowings costs
- offset by one-off gain on disposal of Malaysian property of S\$34.4 million;

FY2014 Financial Performance

Order Book

Order book of S\$405 million as at December 31, 2014

- Structural Steelworks Vs Specialist Civil Engineering – 67:33
- 60% expected to complete in FY2015

Prospects and Market Outlook

Market Prospects: Singapore

Construction sector remains buoyant⁽¹⁾ :

- Construction demand and outlook for 2015 expected to be between \$29-36 billion, anchored by public sector projects
- Fuelled by a higher volume of institutional and civil engineering construction contracts
- Private sector construction demand is anticipated to moderate but likely to be cushioned by a rise in private sector civil engineering projects

Expected growth in construction demand from 2016 to 2019⁽¹⁾:

- For 2015 and 2016, the average construction demand is projected to be a robust \$27-36 billion per annum
- Average construction demand is expected to be sustained between \$27 billion to \$37 billion from 2016 to 2019 per annum
- Supported by mega public sector infrastructure projects required to meet the long-term needs of Singapore's population and maintain the competitive advantage of Singapore's economy

Healthy pipeline of opportunities in 2015 and beyond⁽²⁾:

- Strong construction demand for civil engineering is expected to support business outlook
- Public projects by the Land Transport Authority including:
 - Cross Island Line, Eastern Region Line, Jurong Region Line, Circle Line Stage 6, Downtown Line Extension, North East Line Extension

Sources:

(1) *Public sector projects to sustain construction demand in 2015 – Building Construction Authority, 8 January 2015*

(2) *Business Expectations for the construction sector – Building and Construction Authority, 25 June 2014*

Market Prospects: Regional

- **Hong Kong / Macau⁽¹⁾:**
 - Capital expenditure for Hong Kong between 2014 – 2015 forecast to be HK\$86.2 billion, including HK\$70.8 billion on capital works
 - Forecasted growth for Hong Kong's construction sector to reach 6.7% in 2015⁽²⁾
 - Major infrastructure projects could include:
 - Proposal to build an artificial island in central waters between Hong Kong and Lantau Island
 - HK\$100 billion project expansion of HKIA to a three-runway system
 - Central-Wan Chai Bypass and Island Eastern Corridor Link (HK\$28.1 billion)
 - Third runway at Chek Lap Kok airport in 2016 (HK\$136.2 billion)⁽³⁾
 - EFLS: rail link connecting Kai Tak with Kowloon Bay, Kwun Tong and Sha Tin to Central Link (HK\$12 billion)
 - Kai Tak Development to be developed into an area for commercial, residential, recreational, tourism and community uses (more than US\$16.7 billion)⁽⁴⁾
 - China's 12th 5-Year Plan for National Economic and Social Development supports Macao's development into a world tourism and leisure centre, and development of convention and exhibition business, amongst others
- **India⁽⁵⁾:**
 - The Indian government estimates it needs to spend \$800 billion on infrastructure to reach targeted economic growth of 7% and has advocated more public spending⁽⁶⁾
 - Seven roads in Haryana will be developed as National Highways
 - Endorsement of foreign investment for the railway sector and revival of 34 projects worth more than US\$ 4.1 billion
 - Singapore's interest in partnering with India for the development of 100 new smart cities, developing infrastructure for 500 towns and cities, development of heritage cities and urban housing programme

Sources:

- (1) Hong Kong 2014 – 15 Budget – <http://www.budget.gov.hk/2014/eng/speech.html>, 26 February 2014
- (2) Industry Trend Analysis - 2015 Construction Outlook Driven By Delays , infrastructure Insight, November 2014
- (3) Environmental report on Chek Lap Kok airport runway plan approved. South China Morning Post, 8 November 2014
- (4) Building and Construction Industry in Hong Kong, HKTDC Research, 17 June 2014
- (5) Infrastructure Sector in India, India Brand Equity Foundation, December 2014
- (6) India to boost public spending on infrastructure - finance minister, Reuters, 19 Jan 2015

Market Prospects: Regional

- **Middle East⁽¹⁾⁽²⁾:**

- A study by PwC notes an expected increase in funding for infrastructure and capital projects over the next 12 months. In particular, the UAE, Qatar and Saudi Arabia are seen as top targets for investment due to the strong economic growth and budget surpluses of these countries
- A report by EC Harris has outlined that the Middle East is expected to see unprecedented levels of construction planned over the next 20 years, with the construction peak forecast from 2014 to 2019
 - Identified 117 major construction programmes that are planned for completion by 2030 e.g.
 - Gulf Cooperation Council (GCC) expected to continue spending on energy and construction projects during the coming years, allocating a total of \$985 billion for infrastructure development during 2010 – 2015
 - Qatar: Up to \$135 billion in infrastructure projects between now and World Cup 2022, including urban public transport, bridges, highways, railways, airports and ports, and sports stadiums/facilities
 - Dubai: \$7.8 billion airport and airspace expansion program will boost capacity at Dubai International airport from 60 million to 90 million passengers per year by 2018

- **Myanmar⁽³⁾:**

- Real GDP growth expected to accelerate to 7.3% a year on average
- Growth will be underpinned by large projects funded by foreign investors in a number of industries as infrastructure projects proliferate on the back of private-sector investment and aid inflows
- 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 technical expertise and fresh loans are introduced to put in place the necessary infrastructure to support economic growth

Sources:

- (1) *Infrastructure Spending in the Middle East Set to Rise – Survey – PwC, June 29, 2014*
- (2) *Qatar Construction Industry - The World Cup 2022 and Beyond, PR Newswire, 10 February 2015*
- (3) *EIU Country Report – Myanmar, EIU, 10 February 2015*

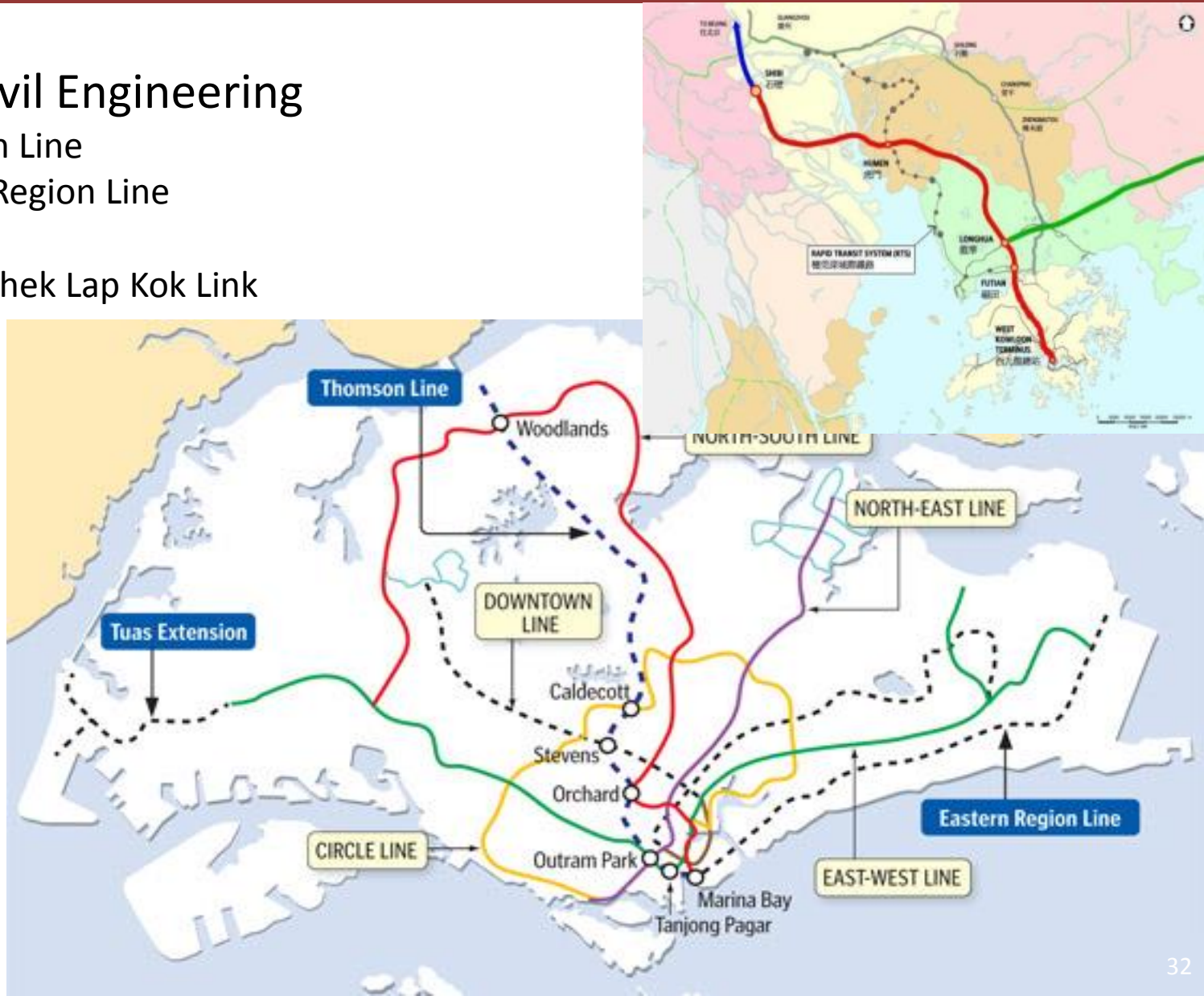
Potential Projects

- Structural Steel
 - Project Jewel at Changi Airport – Crown Roof
 - JTC Food Hub @ Senoko
 - Riyadh Metro, Saudi Arabia



Potential Projects

- Specialist Civil Engineering
 - MRT Thomson Line
 - MRT Eastern Region Line
 - HK MTR
 - Tuen Mun – Chek Lap Kok Link



Potential Projects

• Structural Steelworks

Location	Expected Commencement	Government S\$'mil	Non-Government S\$'mil	Total S\$'mil
Singapore	2015	210.8	30.9	241.7
	2016	-	-	-
Overseas	2015	200.0	363.6	563.6
	2016	-	-	-
Total		410.8	394.5	805.3

• Specialist Civil Engineering

Location	Expected Commencement	Government S\$'mil	Non-Government S\$'mil	Total S\$'mil
Singapore	2015	131.5	-	131.5
	2016	-	-	-
Overseas	2015	153.9	-	153.9
	2016	-	-	-
Total		285.4	-	285.4

Projects announced by Government (not included above):

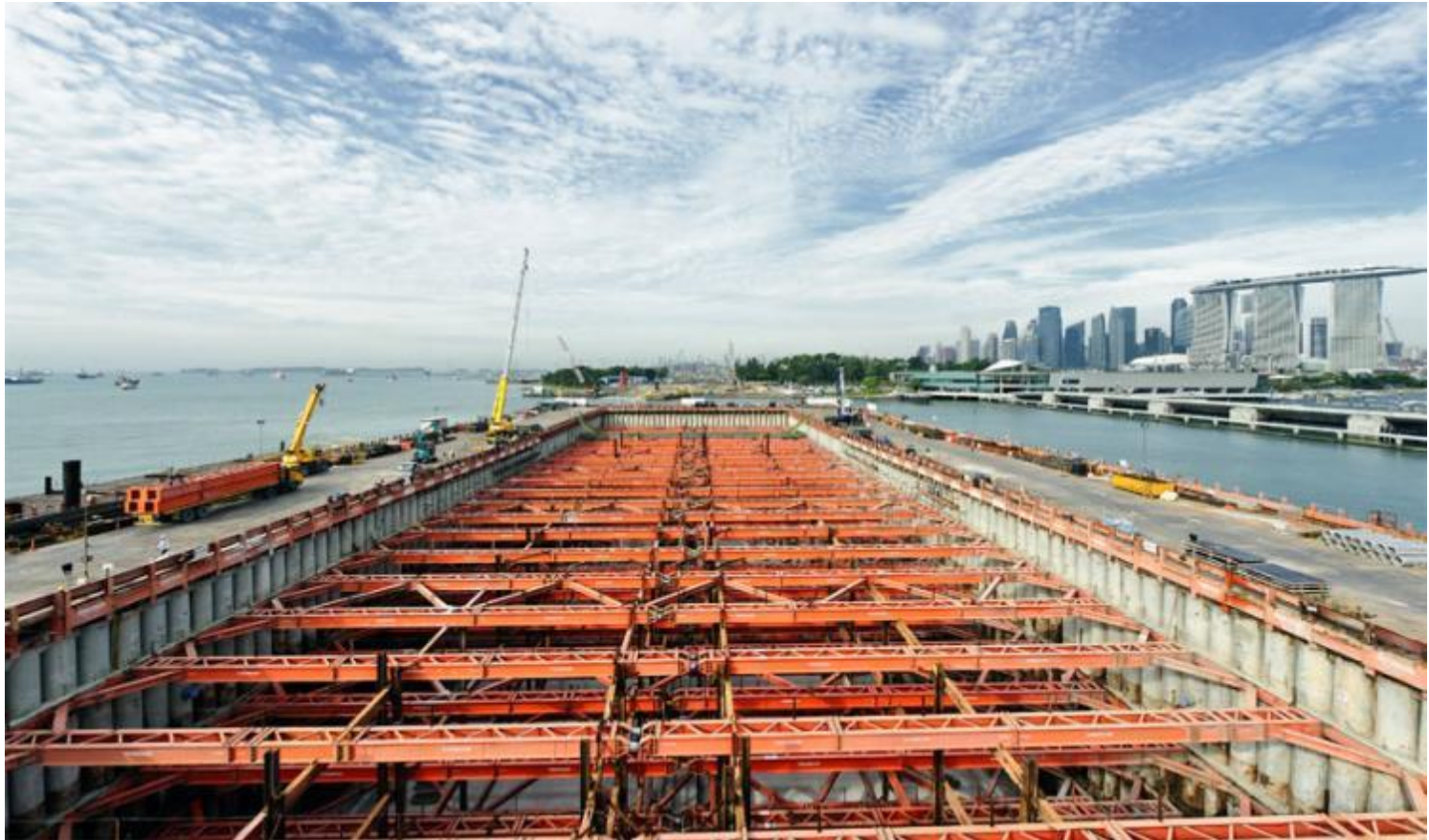
North-south Expressway

MRT Eastern Region Line

Growth Strategies and Plans

Growth Strategies and Plans

- 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, Malaysia, Indonesia, Myanmar, India and GCC countries
- Selectively pursue Civil and Building projects as main contractor on JV basis



Thank You