



YONGNAM HOLDINGS LIMITED

1H FY2015 Results Presentation

12 August 2015

CONTENTS

- Our Business
- Corporate Updates
- 1H FY2015 Financial Performance
- Prospects and Market Outlook
- Growth Strategies and Plans

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 181,000 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

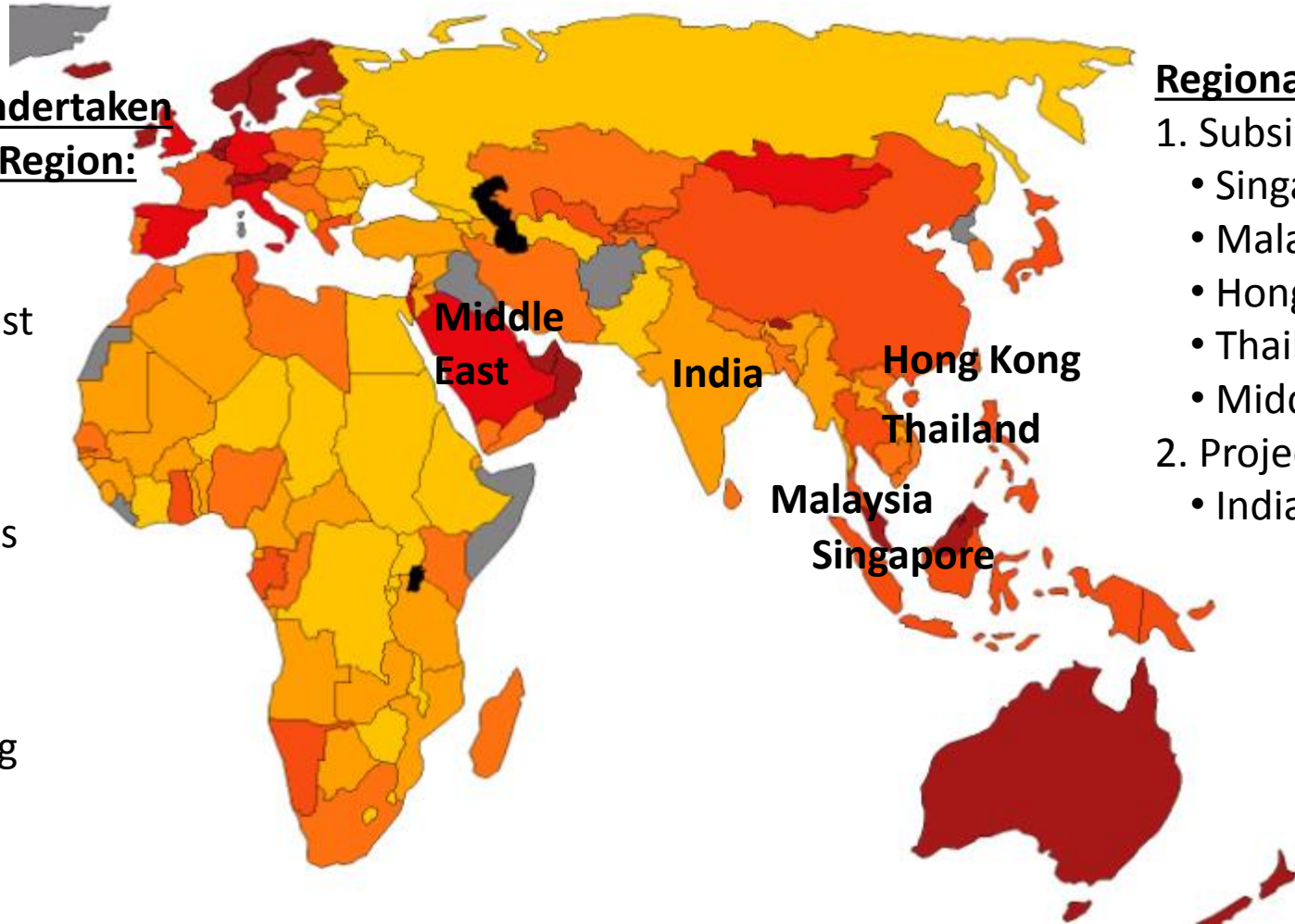
Our Business

- 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

Workshop Covered Area

Capacity (Normal Steel Structure)

Approximately 76,000 m²

20,250 m²

3,000 Tonnes per month

- **Malaysia (Nusajaya, Johor)**

Total Land Area

Workshop Covered Area

Capacity (Normal Steel Structure)

Approximately 109,103 m²

38,600 m²

4,000 Tonnes per month

- **Total Staff Strength**

Approximately 1,700



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
 - Southbeach Development
- Overseas:
 - Brunei (Hangars)
 - KLIA
 - Suvarnabhumi International Airport, Bangkok
 - Dubai Metro Rail
 - New Delhi International Airport
 - Mumbai International Airport

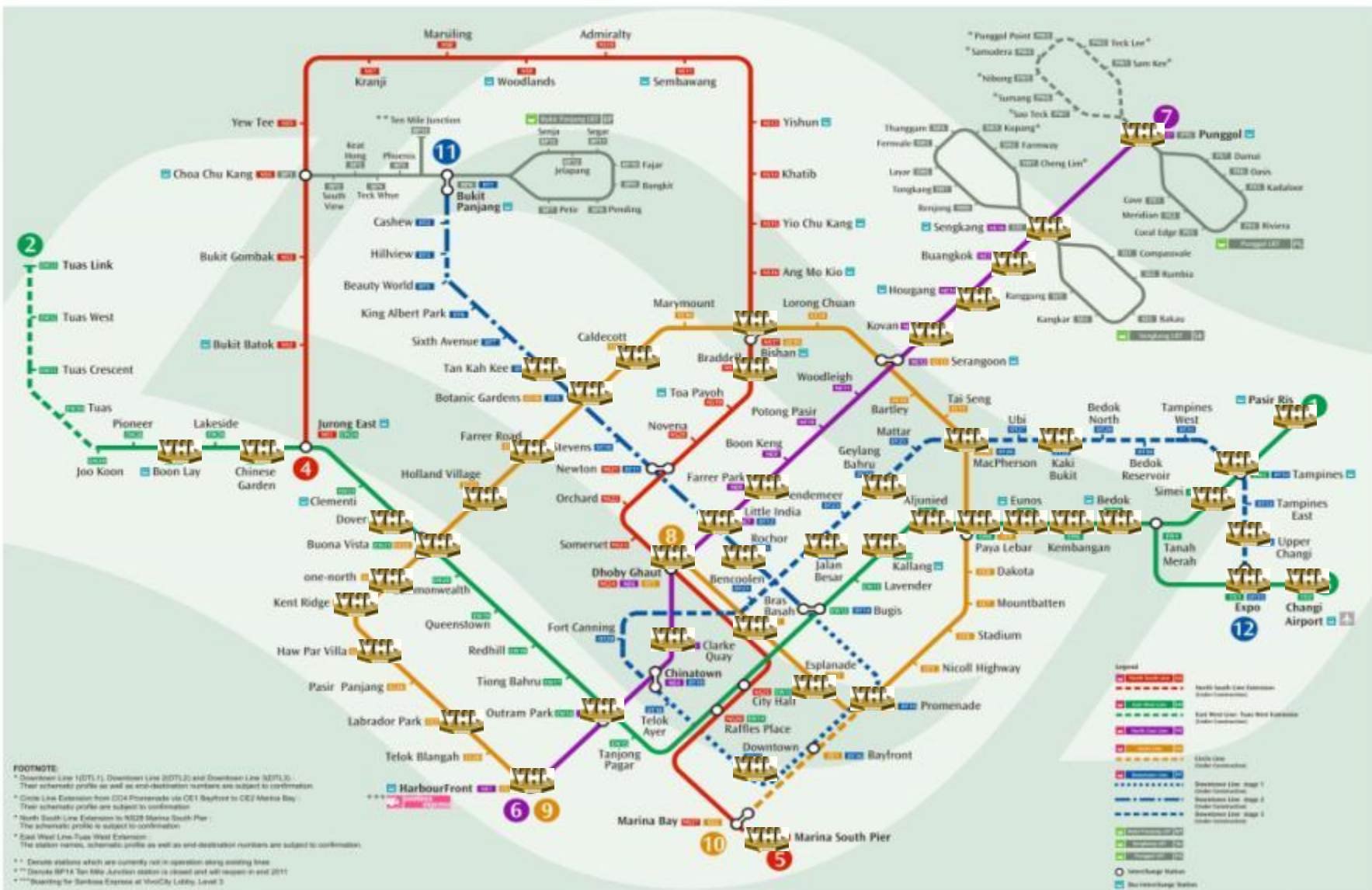


Specialist Civil Engineering – Track Record

- 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



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 1Q 2016



On-Going Projects

Changi Airport Terminal 4

- Secured in Mar 2014
- Contract worth S\$53 million
- Supply, fabricate and erect structural steelworks for roof structure, internal floors, link bridges, canopies and other appendages
- Expected completion in 1Q 2016



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, associated structures and pedestrian bridges to Terminals 2 and 3
- Expected completion in 4Q 2016



On-Going Projects

Senoko Food Hub

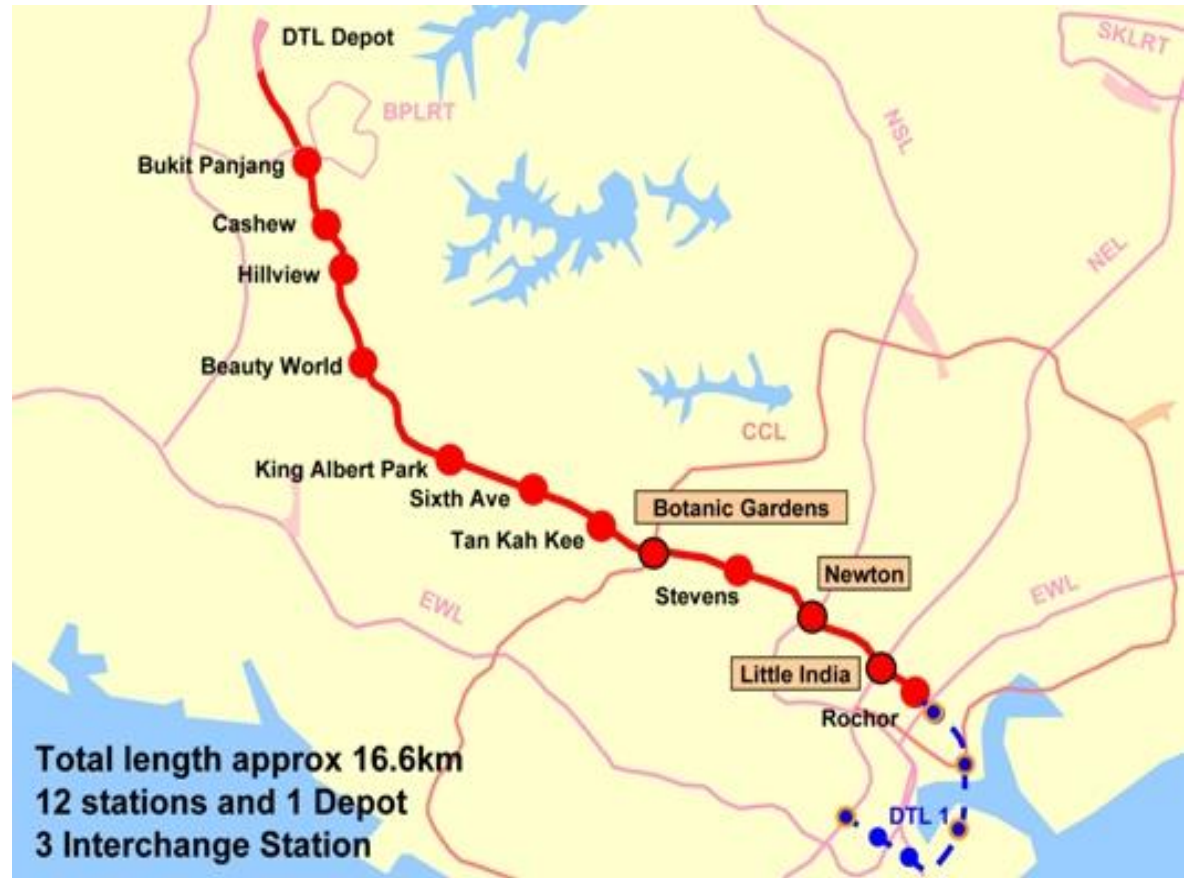
- Secured in Mar 2015 via JV with a local contractor
- Contract worth S\$159 million
- Construction of a new 7-storey ramp-up development comprising 50 modular factory units in Senoko Food Zone
- Expected completion in 1Q 2017



On-Going Projects

MRT Downtown Line 2 – 3 contracts worth total of S\$80 million

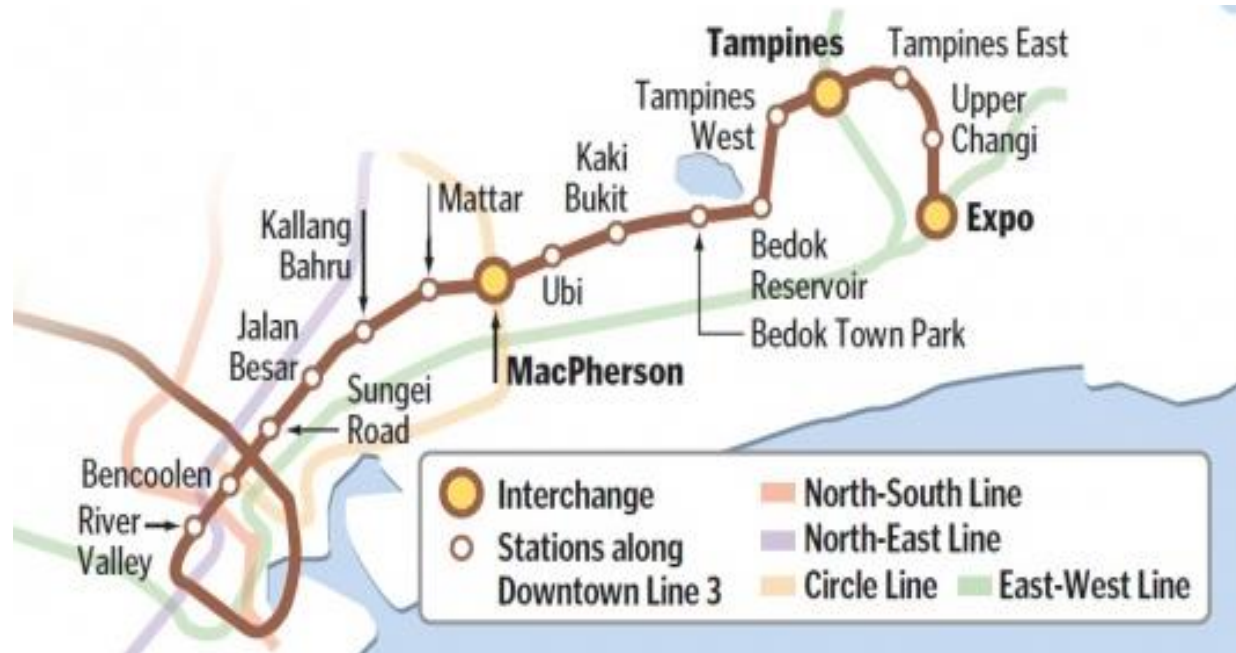
- C921 (3 contracts)
Installation and removal of steel struts and walers, sheet piles, soldier piles, king posts and RC decking for Little India Station, Rochor Station and tunnel between the two stations. Expected completion in 4Q 2015



On-Going Projects

MRT Downtown Line 3 – 7 contracts worth total of S\$121 million

- C929 & C932A – Installation and removal of steel struts, sheetpile and decking for Kaki Bukit and Kallang Bahru Stations. Expected completion 3Q 2015
- C933 – Installation and removal of steel struts and walers and construction decking for Jalan Besar Station. Expected completion 3Q 2015
- C923 – Deep basement excavation, installation and removal of steel struts and construction decking for Upper Changi Station. Expected completion in 2Q 2016



On-Going Projects

MRT Downtown Line 3 – 7 contracts worth total of S\$121 million

- C922 – Installation and removal of steel struts, decking and king posts for Expo Station and overrun tunnels. Expected completion 1Q 2016
- C931 – Installation and removal of steel struts and decking for Macpherson Station. Expected completion 4Q 2015
- C936 – Installation and removal of steel struts and decking for Bencoolen Station. Expected completion 1Q 2016



On-Going Projects

MRT Thomson Line – 2 contracts worth total of S\$79 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\$938 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



1H FY2015 Financial Performance

1H FY2015 Financial Performance

	2Q FY2015	2Q FY2014	Change (%)	1H FY2015	1H FY2014	Change (%)
Revenue (S\$'m)	70.7	61.6	14.7	136.6	133.4	2.4
Gross Profit/(Loss) (S\$'m)	6.8	(2.9)	n.m.	12.7	0.0	n.m.
Gross Margin (%)	9.7	(4.7)	n.m.	9.3	0.0	n.m.
Profit after Tax (S\$'m)	2.1	(5.3)	n.m.	2.8	(7.2)	n.m.
EPS (Basic) (Singapore cents) ⁽¹⁾	0.65	(1.66)	n.m.	0.88	(2.26)	n.m.
NAV per Share (Singapore cents) ⁽²⁾	-	-	-	95.45	94.73	0.8
ROE (%) (Annualized)	-	-	-	1.8	(4.5)	n.m.

⁽¹⁾ EPS per share was computed based on the weighted average number of shares of 316,735,383 for 2Q FY2015 (2Q FY2014: 316,735,383)

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

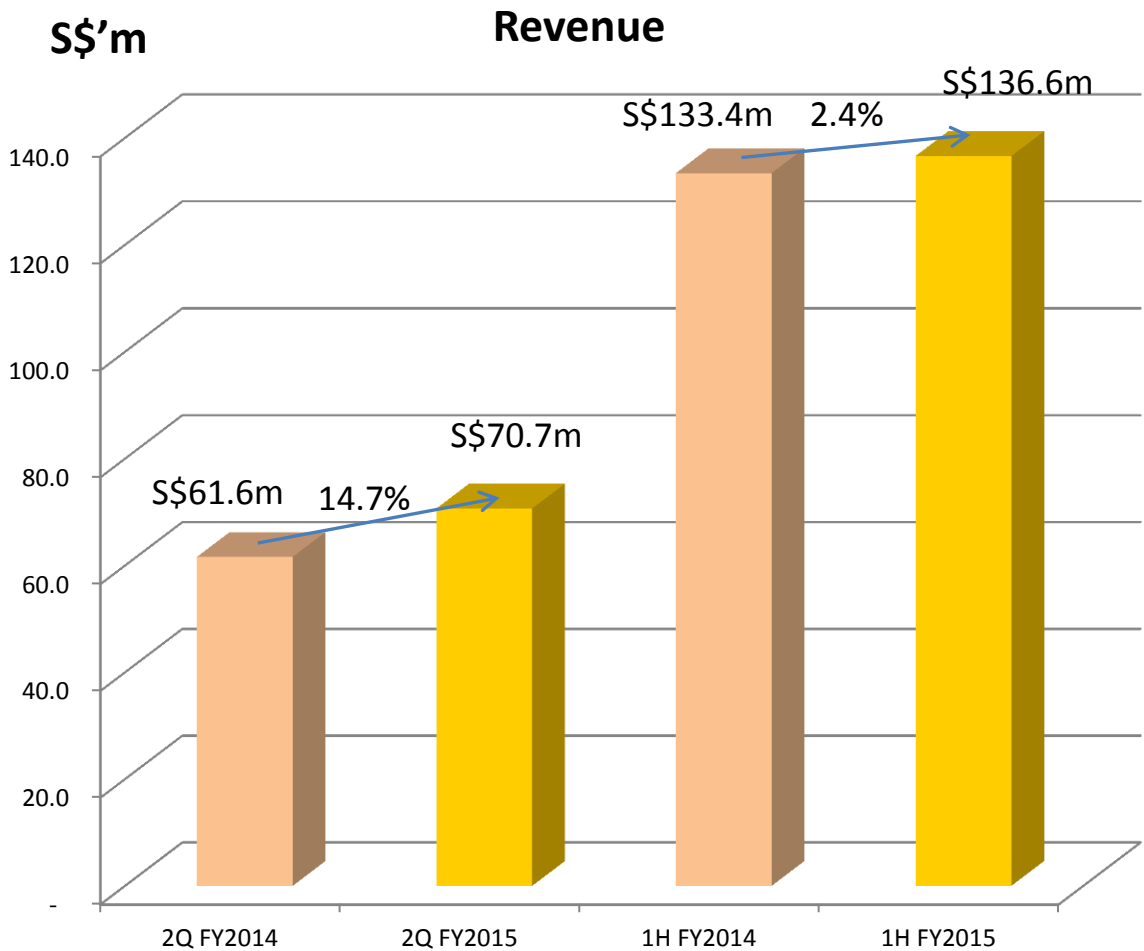
Period ended June 30

1H FY2015 Financial Performance

	Jun 30 2015	Dec 31 2014	Change (%)
Net Work-In-Progress (S\$'m)	109.2	97.8	11.6
Debtors (S\$'m)	56.3	27.7	103.7
Cash (S\$'m)	8.4	6.0	40.8
Borrowings (S\$'m)	158.8	178.9	(11.2)
Net Borrowings (S\$'m)	150.4	172.9	(13.0)
Gearing (times)	0.50	0.58	(13.8)
Shareholders' Funds (S\$'m)	302.3	300.1	0.8

Period ended June 30

1H FY2015 Financial Performance



Revenue

2Q FY2015 Revenue increased 14.7% mainly due to higher contribution from Structural Steelwork projects.

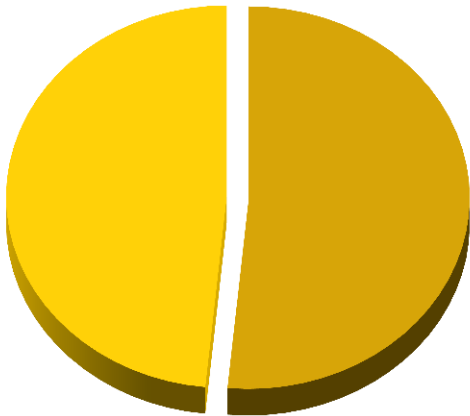
- Structural Steelworks increased from S\$31.8 million in 2Q FY2014 to S\$44.4 million in 2Q FY2015.
- Key contributing projects include:
 - Marina One
 - Changi Airport Terminal 4
- Specialist Civil Engineering decreased from S\$29.8 million in 2Q FY2014 to S\$25.6 million in 2Q FY2015.
- Key contributing projects include:
 - MRT Downtown Line 3
 - MRT Thomson Line
 - Hong Kong projects

1H FY2015 Financial Performance

Revenue by Business Segment

2Q FY2014

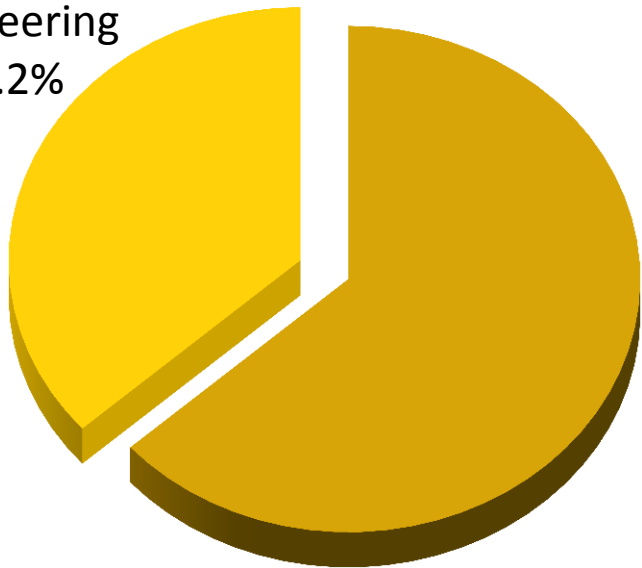
Specialist Civil
Engineering
48.4%



Structural Steelworks
51.6%

2Q FY2015

Specialist Civil
Engineering
36.2%

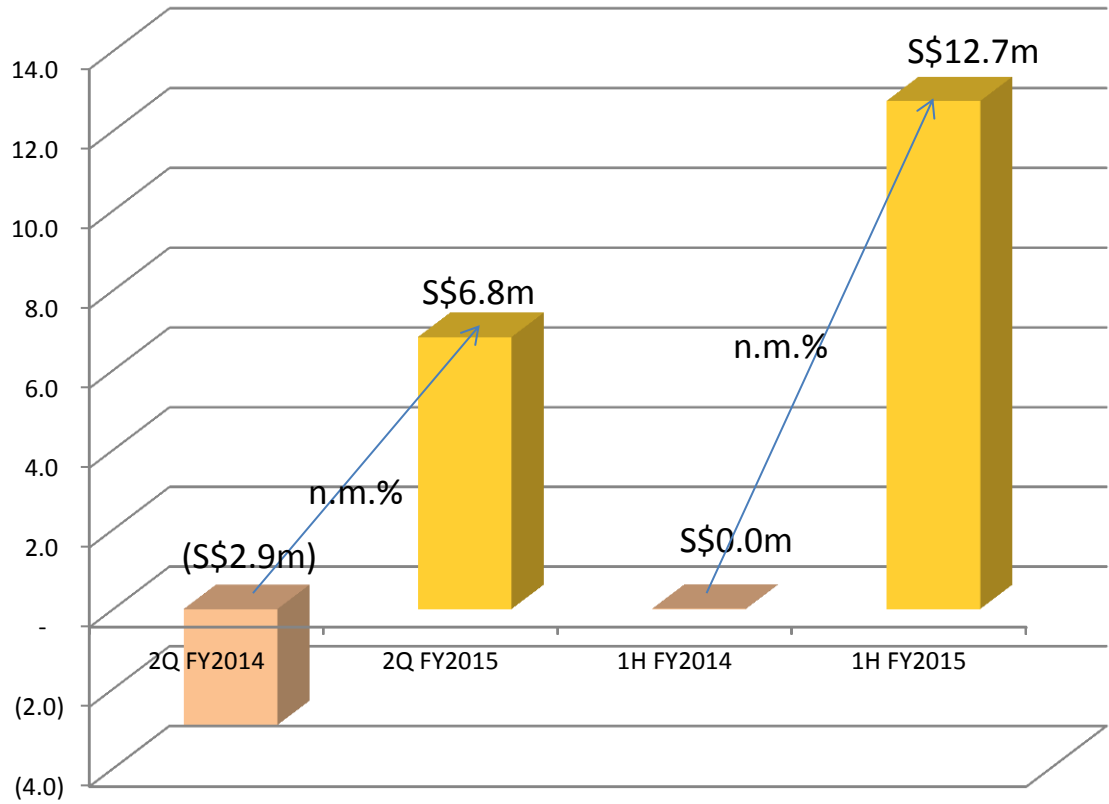


Structural Steelworks
63.8%

Period ended June 30

1H FY2015 Financial Performance

Gross Profit

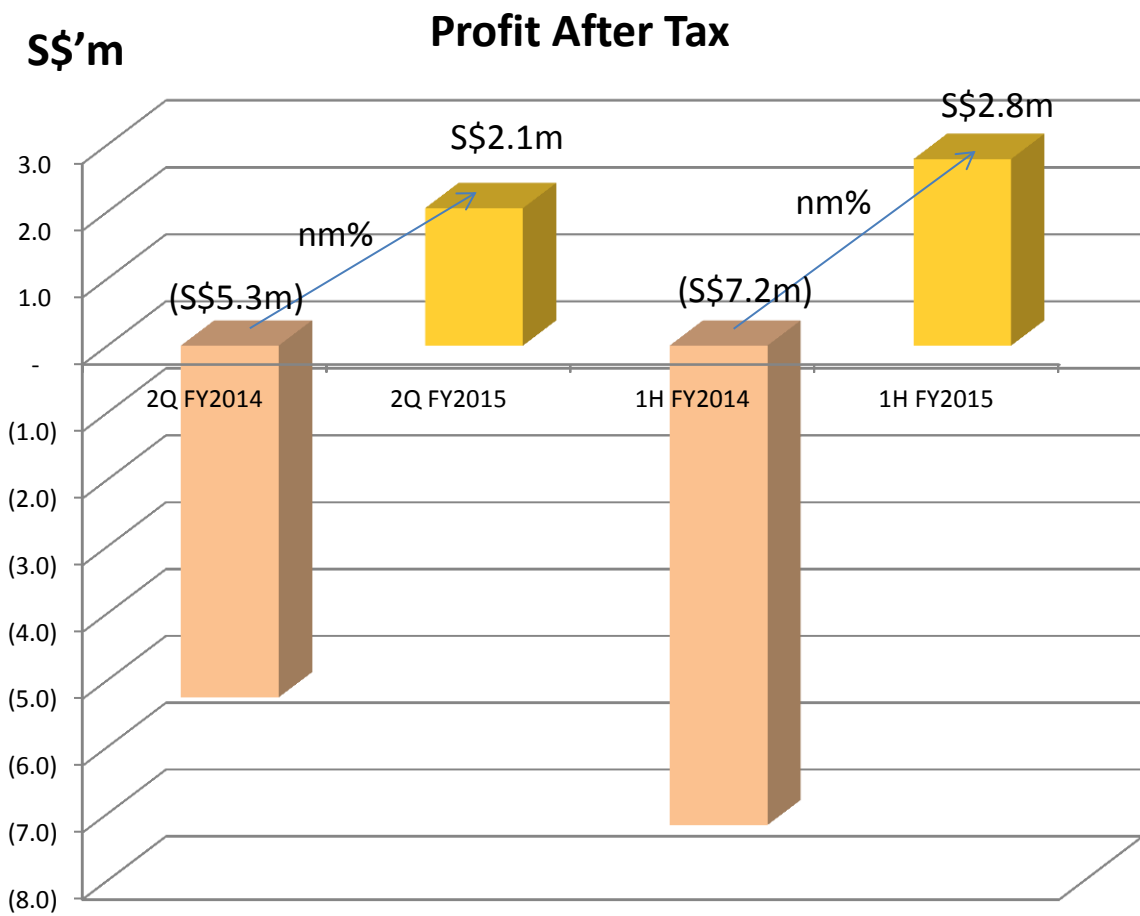


Gross Profit/(Loss)

Gross profit for 2Q FY2015 was S\$6.8m:

- Margins improved due to better margins from on-going projects.

1H FY2015 Financial Performance



Profit/(Loss) after Tax

Profit after tax for 2Q FY2015 was S\$2.1m:

- General & admin expenses increased from S\$2.6m in 2QFY2014 to \$3.3m in 2QFY2015

1H FY2015 Financial Performance

Order Book

Order book of S\$453 million as at June 30, 2015

- Structural Steelworks Vs Specialist Civil Engineering – 78:22
- 34% 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

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

(2) *Budget 2015: Boost in funding for Singapore's infrastructure development – Channel NewsAsia / Singapore Budget 2015, 23 February 2015*

Market Prospects: Regional

- **Hong Kong / Macau⁽¹⁾:**
 - Capital expenditure for Hong Kong between 2015 – 2016 estimated at S\$86.5 billion, including HK\$70 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
 - 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\$141.5 billion)⁽³⁾
 - Environmentally Friendly Linkage System: Rail link connecting Kai Tak with Kowloon Bay, Kwun Tong and Sha Tin to Central Link (HK\$12 billion)⁽⁴⁾
 - HK\$25 billion Kai Tak Sports Hub project⁽⁵⁾
 - 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⁽⁶⁾:**
 - Creation of a 'National Investment in infrastructure Fund' to unlock infrastructure investments into India
 - Additional allocation of \$11 billion to fund infrastructure investments (Roads, railways, ports and other projects)
 - India's goal of \$1 trillion in spending on roads, ports, power and other infrastructure from 2012 to 2017⁽⁷⁾
 - 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 \$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 2015 – 16 Budget – http://www.budget.gov.hk/2015/eng/pdf/e_budgetspeech2015-16.pdf, 25 February 2015
- (2) Industry Trend Analysis - 2015 Construction Outlook Driven By Delays , *infrastructure Insight*, November 2014
- (3) Approval of third runway at Chek Lap Kok airport does not answer questions about airspace. *South China Morning Post*, 28 April 2015
- (4) Civil Engineering and Development Department, Kai Tak Outline Zoning Plan, <http://www.ktd.gov.hk/efls/en/overview.htm>
- (5) Legco finally approves first tranche of funding for Kai Tak Sports Hub, *South China Morning Post*, 6 May 2015
- (6) India's 2015-2016 Budget: A kick-start for infrastructure, *KPMG*, March 2015
- (7) A \$750 billion gap in India's push for top infrastructure, *Bloomberg*, 14 May, 2015

Market Prospects: Regional

- **Middle East⁽¹⁾⁽²⁾:**

- Spending on infrastructure in key Middle East countries to remain elevated notwithstanding a low oil price environment
 - Qatar: \$200 billion worth of infrastructure development projects for a new port, a metro system in Doha and stadiums⁽³⁾
 - Kuwait: \$155 billion allocated over the next five years for 523 infrastructure projects
- 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⁽⁴⁾:**

- Projected GDP of 9.3% for 2015-16 underpinned by unprecedented amount of foreign investments
- 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) Qatar Construction Industry - The World Cup 2022 and Beyond, PR Newswire, 10 February 2015

(2) ICAEW Economic Insight: Middle East, ICAEW, 27 February 2015

(3) Qatar Prime Minister Says Country is Committed to Infrastructure Projects, The Wall Street Journal, 15 March 2015

(4) Myanmar projects economic growth of 9.3 pct for 2015-16, Reuters, 24 April 2015

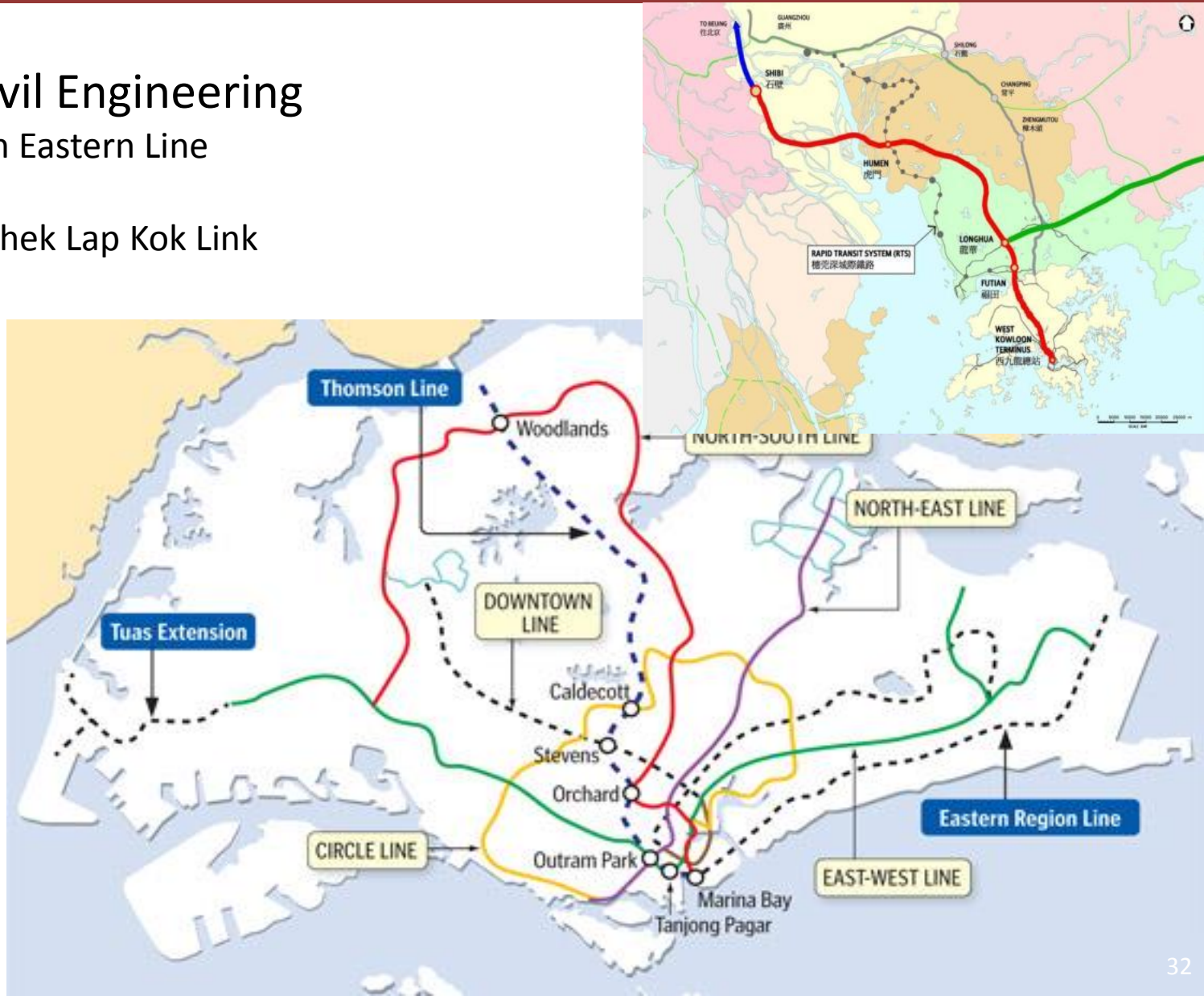
Potential Projects

- Structural Steel
 - Project Jewel at Changi Airport – Crown Roof
 - State Court
 - KL 118 Highrise Development
 - Rapid RFCC Project
 - Other commercial developments
 - Industrial plants



Potential Projects

- Specialist Civil Engineering
 - MRT Thomson Eastern 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	67.7	115.1	182.8
	2016	110.0	1.5	111.5
Overseas	2015	33.9	26.0	59.9
	2016	90.0	351.3	441.3
Total		301.6	493.9	795.5

• Specialist Civil Engineering

Location	Expected Commencement	Government S\$'mil	Non-Government S\$'mil	Total S\$'mil
Singapore	2015	118.1	-	118.1
	2016	179.0	-	179.0
Overseas	2015	99.9	-	99.9
	2016	-	-	-
Total		397.0	-	397.0

Projects announced by Government (not included above):

Qatar – Infrastructure North-south Expressway

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



Thank You