



YONGNAM HOLDINGS LIMITED

Corporate Presentation (1H2016)

August 11, 2016



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

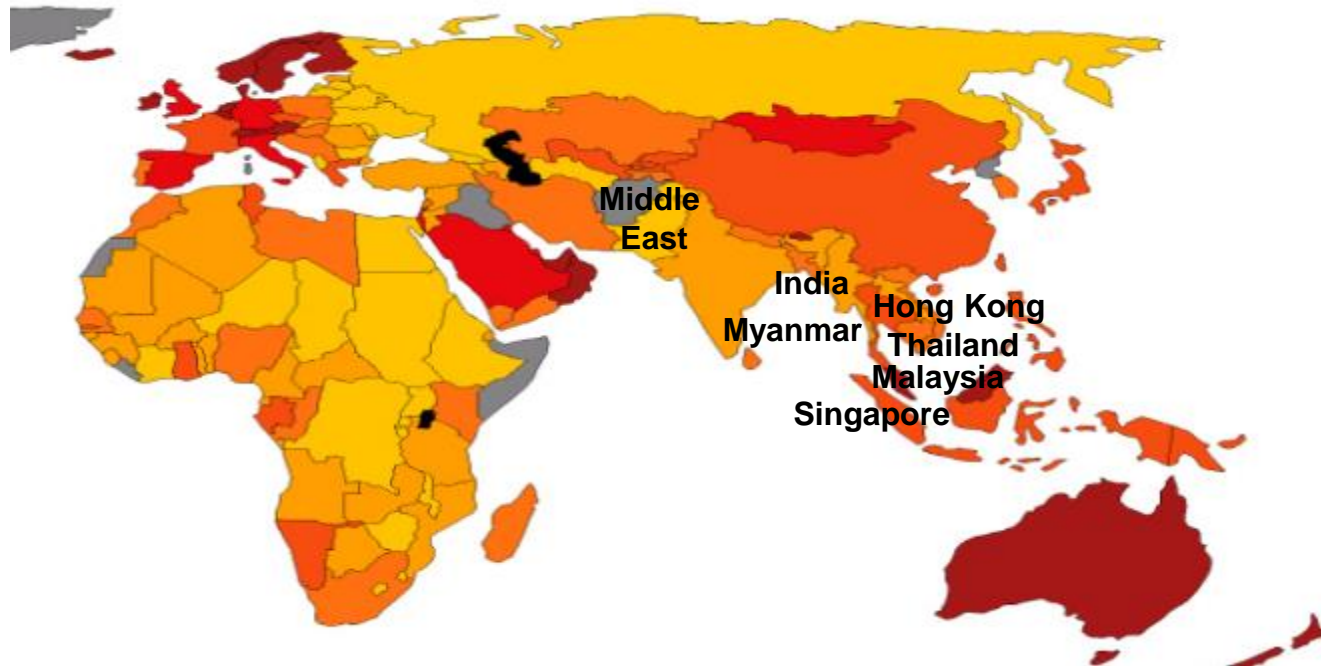
- Takenaka Corporation
- Taisei Corporation
- Obayashi Corporation
- Penta Ocean
- Shimizu Corporation
- Dragages Singapore
- Sembcorp Design & Construction Pte Ltd
- Samsung Corporation
- Ssangyong E&C Co. Ltd
- Hyundai E&C Ltd
- Daelim Industrial Co. Ltd
- GS E&C Corporation
- Woh Hup Pte Ltd
- Larsen & 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
- S1 category accreditation from Singapore Structural Steel Society
- A1 Grade in General Building from BCA Singapore



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 200,000 tonnes of strutting assets and pipe piles
- Strong track record and high replacement cost of struts creates a significant barrier to entry
- A1 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

High Rise Buildings & Iconic Structures

- 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

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**, Mass Rapid Transit
- **Singapore**, MRT Circle Line
- **Singapore**, MRT Downtown Line
- **Singapore**, MRT North-south Line Extension
- **Hong Kong**, Mass Transit Rail
- **Hong Kong**, Express Rail Link
- **UAE**, Dubai Metro

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

Showcase – Marina Bays Integrated Resort, Gardens by the Bay, CCRC and Sports Hub

Yongnam was involved in the development of multiple iconic structures at the iconic Marina Bay Sands Integrated Resort:



Skypark



ArtScience Museum



Crystal Pavilions



Gardens by the Bay



CCRC



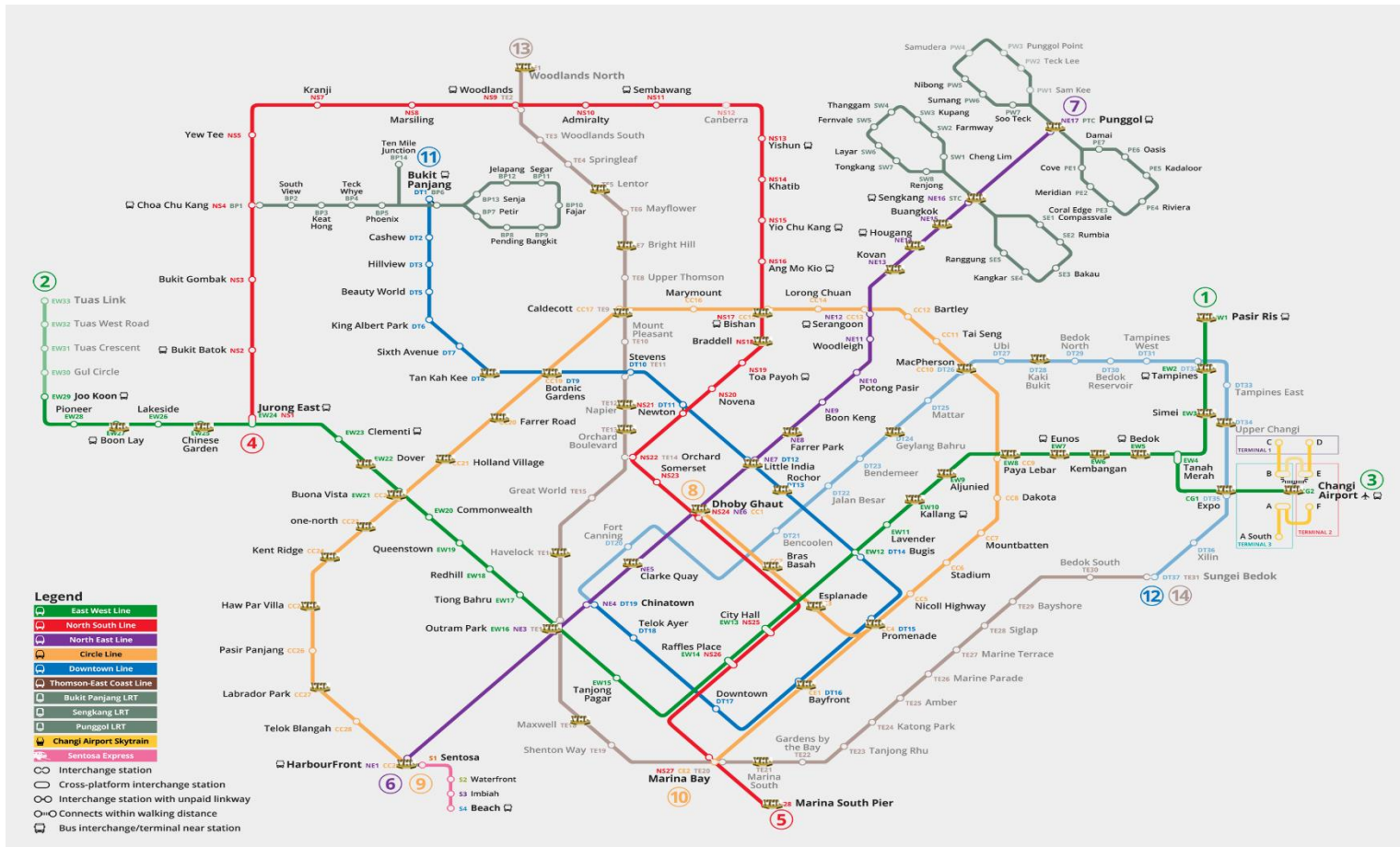
Sports Hub



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

Marina One

Project Value: S\$172 million

Date of Award: December 2013

Completion Date: Expected 4Q2016

Scope of Work: 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



Current Portfolio

Key On-Going Projects

Changi Airport Terminal 4

Project Value: S\$65 million

Date of Award: March 2014

Completion Date: Expected 3Q2016

Scope of Work: Supply, fabricate and erect structural steelworks for roof structure, internal floors, link bridges, canopies and other appendages



Current Portfolio

Key On-Going Projects

Jewel at Changi Airport

Project Value: S\$82 million

Date of Award: November 2014

Completion Date: Expected 1Q2017

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

Jewel at Changi Airport – Crown

Project Value:	S\$35 million
Date of Award:	January 2016
Completion Date:	Expected 4Q2017
Scope of Work:	Supply, fabricate and erect structural steelwork for glass dome



Current Portfolio

Key On-Going Projects

Senoko Food Hub

Project Value: S\$144 million

Date of Award: March 2015, JV project

Completion Date: Expected 1Q2017

Scope of Work: Construction of a new 7-storey ramp-up development comprising 50 modular factory units in Senoko Food Zone



Current Portfolio

Key On-Going Projects

Outram Community Hospital

Project Value: S\$41 million

Date of Award: January 2016

Completion Date: Expected 4Q2017

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

MRT Downtown Line 3

Project Value: S\$121 million (7 contracts)

Project Description

C929 & C932A (Completed): Installation and removal of steel struts, sheetpile and decking for Kaki Bukit and Kallang Bahru Stations

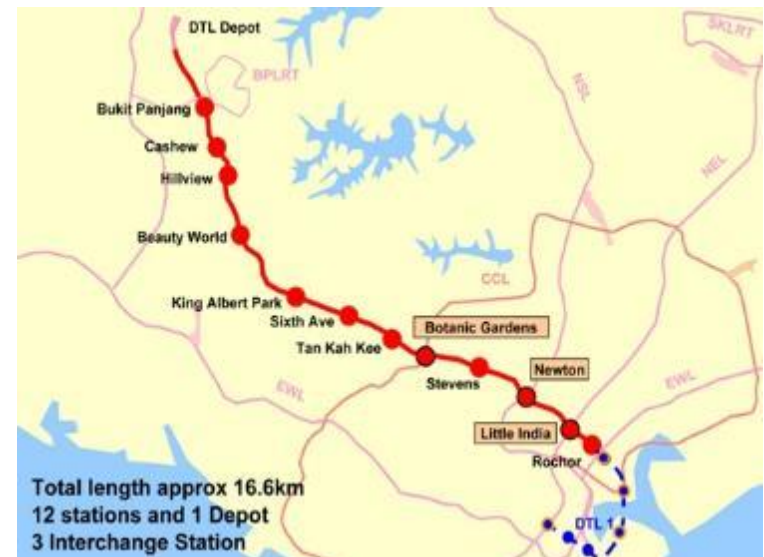
C933 (Completed): Installation and removal of steel struts and walers and construction decking for Jalan Besar Station

C923 (4Q2016): Deep basement excavation, installation and removal of steel struts and construction decking for Upper Changi Station

C922 (Completed): Installation and removal of steel struts, decking and king posts for Expo Station and overrun tunnels

C931 (Completed): Installation and removal of steel struts and decking for Macpherson Station. Expected completion 4Q 2015

C936 (3Q2016): Installation and removal of steel struts and decking for Bencoolen Station



Current Portfolio

Key On-Going Projects

MRT Thomson Line

Project Value: S\$108.5 million (5 contracts)

Key Projects Description

C217 (3Q2018): Installation and removal of steel struts for Napier Station

C227 (4Q2018): Installation and removal of pipe pile cofferdam, steel struts and decking for Marina South Station



Current Portfolio

Key On-Going Projects

HK MTR Extension, Express Rail Link and Wan Chai Bypass Tunnel

Project Value: HK\$666 million (9 contracts)

Completion Date: 2016 to 2018

Project Description:

- MTR Extension : Shatin-Central Link
- Express Rail Link : Part of 26-km long HK section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link running from West Kowloon to Shenzhen
- Wan Chai Bypass Tunnel : 4 km Trunk Road Tunnel
- Kai Tak Redevelopment – 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 FY2016)



Key Financial Highlights

1H FY2016 Financial Performance

	2Q FY2016	2Q FY2015	Change (%)	1H FY2016	1H FY2015	Change (%)
Revenue (S\$'m)	84.3	70.7	19.2	158.1	136.6	15.7
Gross Profit/(Loss) (S\$'m)	7.4	6.8	8.0	15.5	12.7	21.4
Gross Margin (%)	8.7	9.7	(9.4)	9.8	9.3	4.9
Profit after Tax (S\$'m)	0.9	2.1	(57.3)	2.6	2.8	(7.2)
EPS (Basic) (Singapore cent) ⁽¹⁾	0.05	0.60	(91.7)	0.42	0.83	(49.4)
NAV per Share (Singapore cents) ⁽²⁾	-	-	-	94.2	93.9	0.3
ROE (%) (Annualized)	-	-	-	1.7	1.9	(10.5)
<p>⁽¹⁾ EPS per share was computed based on the weighted average number of shares of 316,735,383 for 2Q FY2016 (2Q FY2015: 316,735,383)</p> <p>⁽²⁾ NAV per share as at June 30, 2016 and December 31, 2015 respectively</p>						



Key Financial Highlights

1H FY2016 Financial Performance

	Jun 30 2016	Dec 31 2015	Change (%)
Net Work-In-Progress (S\$m)	118.5	112.8	5.0
Debtors (S\$m)	34.3	31.0	10.4
Cash (S\$m)	3.2	8.1	(60.3)
Borrowings (S\$m)	138.9	142.4	(2.5)
Net Borrowings (S\$m)	135.6	134.3	1.0
Gearing (times)	0.45	0.45	-
Shareholders' Funds (S\$m)	298.3	297.4	0.3

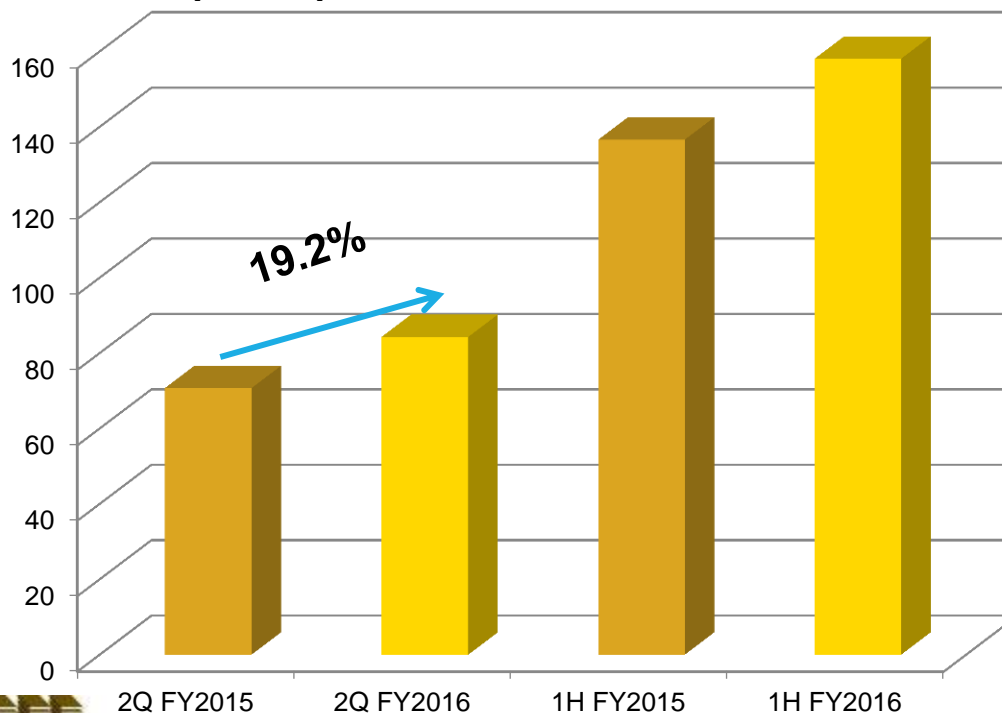


Key Financial Highlights

1H FY2016 Financial Performance – Revenue Analysis

2Q FY2016 Revenue up 19.2% mainly due to higher contribution from Structural Steelwork and Mechanical Engineering projects

Revenue (S\$m)



Structural Steelworks

- Revenue contributions increased from S\$44.4 million in 2Q FY2015 to S\$53.9 million in 2Q FY2016
- **Key contributing projects include:** Marina One, Senoko Food Hub, Jewel Changi Airport

Specialist Civil Engineering

- Revenue contributions decreased from S\$25.6 million in 2Q FY2015 to S\$19.4 million in 2Q FY2016
- **Key contributing projects include:** MRT Downtown Line 3, MRT Thomson Line, Hong Kong projects

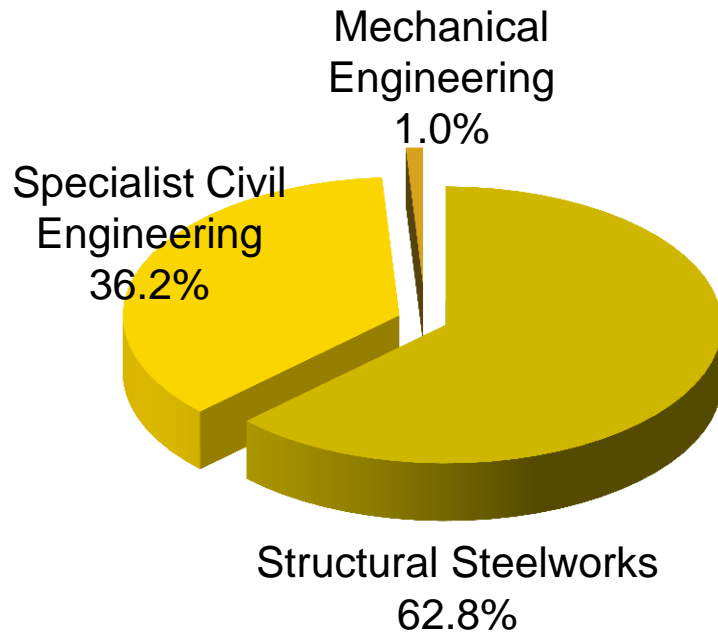
Mechanical Engineering

- Revenue contributions increased from S\$0.7 million in 2Q FY2015 to S\$9.7 million in 2Q FY2016
- **Key contributing projects include:** HRSG projects for power plants in Qatar and Egypt

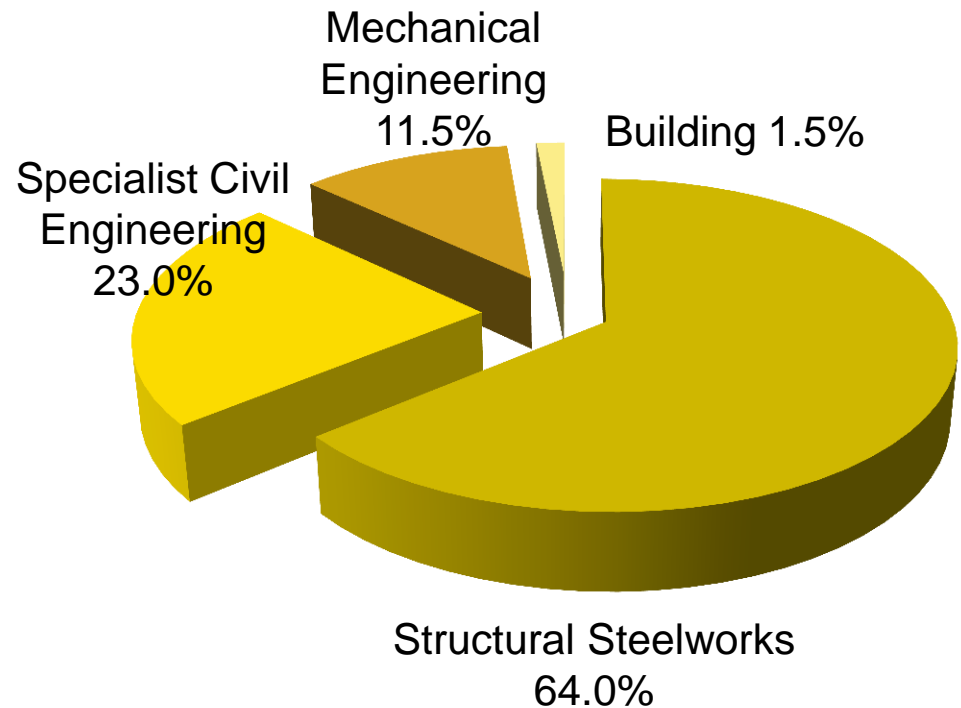
Key Financial Highlights

1H FY2016 Financial Performance – Breakdown by Business Segment

2Q FY2015



2Q FY2016

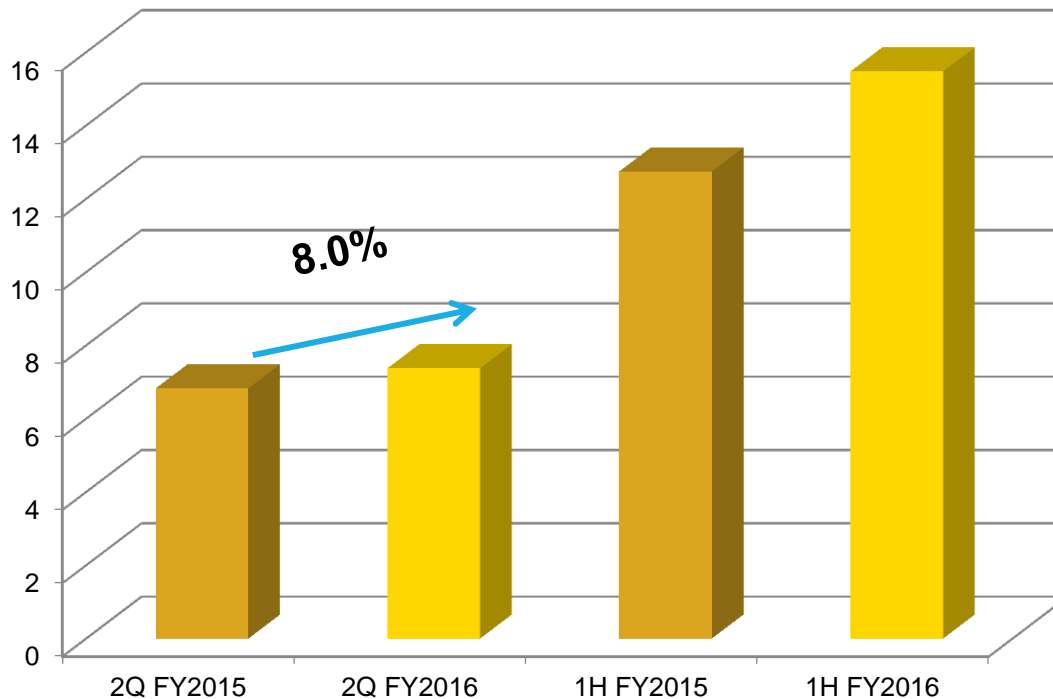


Key Financial Highlights

1H FY2016 Financial Performance – Gross Profit

Gross profit increased by 8.0% to S\$7.4 million for 2Q FY2016

Gross Profit (S\$m)



Gross Profit

Increased by 8.0% from S\$6.8 million in 2Q FY2015 to S\$7.4 million in 2Q FY2016. However, Gross margin fell to 8.7% in 2Q FY2016 (2Q FY2015: 9.7%) due to:

- Lower revenue mix from higher margin Specialist Civil Engineering projects

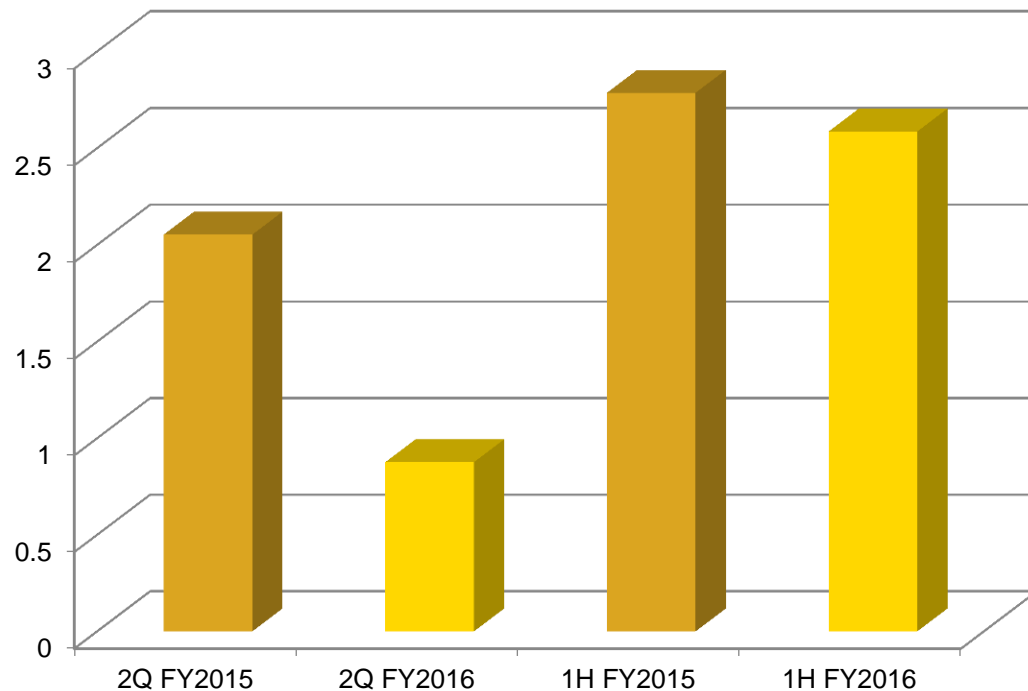


Key Financial Highlights

1H FY2016 Financial Performance – Profit after Tax

Profit after Tax of S\$0.9 million for 2Q FY2016

Profit after Tax (S\$'m)



Profit after Tax

Profit after tax of S\$0.9 million for 2Q FY2016, due to:

- Higher G&A expenses
- Higher Finance costs



Key Financial Highlights

Order Book

As of 30 June 2016, the Group's order book stands at approximately S\$349 million

- Structural Steelworks: 72.7%
- Specialist Civil Engineering: 20.9%
- Others (M&E, Building): 6.4%
- Approximately 52% of the Group's order book is slated for completion in the second half of FY2016





Prospects and Market Outlook



Market Prospects

Singapore

Construction sector remains buoyant⁽¹⁾:

- Notwithstanding private sector slowdown, 2H2016 business expectations for large A1 civil engineering contracts is more optimistic, as the government continues to roll out more major infrastructure and MRT contracts since the beginning of 2016
- Public sector demand for construction projects is expected to increase significantly in 2016, including more than S\$2.5 billion of public sector contracts for smaller projects (<S\$100 million)⁽²⁾

Expected growth in construction demand from 2017 to 2020⁽³⁾:

- For 2017 and 2020, the average construction demand is projected to be a robust \$26-35 billion per annum
- Public sector construction demand to be between \$16 billion and \$20 billion annually from 2017 to 2020, with about 60% of the total demand coming from building projects and the remaining from civil engineering projects
- 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

Source:

- (1) *Business Expectations of the Construction Sector (July 2016 to December 2016)*, BCA, July 2016 ([Link](#))
- (2) *Singapore Budget 2016*, 24 Mar 2016 ([Link](#))
- (3) *BCA Estimates S\$27 Billion to S\$34 Billion Worth of Construction Contracts to be Awarded this Year*", Building and Construction Authority, 15 Jan 2016 ([Link](#))



Market Prospects

Singapore

Opportunities abound^(1,2):

- Spending on infrastructure to be increased by S\$30 billion or 50% by the end of 2020
- Government's plans to embark on many infrastructure projects, including Changi Airport's new Terminal 5
- 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
 - North South Expressway



Source:

- (1) Singapore Budget 2015, 5 Mar 2016 ([Link](#))
- (2) Singapore Budget 2016, 24 Mar 2016 ([Link](#))



Market Prospects

Regional

Hong Kong / Macau^(1,2):

- Capital expenditure for Hong Kong between 2016 – 2017 estimated at HK\$110 billion, including HK\$79 billion on capital works
- Hong Kong Government expects capital works expenditure to maintain at relatively high levels in the next few years, as a number of projects are entering their construction peaks
- The Macau S.A.R. Government also released on April 26, 2016 a draft five-year development plan (2016 – 2020), which articulated its vision of building Macau into a world tourism and leisure centre



Sources:

- (1) *Hong Kong 2016 – 17 Budget, HK Gov, 26 Feb 2016 ([Link](#))*
- (2) *Proposal for Five-Year Development Plan is opened to public consultation, Macau SAR Gov, 26 Apr 2016 ([Link](#))*



Market Prospects

Regional

Hong Kong / Macau^(1,2,3,4,5):

- Major infrastructure projects:
 - Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link
 - Hong Kong-Zhuhai-Macao Bridge
 - Development of the East Lantau Metropolis to be Hong Kong's third CBD
 - HK\$141.5 billion project expansion of HKIA to a three-runway system
 - Central-Wan Chai Bypass and Island Eastern Corridor Link (HK\$36 billion)
 - Environmentally Friendly Linkage System: Rail link connecting Kai Tak with Kowloon Bay, Kwun Tong and Sha Tin to Central Link (HK\$12 billion)
 - HK\$25 billion Kai Tak Sports Hub project

Sources:

- (1) *Infrastructure boosts HK dev't, HK Gov, 1 Jan 2016* ([Link](#))
- (2) *East Lantau Metropolis as Long-Term Strategic Growth Area, Lantau Development Advisory Committee* ([Link](#))
- (3) *Civil Engineering and Development Department, Kai Tak Outline Zoning Plan, HK Gov* ([Link](#))
- (4) *Central-Highway Department* ([Link](#))
- (5) *Construction of Kai Tak complex top of HK new sports chief's priorities, SCMP, Feb 6, 2016* ([Link](#))



Market Prospects

Regional

India⁽¹⁾:

- The Indian government targets US\$376.53 billion worth of investment in infrastructure over a period of three years (2015 – 2017), which will include US\$120.5 billion for development of 27 industrial clusters and an additional US\$75.3 billion for road, railway and port connectivity projects

Sources:

(1) *Infrastructure Sector in India*, IBEF, July 2016 ([Link](#))



Market Prospects

Regional

Middle East:

- Spending on infrastructure in key Middle East countries to remain elevated notwithstanding a low oil price environment
 - Qatar^(1,2):
 - US\$830 million worth of transport and construction projects in the first quarter of 2016
 - Massive projects in the pipeline: \$7 billion deep-water port, \$1 billion Doha transportation corridor, new roads and sports facilities accounting for an additional \$200 billion
 - Up to \$350 billion of projects are being planned or under construction
 - Kuwait⁽³⁾:
 - Projects market has shown expansion despite low oil prices with the state awarding \$5 billion worth of contracts in the first quarter of the year
 - The forecast for construction industry growth is positive, with the government set to award US\$35.8 billion worth of contracts before December 2016
 - Dubai⁽⁴⁾:
 - Dubai International Airport undertaking a U\$7.8 billion airport and airspace expansion program to boost capacity at Dubai International airport from 60 million to 90 million passengers

Sources:

- (1) Qatar Economic Report 2016, Bank Audi Group, 26 May 2016 ([link](#))
- (2) Construction Right To Rise, The Business Year, 2016 ([link](#))
- (3) Kuwait set to push ahead with major infrastructure projects, Oxford Business Group, 20 May 2016 ([link](#))
- (4) Massive airport developments in Middle East to push global aviation growth, 14 Jan 2016 ([link](#))



Market Prospects

Regional

Myanmar^(1,2):

- Myanmar projected to be the world's fastest growing economy by the IMF, with GDP forecast to advance by 8.6% in 2016
- Government is increasingly committed on foreign investments through economic policy reforms. Myanmar's recently released economic policy highlights that the government has an infrastructure policy in store, with focus on development of better port facilities, construction and maintenance of rural roads, and the production and distribution of power
- 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) The Guide to Corporate Establishment in Myanmar, ASEAN Briefing, 29 July 2016 ([link](#))
- (2) Government reveals 12-point economic policy, Myanmar Times, 29 July 2016 ([link](#))



Market Prospects

Potential Projects

Structural Steel:

- State Court
- Dubai Metro Route 2020
- Other commercial developments
- Industrial plants

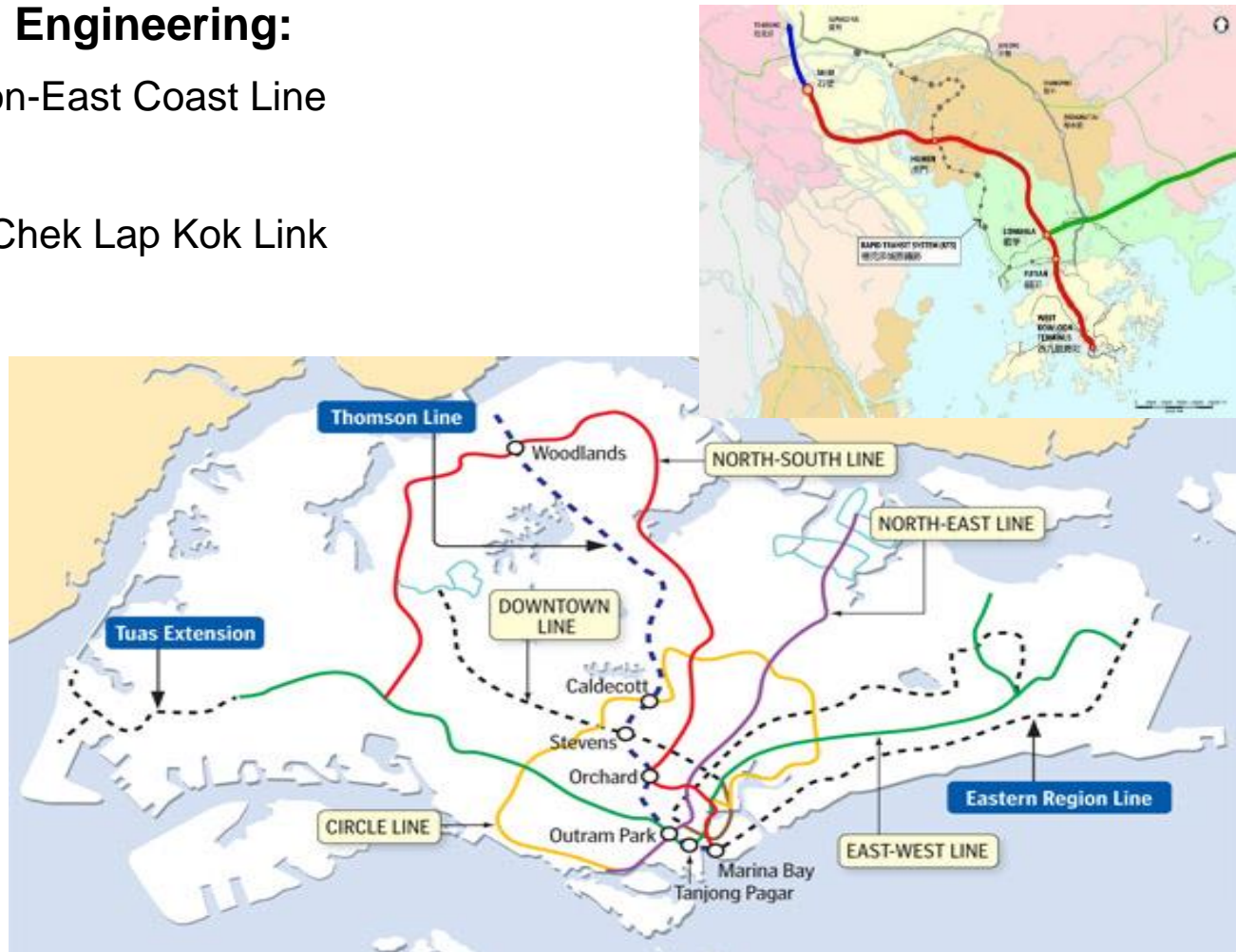


Market Prospects

Potential Projects

Specialist Civil Engineering:

- MRT Thomson-East Coast Line
- HK MTR
- Tuen Mun – Chek Lap Kok Link



Market Prospects

Potential Projects

	Expected Commencement	Government S\$'mil	Non-Government S\$'mil	Total S\$'mil
Structural Steelwork				
Singapore	2016	50.0	17.0	67.0
	2017	153.0	10.8	163.8
Overseas	2016	125.1	15.3	140.4
	2017	30.0	70.0	100.0
Total		358.1	113.1	471.2
Specialist Civil Engineering				
Singapore	2016	198.3	-	198.3
	2017	560.0	-	560.0
Overseas	2016	73.7	-	73.7
	2017	-	-	-
Total		832.0	-	832.0
Mechanical Engineering, Design & Build				
Singapore	2016	-	-	-
	2017	-	-	-
Overseas	2016	-	160.1	160.1
	2017	-	-	-
Total		-	160.1	160.1

Growth Strategies and Plans



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
- Newly established Design & Build Division to pursue industrial and commercial projects





Thank You!

