



YONGNAM HOLDINGS LIMITED

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

NEWS RELEASE

YONGNAM POSTS NET PROFIT OF S\$2.1 MILLION IN 2Q2015

- **Second consecutive quarter of profit growth since returning to the black in 1Q2015**
- **Gross profit margin of 9.7%**
- **Order book of S\$453 million as at June 30, 2015**
- **In active pursuit of S\$1.2 billion worth of new infrastructural and commercial projects in Singapore, Hong Kong, Malaysia and the Middle East**

Financial Highlights:

S\$'m	2Q2015	2Q2014	% Change	1H2015	1H2014	% Change
Revenue	70.7	61.6	14.7	136.6	133.4	2.4
Gross Profit	6.8	(2.9)	N.A.	12.7	-	N.A.
Profit After Tax	2.1	(5.3)	N.A.	2.8	(7.2)	N.A.
EPS (Basic) (Singapore cent) ⁽¹⁾	0.65	(1.66)	N.A.	0.88	(2.26)	N.A.
NAV per share (Singapore cent) ⁽²⁾	-	-	-	95.45	94.73	0.8

⁽¹⁾ EPS per share was computed based on the weighted average number of shares of 316,735,383 for 2Q2015 (2Q2014: 316,735,383) and 316,735,383 for 1H2015 (1H2014: 316,735,383).

⁽²⁾ NAV per share as at June 30, 2015 and December 31, 2014 respectively.

Singapore, August 12, 2015 – Yongnam Holdings Limited (“Yongnam” or the “Group”), a well-established structural steel contractor and specialist civil engineering solutions provider, is pleased to announce a net profit of S\$2.1 million for the three months ended June 30, 2015 (“2Q2015”), reversing from a net loss of S\$5.3 million in the corresponding financial period (“2Q2014”).

Commenting on the Group’s performance, Mr. Seow Soon Yong, Chief Executive Officer of Yongnam, said, “The turnaround of our financial performance in 2015 was largely driven by the continued execution of key projects in Singapore and Hong Kong. We are encouraged by the positive trends in our revenue and margins and will continue to pursue opportunities for infrastructure, civil engineering and commercial projects across the region.”

Performance Review

The Group reported a 14.7% increase in revenue to S\$70.7 million in 2Q2015, from S\$61.6 million a year ago, driven mainly by higher contributions from its Structural Steelworks business.

On a segmental basis, revenue contribution from the Specialist Civil Engineering business was S\$25.6 million in 2Q2015, a decrease of 14.1% from S\$29.8 million in 2Q2014. The year-on-year decrease was due mainly to the substantial completion of the Downtown Line 2 projects in 2014, while key revenue contributors included ongoing projects such as MRT Downtown Line 3, Thomson Line and the Hong Kong MTR.

On the other hand, the Structural Steelworks segment achieved a 40.0% jump in contributions to S\$44.4 million in 2Q2015, lifted by contributions from key projects such as Marina One and Changi Airport Terminal 4 in Singapore.

Gross profit was S\$6.8 million in 2Q2015, reversing from a gross loss of S\$2.9 million in 2Q2014. While overall fabrication and erection activities remain low, the improved margins reported in the latest financial quarter were mainly due to better margins achieved from on-going projects.

On the cost front, general and administrative expenses rose 25.3% to S\$3.3 million in 2Q2015, from S\$2.6 million a year ago, due mainly to the reversal of staff bonuses provided in 1Q2014. Finance costs rose marginally to S\$1.2 million, from S\$1.1 million in 2Q2014, due to higher bank charges and interests. Net gearing was lower at 0.50 time as at June 30, 2015, compared to 0.58 time as at December 31, 2014.

As a result of the above, the Group achieved a net profit after tax of S\$2.1 million in 2Q2015, from a net loss of S\$5.3 million a year ago. For the quarter under review, the Group reported an earnings per share of 0.65 Singapore cent, compared to loss per share of 1.66 Singapore cents in 2Q2014. Net asset value per share as at June 30, 2015 was 95.45 Singapore cents, improving from 94.73 Singapore cents as at December 31, 2014.

For the six months ended June 30, 2015 ("1H2015"), the Group achieved a net profit after tax of S\$2.8 million on the back of S\$136.6 million in revenue, compared to a net loss of S\$7.2 million and revenue of S\$133.4 million a year ago ("1H2014").

Outlook

As at June 30, 2015, the Group's order book stood at S\$453 million. The Group expects about 34% of the existing orders to be fulfilled by the end of FY2015.

The Group has recently set up a Building Division to explore business opportunities in industrial and commercial projects as a Design and Build ("D&B") contractor. Leveraging Yongnam's experience in project and construction management, the Group will be a one-stop solutions provider of conceptual design, construction, project management and final delivery.

“We remain optimistic about the Group’s outlook given the sound industry prospects and Yongnam’s strong capabilities as a steel solutions provider. Further, with our well-established business in the Group’s key target markets of Singapore, Hong Kong, Malaysia and the Middle East, we believe Yongnam is well-positioned to capture new opportunities,” Mr. Seow added.

The Group is currently in active pursuit of S\$1.2 billion worth of new infrastructural and commercial projects in Singapore, Hong Kong, Malaysia and the Middle East. Leveraging its A1 gradings from BCA in both General Building and Civil Engineering, the Group also intends to selectively participate in joint-venture partnerships to pursue civil engineering and building projects as the main contractor.

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 utilizes 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-9001:2008, ISO 14001:2004 and OHSAS 18001:2007 certified company, accredited fabricator of the highest S1 category from the Singapore Structural Steel Society and holds A1 Grades from the Singapore Building and Construction Authority for the categories of General Building and Civil Engineering. The Group's Quality Management System takes a planned approach towards continuous improvement of its products, processes and services.

Moving forward, Yongnam aims to be the partner of choice in providing solutions for the steel construction industry.

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