



## YONGNAM HOLDINGS LIMITED

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

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### NEWS RELEASE

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#### **YONGNAM REPORTS 11.1% REVENUE GROWTH TO S\$50.5 MILLION IN 2QFY2019**

- ***Secured five contracts worth S\$120.8 million in Singapore, Hong Kong and India in May 2019***
- ***Order book strengthened significantly to S\$400 million as at June 30, 2019, compared to S\$273 million a year ago***
- ***Actively pursuing S\$1.2 billion worth of new infrastructural developments and commercial projects in Singapore, Hong Kong, Australia and Philippines***

**Singapore, August 14, 2019** – Yongnam Holdings Limited (“Yongnam” or the “Group”), a well-established structural steel contractor and specialist civil engineering solutions provider, reported an improved financial performance for the three months ended June 30, 2019 (“2QFY2019”). The Group’s revenue increased by 11.1% or S\$5.0 million to S\$50.5 million and its net loss narrowed to S\$6.1 million in the quarter under review compared to S\$8.2 million a year ago.

Mr Seow Soon Yong, Chief Executive Officer of Yongnam, said, “The Group’s efforts to strengthen our order book progressively is starting to pay off. In May 2019, Yongnam secured five contracts worth S\$120.8 million in Singapore and overseas, which included a structural steelwork project for the Kempegowda International Airport in Bangalore, India from a repeat customer. These orders significantly boosted the Group’s order book to S\$400 million as at June 30, 2019, compared to S\$273 million as at June 30, 2018.”

“The Group is actively pursuing a number of upcoming mega public sector infrastructure projects in Singapore as well as selectively exploring targeted infrastructure and commercial projects locally and regionally.”

## **Performance Review**

The Group's stronger second quarter topline was due mainly to higher contributions from the Specialist Civil Engineering and Design and Build business segments. On a segmental basis, revenue contribution from the Specialist Civil Engineering segment increased by 17.9% to S\$23.1 million in 2QFY2019, boosted mainly by higher contribution from infrastructural projects in Australia. The segment also saw revenue contributions from the Thomson Line and Circle Line MRT projects in Singapore in the quarter under review.

Revenue from Design and Build projects increased by approximately four folds from S\$1.8 million in 2QFY2018 to S\$7.1 million in 2QFY2019, mainly due to higher contribution from a four-storey regional headquarters with mezzanine offices and a two-storey production facility located at the Tampines Industrial Crescent.

Meanwhile, JTC Logistics Hub, JTC North Coast Development and a new industrial development in Singapore were key contributors to Structural Steelwork segment's revenue in the quarter under review. The division saw revenue contribution decline 20.1% to S\$18.6 million in 2QFY2019, against S\$23.3 million in 2QFY2018, mainly due to the substantial completion of Changi Jewel, Outram Community Hospital and Evonik methionine plant in Jurong Island at the end of FY2018.

The Group incurred a marginal gross loss of S\$0.1 million in 2QFY2019, compared to a gross loss of S\$3.3 million in 2QFY2018 due to better margin projects and higher revenue. Despite the topline improvement, the Group's gross margin remained depressed by the continued low level of strutting and other activities in Singapore and Hong Kong, resulting in significant overhead costs not being fully allocated to projects.

General and administrative expenses decreased by 25.8% to S\$3.6 million in 2QFY2019, mainly due to lower staff cost and lower loss on disposal of fixed assets incurred in the current quarter. Finance costs increased from S\$1.8 million to S\$3.4 million mainly due to notional interest on lease liabilities, arising from the adoption of

new SFRS (I) 16 Leases accounting standard, in addition to higher bank interest and convertible bond interest.

The Group's net gearing is 0.71 time as at June 30, 2019, compared to 0.51 time as at December 31, 2018, due to the adoption of new SFRS (I) 16 lease accounting standard which brought the off-balance sheet operating leases to the balance sheets. Net asset value per share was 46.19 Singapore cents as at June 30, 2019, compared to 48.57 Singapore cents as at December 31, 2018.

## **Outlook**

Currently, the Group is in active pursuit of a number of upcoming mega public sector infrastructure projects in Singapore including various major contracts for the North-South Corridor, Changi Airport Terminal 5 development works and Jurong Regional MRT Line.

The total value of the infrastructure and commercial contracts across the geographical regions of Singapore, Hong Kong, Australia and the Philippines, that the Group is currently in active pursuit of, stands at approximately S\$1.2 billion. Most of the potential projects, if awarded, are expected to contribute positively from FY2019.

Over the next few years, Singapore is expected to focus on major infrastructure projects such as the Cross Island Line, developments at Jurong Lake District and construction of Changi Airport Terminal 5, which are expected to continue to support construction activity in Singapore.

Backed by its proven track record of more than 40 years and renowned reputation as an established structural steel contractor and specialist civil engineering solutions provider, the Group is well-positioned to secure opportunities in Singapore and regionally to further strengthen its order book.

## **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 utilises 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 ("BCA"), 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-9001:2015, ISO 14001:2015, ISO 45001:2018 certified company and a certified manufacturer of CE-marked structural steelwork to EN 1090 and EN ISO 3834 for the highest execution class EXC4 for the EU market. Yongnam is also an accredited fabricator of the highest S1 category from the Singapore Structural Steel Society and holds A1 and A2 Grades from the BCA for the categories of General Building and Civil Engineering respectively.

The Group's Quality Management System takes a planned approach towards continuous improvement of its products, processes and services. Yongnam has also achieved a bizSAFE Star Level award and BCA Green and Gracious Builder award.

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

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