



YONGNAM HOLDINGS LIMITED

Corporate Presentation (1H FY2019)

August 14, 2019

An aerial photograph of a city at dusk or dawn. In the foreground, a large, modern stadium with a distinctive, curved, metallic roof structure is visible. To the left, a river flows through the city. The background shows a dense urban landscape with numerous high-rise buildings under a sky with soft, golden light from the setting or rising sun.

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
- ISO 9001; ISO 14001; ISO 45001; EN 1090 certified



Yongnam Holdings Limited

Excels in adding value to steel construction

Long established relationships with major reputable contractors

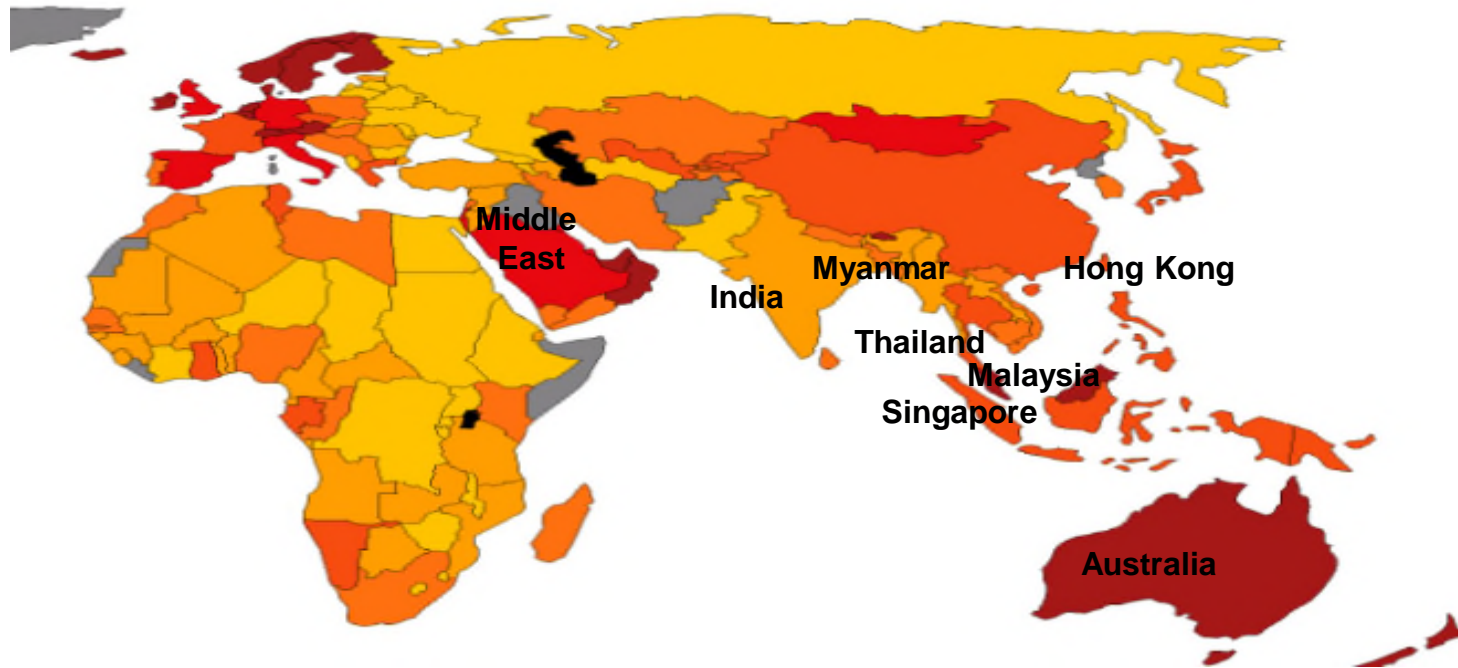
- Takenaka Corporation
- Taisei Corporation
- Obayashi Corporation
- Penta-Ocean Construction Co. Ltd
- Shimizu Corporation
- Kajima Asia Pacific Holdings Pte Ltd
- Dragages Singapore Pte Ltd
- Sembcorp Design & Construction Pte Ltd
- Samsung C&T Corporation
- Ssangyong E&C Co. Ltd
- Hyundai E&C Ltd
- GS E&C Corporation
- Daelim Industrial Co. Ltd
- Larsen & Toubro Ltd
- Leighton Contractors (Asia) Ltd (Singapore Branch)
- Woh Hup (Private) Limited



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
- Australia



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
- A1 Grade in General Building from BCA Singapore
- S1 category accreditation from Singapore Structural Steel Society

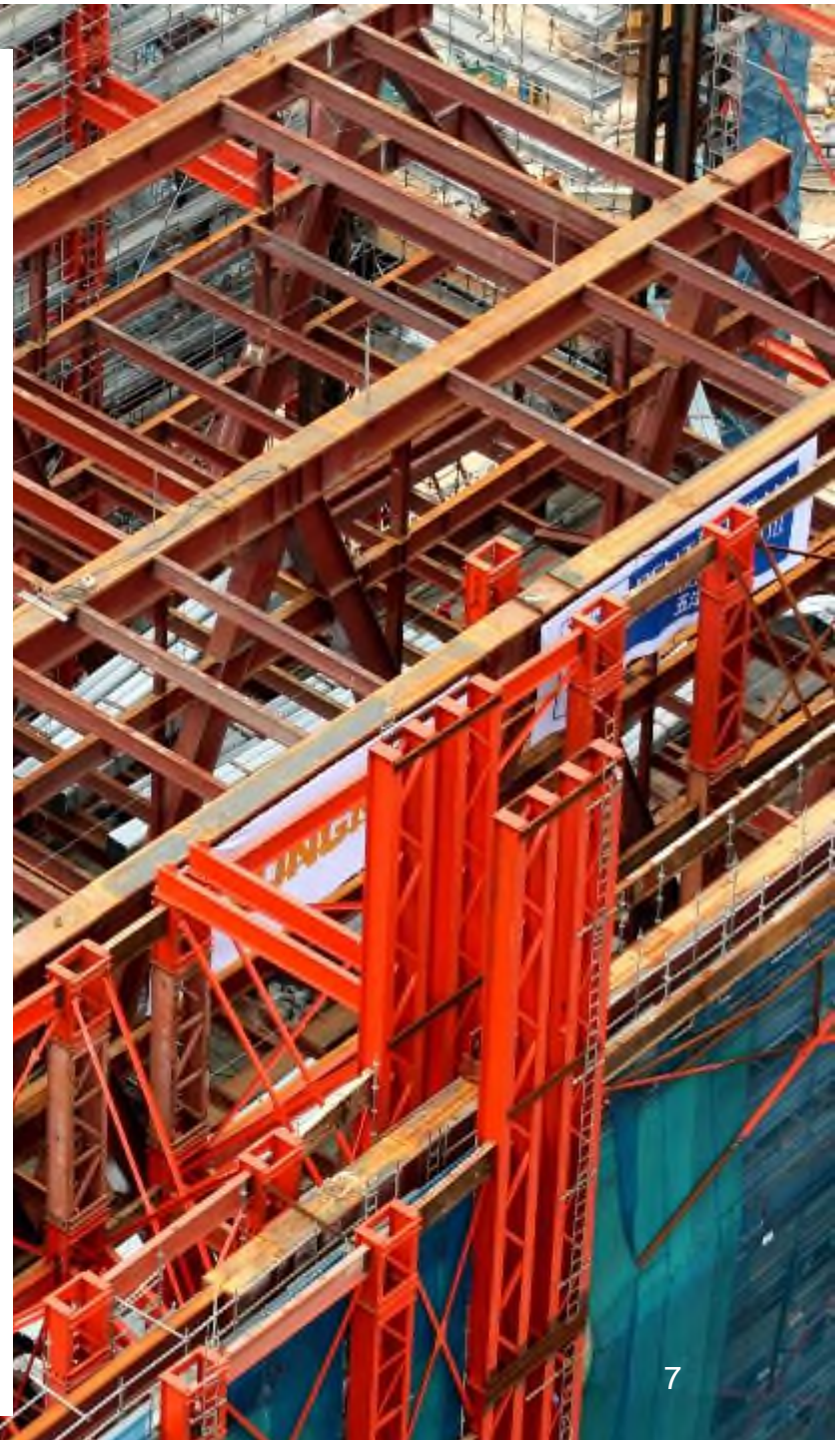


Specialist Civil Engineering

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 207,000 tonnes of strutting assets and pipe piles
- Strong track record and high replacement cost of struts creates a significant barrier to entry
- A2 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

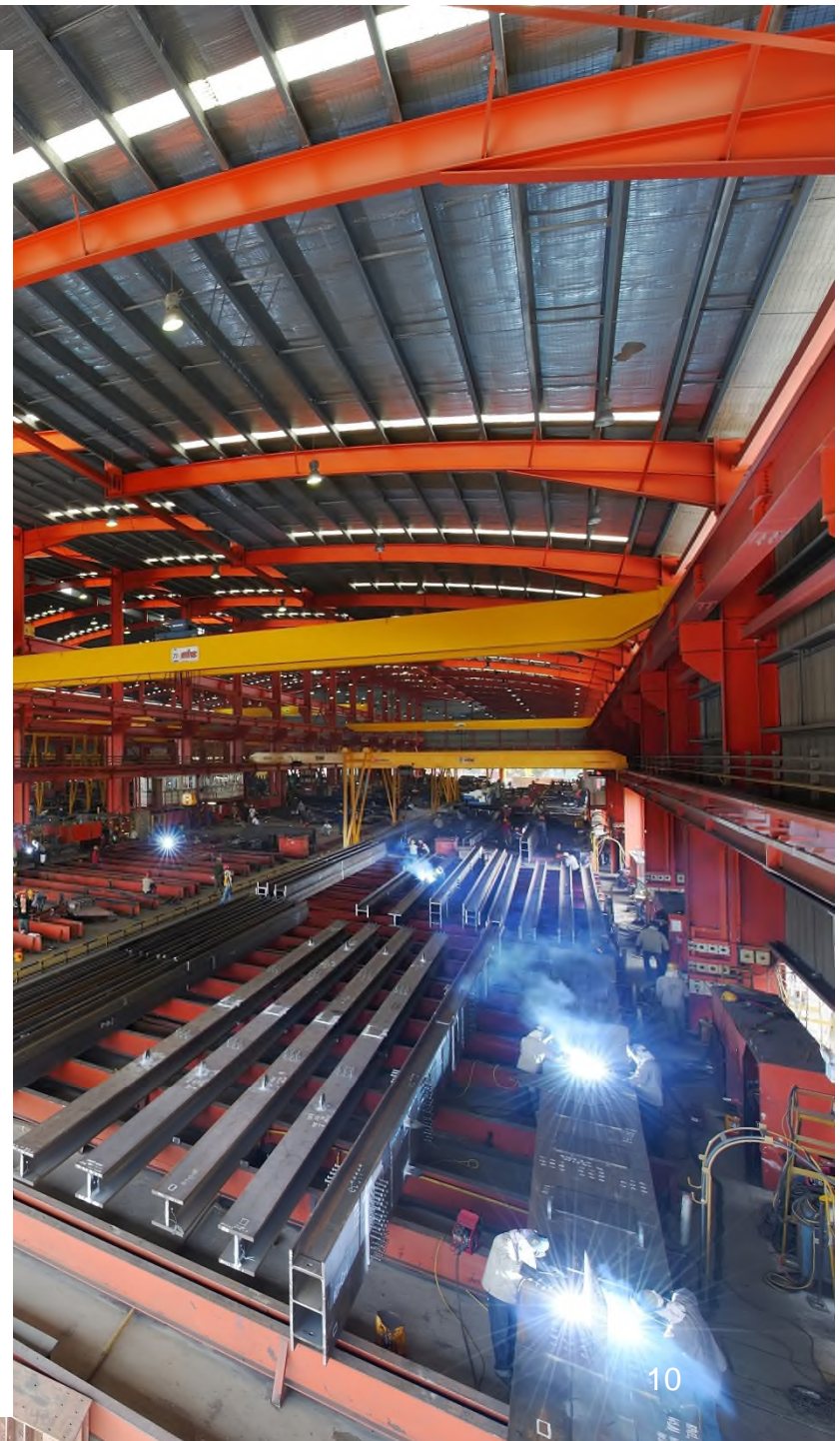
Mega complex in Tuas occupying a land area of 76,000 sq m

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

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**, Kallang-Paya Lebar Expressway
- **Singapore**, Marina Coastal Expressway
- **Singapore**, MRT Thomson-East Coast Line
- **Singapore**, MRT Downtown Line
- **Singapore**, MRT Circle Line
- **Singapore**, MRT Northeast Line
- **Singapore**, MRT East-west Line
- **Singapore**, MRT North-south Line
- **Singapore**, MRT North-south Line Extension
- **Hong Kong**, Mass Transit Rail
- **Hong Kong**, Express Rail Link
- **Middle-east**, Dubai Metro

High Rise Buildings & Iconic Structures

- Jewel Changi Airport
- Marina One
- 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
- Capita Green

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

Project Showcase

Yongnam was involved in the development of Marina One, Marina Bay Sands Integrated Resort, Gardens by the Bay, CCRC, Singapore Sports Hub and Jewel Changi Airport:



Marina One



Skypark



Gardens by the Bay



CCRC



Sports Hub



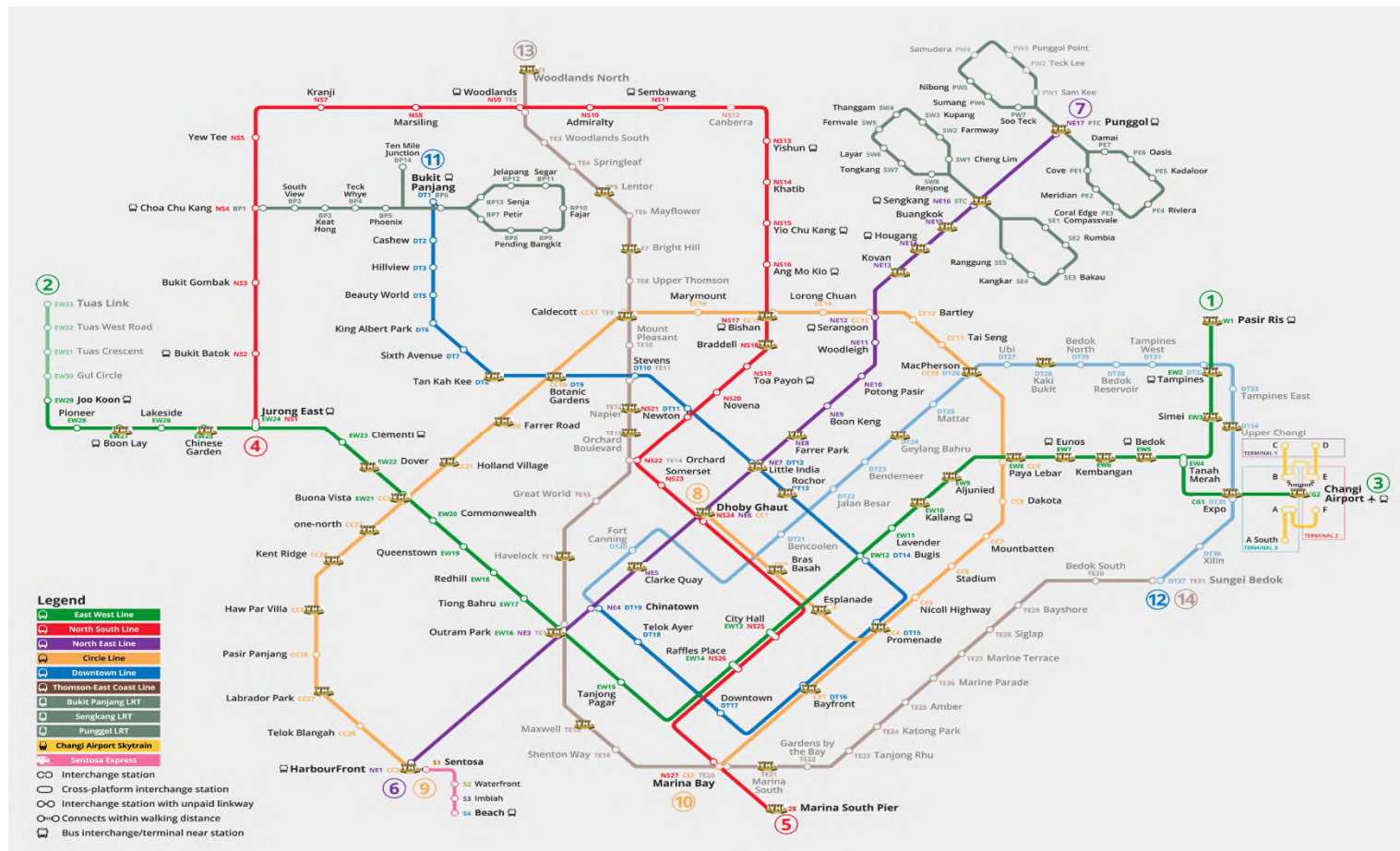
Jewel Changi Airport



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 (Singapore)

Key On-Going Projects

North-South Corridor Project (N103 contract)

Project Value: \$553.8 million

Date of Award: May 2018, JV (30%)

Completion Date: Expected 2026

Scope of Work: Design and construction works includes 640 metres of twin, three-lane vehicular tunnels, the underpinning of an existing expressway flyover, a new facility building as well as an entrance ramp and an exit ramp.



Current Portfolio (Singapore)

Key On-Going Projects

JTC Logistics Hub

Project Value: \$54.5 million

Date of Award: August 2017

Completion Date: Expected 1Q2020

Scope of Work: Supply, fabricate and erect balance structural steelwork and install alternative steel system



Current Portfolio (Singapore)

Key On-Going Projects

Industrial Development in Singapore

Project Value: \$16.5 million

Date of Award: June 2018

Completion Date: Expected 3Q2019

Scope of Work: Supply, fabricate and erect structural steelwork



Current Portfolio (Singapore)

Key On-Going Projects

MRT Thomson Line (3 contracts)

Project Value: \$98 million

Key Projects Description:

- **C217 (3Q2019):** Installation and removal of steel struts for Napier Station
- **C227 (2Q2020):** Installation and removal of pipe pile cofferdam, steel struts and decking for Marina South Station



Current Portfolio (Singapore)

Key On-Going Projects

Project at Changi Airport Terminal 1

Project Value:	\$4.5 million
Date of Award:	November 2018
Completion Date:	Expected 4Q2021

Scope of Work: Supply, fabricate, deliver and erect structural steelwork for the launching of 14 sets of fixed gangways for Changi Airport Terminal One Phase 4 Fixed Gangway



Current Portfolio (Singapore)

Key On-Going Projects

Design and Build Project at Tampines Wafer Fab Park

Project Value:	\$31.8 million
Date of Award:	October 2018
Completion Date:	Expected 1Q2020

Scope of Work: Design and Build of a four-storey regional headquarters with mezzanine offices and a two-storey production facility for AAC Optics Solutions Pte. Ltd., located at the Tampines Wafer Fab Park



Current Portfolio (Singapore)

Key On-Going Projects

Light industrial and commercial building for JTC Corporation

Project Value: \$15.5 million

Date of Award: August 2018

Completion Date: Expected 3Q2020

Scope of Work: Supply, fabrication, delivery and erection of structural steelwork for a nine-storey light industrial and commercial building for JTC Corporation at the junction of Woodlands Avenues 4 and 9



Current Portfolio (Singapore)

Key On-Going Projects – Recent Awards

Subcontract for North-South Corridor N103

Project Value: \$47.4 million

Date of Award: May 2019

Completion Date: Expected 2022

Scope of Work: Supplying steel struts and strutting components for Temporary Earth Retaining Systems used in Contract N103 of the North-South Corridor



Current Portfolio (Singapore)

Key On-Going Projects – Recent Awards

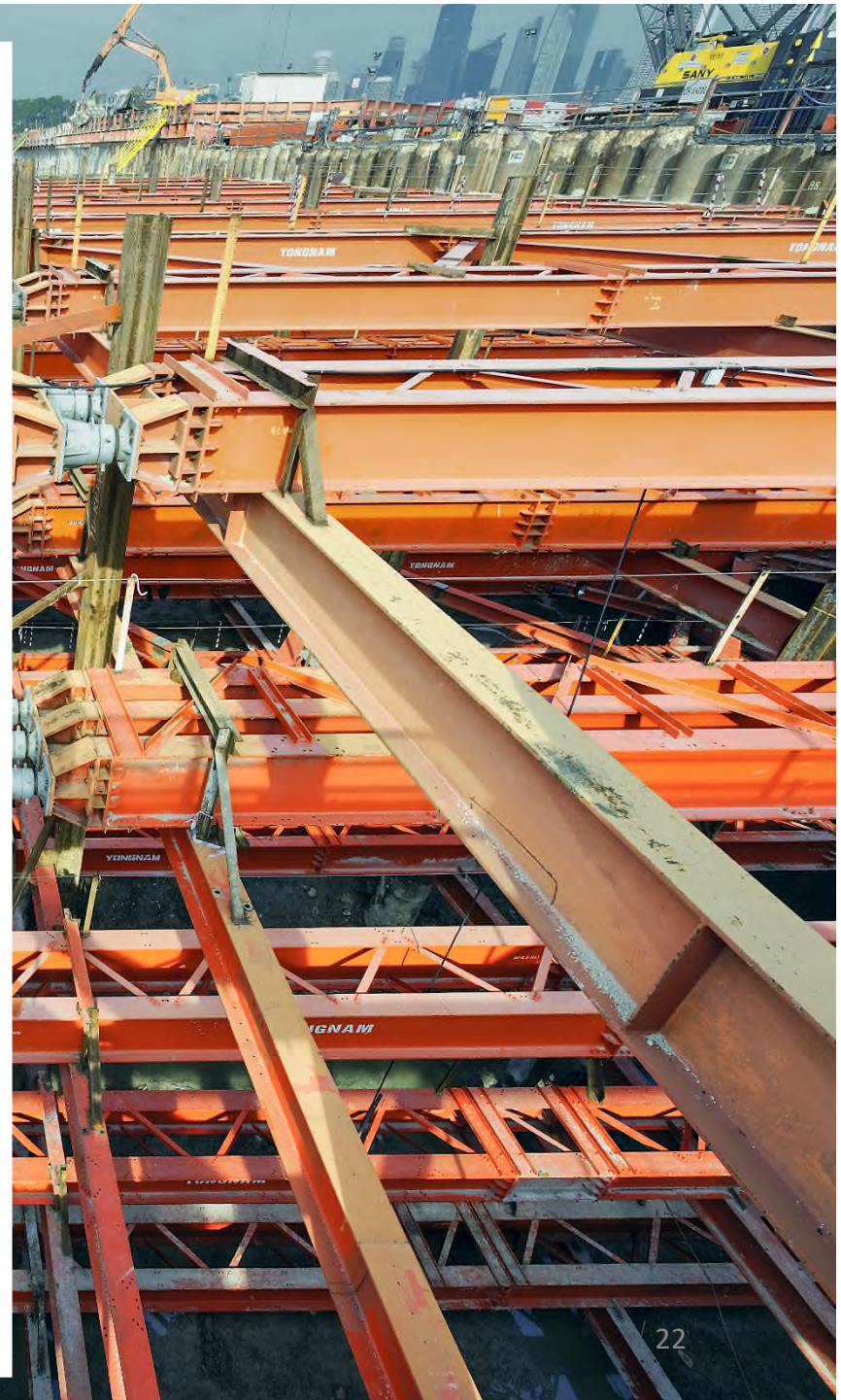
Subcontract for Changi East development

Project Value: \$41.7 million

Date of Award: May 2019

Completion Date: Expected 2021

Scope of Work: Supplying steel struts and strutting components for Temporary Earth Retaining Systems used in infrastructural developments in Changi East



Current Portfolio (Hong Kong)

Key On-Going Projects

HK MTR Extension and Kai Tak Development Stage 3

Project Value: HK\$158 million (2 contracts)

Completion Date: Progressively until 2019

Project Description:

- MTR Extension: Shatin-Central Link
- Kai Tak Development 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



Current Portfolio (Hong Kong)

Key On-Going Projects – Recent Awards

Transport Infrastructure

Project Value: HK\$47.6 million

Completion Date: Expected 2021

Project Description:

- Tseung Kwan O – Lam Tin Tunnel

Scope of work:

- Supply, installation and removal of strut and walers for reinforced concrete structural works



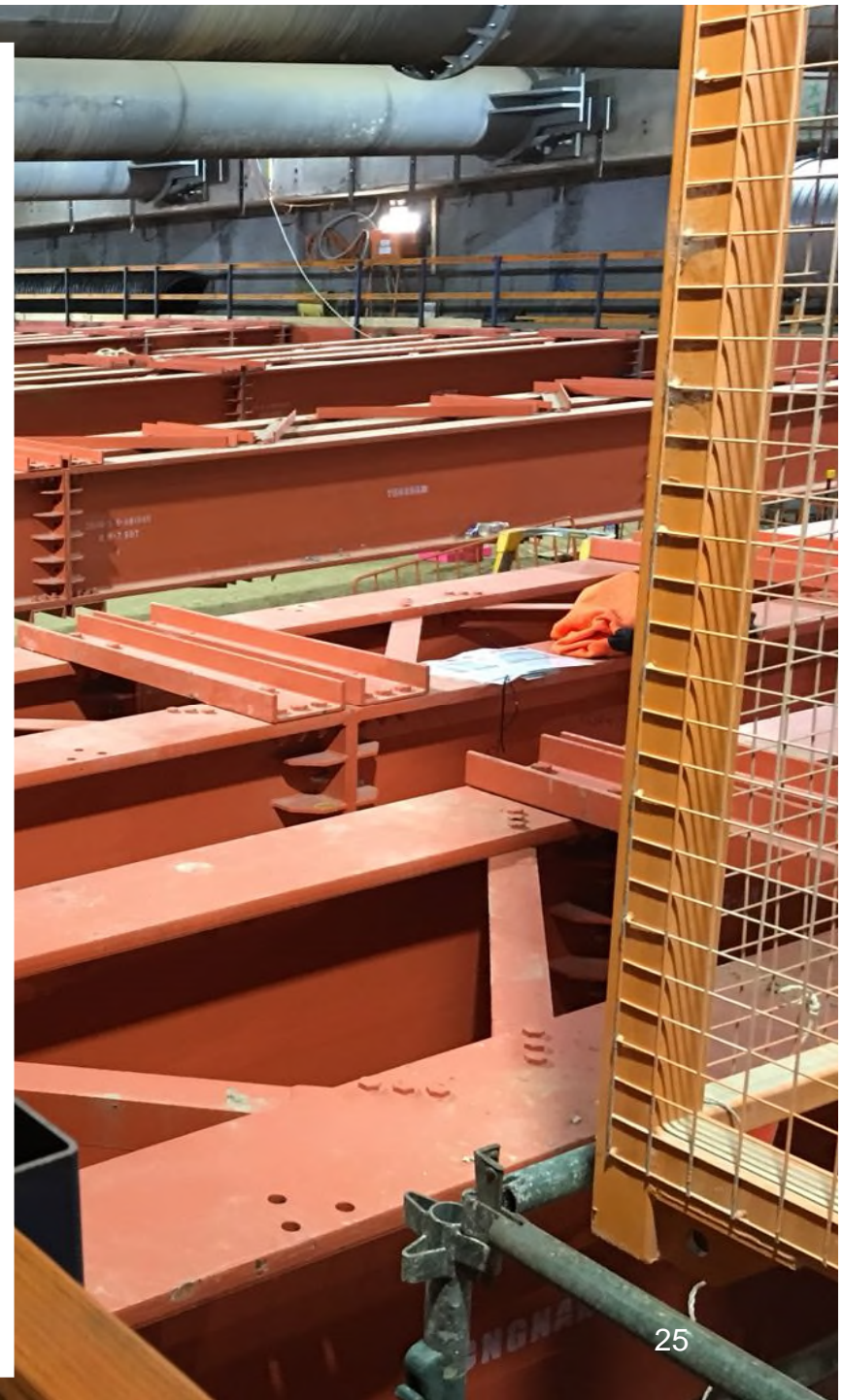
Current Portfolio (Australia)

Key On-Going Projects

Supply contracts for infrastructure projects in Australia

Project Value: \$82.5 million
Date of Award: January 2019
Completion Date: Expected 2Q2021

Scope of Work: Supplying steel struts and strutting components for Temporary Earth Retaining Systems used in infrastructural developments in Melbourne, Victoria, Australia



Current Portfolio (India)

Key On-Going Projects – Recent Awards

Roof structure for new Passenger Terminal Building for Bangalore International Airport

Project Value: \$17.7 million

Date of Award: May 2019

Completion Date: Expected 2020

Scope of Work: Supply, fabrication, delivery and erection of structural steelwork for roof of Terminal 2, Kempegowda International Airport, Bangalore





Financial Performance (1H FY2019)



Key Financial Highlights

1H FY2019 Financial Performance

	2Q FY2019	2Q FY2018	Change (%)	1H FY2019	1H FY2018	Change (%)
Revenue (\$'m)	50.5	45.5	11.1	101.6	99.6	2.1
Gross Loss (\$'m)	(0.1)	(3.3)	96.5	(1.5)	(2.8)	46.5
Loss after Tax (\$'m)	(6.1)	(8.2)	26.1	(13.0)	(13.0)	0.3
EPS (Basic) (Singapore cents) ⁽¹⁾	(1.13)	(1.57)	28.1	(2.37)	(2.46)	3.6
NAV per Share (Singapore cents) ⁽²⁾	-	-	-	46.2	48.6	(4.9)

⁽¹⁾ EPS per share was computed based on the weighted average number of shares of 522,602,931 for 2Q FY2019 (2Q FY2018: 522,602,931)

⁽²⁾ NAV per share as at June 30, 2019 and December 31, 2018 respectively



Key Financial Highlights

1H FY2019 Financial Performance

	Jun 30 2019	Dec 31 2018	Change (%)
Net Contract Assets (\$'m)	40.6	48.5	(16.2)
Debtors (\$'m)	14.4	29.9	(51.6)
Cash (\$'m)	19.2	14.3	34.5
Borrowings* (\$'m)	183.5	140.1	31.0
Net Borrowings (\$'m)	164.3	125.8	30.6
Gearing (times)	0.71	0.51	39.2
Shareholders' Funds (\$'m)	241.4	253.8	(4.9)

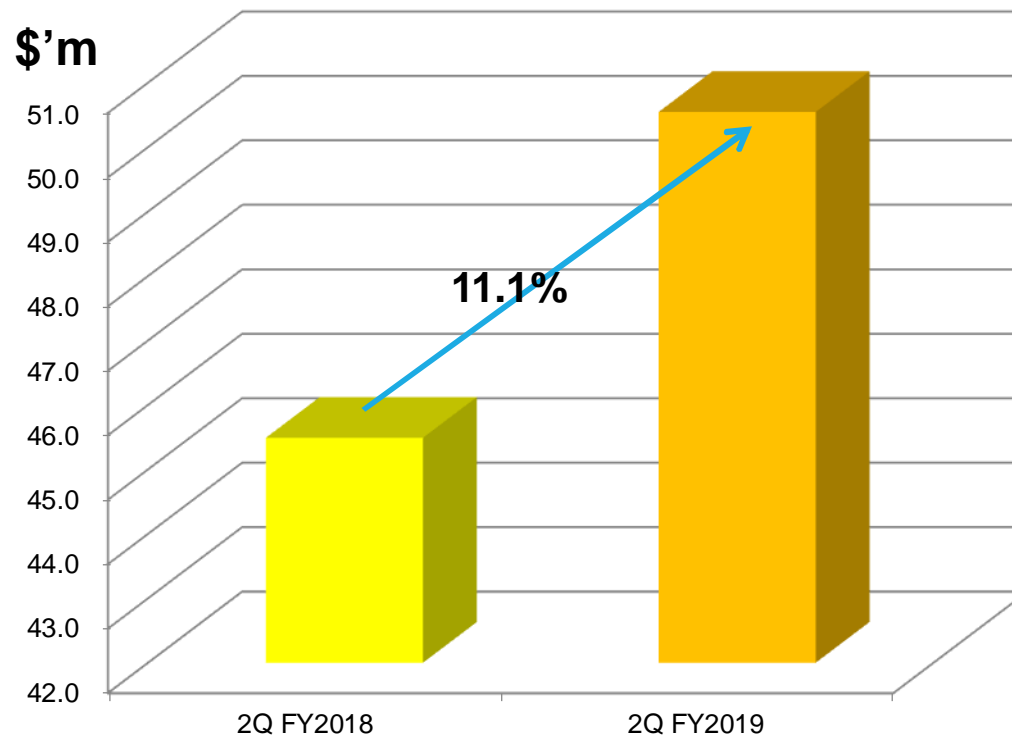
*Includes Lease Liabilities of S\$50.6m



Key Financial Highlights

1H FY2019 Financial Performance – Revenue Analysis

2QFY2019 Revenue up by 11.1% mainly due to higher contributions from Specialist Civil Engineering and Design and Build segments



Specialist Civil Engineering

- Revenue contribution increased by 17.9% from \$19.6 million in 2Q FY2018 to \$23.1 million in 2Q FY2019
- **Key contributing projects in 2Q FY2018 include:** MRT Thomson Line, Circle Line and infrastructural projects in Australia

Design and Build

- Revenue contribution increased by 294.4% from \$1.8 million in 2Q FY2018 to \$7.1 million in 2Q FY2019 mainly due to the AAC Optics Pte Ltd project at Tampines Industrial Crescent

Structural Steelwork

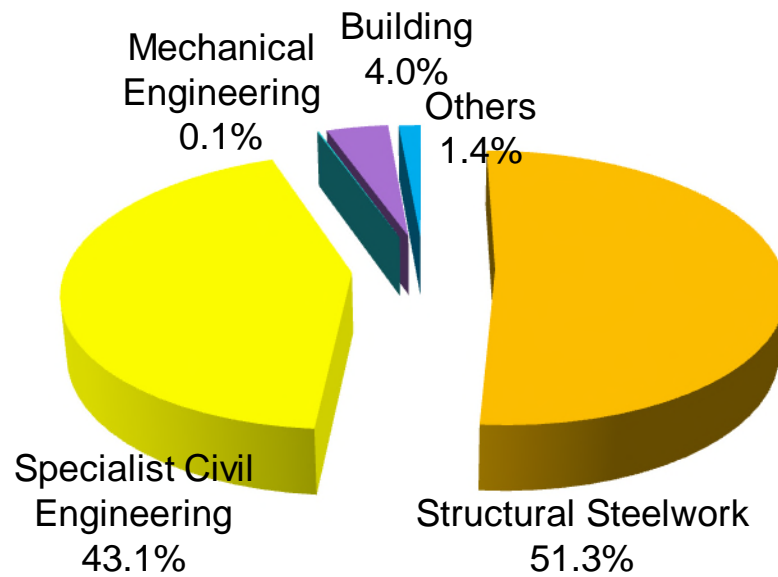
- Revenue contribution decreased by 20.1% from \$23.3 million in 2Q FY2018 to \$18.6 million in 2Q FY2019
- **Key contributing project in 2Q FY2018:** JTC Logistics Hub, JTC North Coast, new industrial development in Singapore



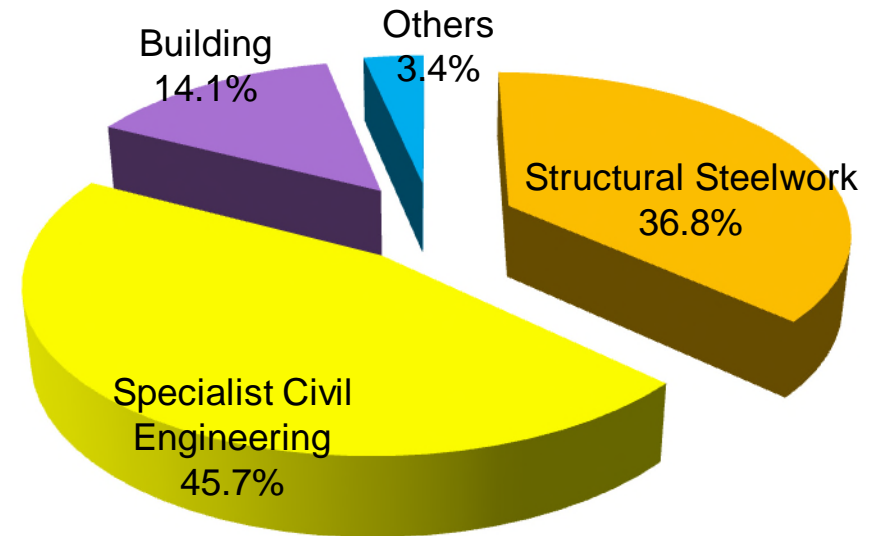
Key Financial Highlights

1H FY2019 Financial Performance – Breakdown by Business Segment

2QFY2018



2QFY2019



Key Financial Highlights

1H FY2019 Financial Performance – Gross Loss

Gross loss of \$0.1 million for 2QFY2019



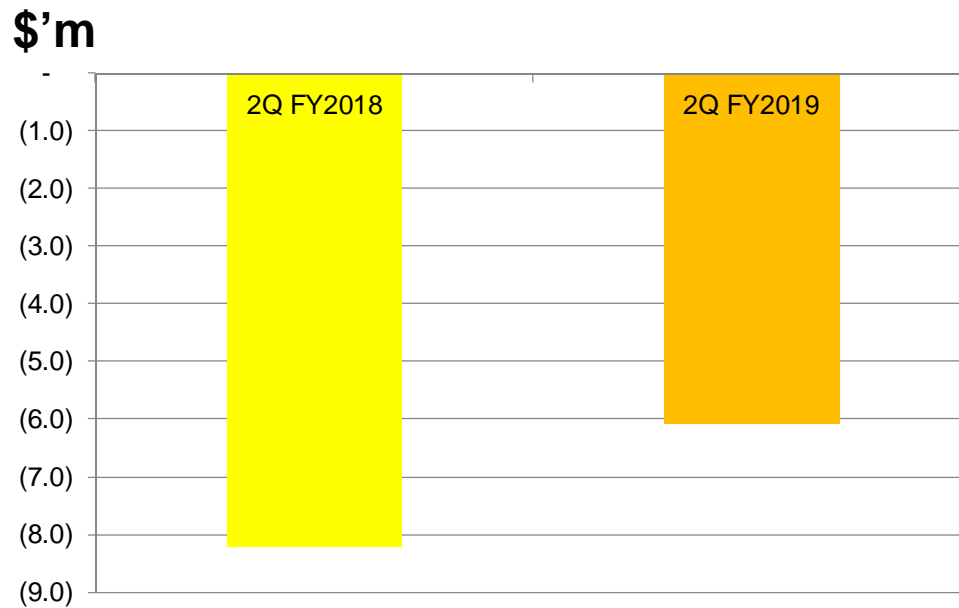
Gross Loss

- Gross Loss of \$0.1 million for 2QFY2019 compared to loss of \$3.3 million for 2QFY2018;
- Gross margin continued to be depressed by low level of business activities in Singapore and Hong Kong.

Key Financial Highlights

1H FY2019 Financial Performance – Loss after Tax

Loss after Tax of \$6.1 million for 2QFY2019



Loss after tax

Loss after tax of \$6.1 million for 2QFY2019 compared to \$8.2 million for 2QFY2018 due to:

- Decrease in General and Admin expenses due to lower staff cost and lower loss on disposal of fixed assets
- Increase in Finance costs due to notional interest on lease liabilities and higher interest.

Key Financial Highlights

Order Book

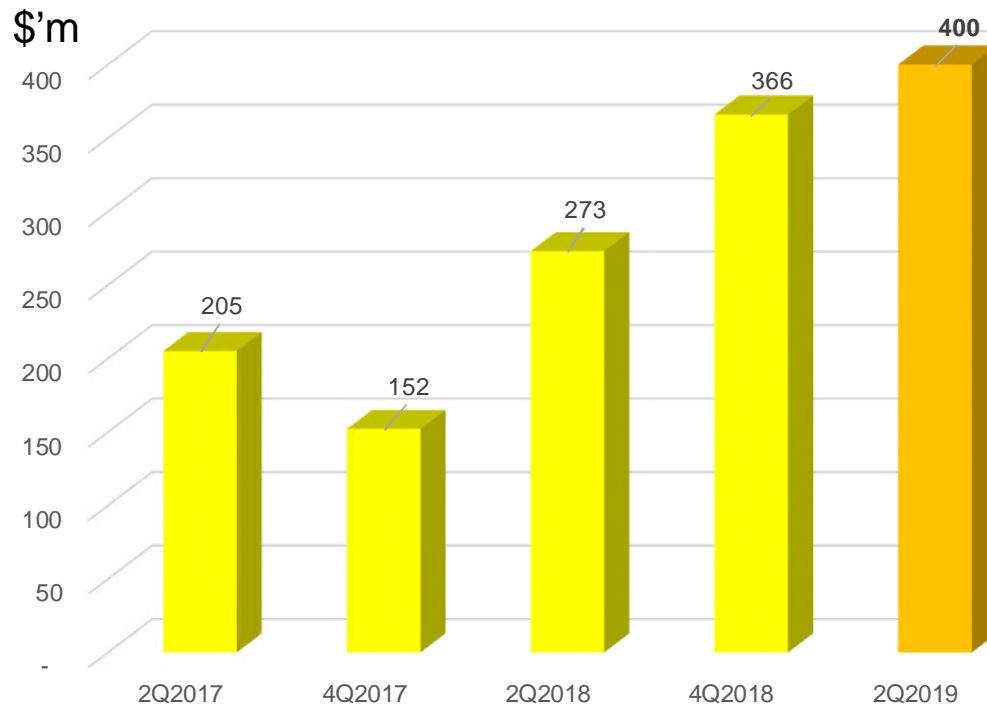
As at 30 June 2019, the Group's order book stands at approximately \$400 million

- Structural Steelworks: 19%
- Specialist Civil Engineering: 40%
- Others (M&E, Building): 5%
- Main Contractor: 36%
- Out of the Group's order book, about 11% of the main contractor work and 46% of the other segments are slated for completion within FY2019



Key Financial Highlights

Order Book - Trend



Growth Strategies and Plans



Strategies and Plans

- To enhance cost competitiveness and operational efficiency, the Group, where possible, will continue to relocate some of its factory operations in Singapore to a new site in Johor, Malaysia
- Continuous review of the Group's cost structure to further manage costs and achieve better efficiencies
- 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, Thailand, Malaysia, Indonesia, Myanmar, Philippines, Vietnam, India, GCC countries and Australia
- Selectively pursue Civil and Building projects as main contractor on JV basis
- Continue to pursue industrial and commercial projects for Design & Build Division





Prospects and Market Outlook



Market Prospects

Singapore

Construction industry to be supported by public sector projects⁽¹⁾:

- Projected total value of construction contracts to be awarded in 2019 to reach between \$27.0 billion and \$32.0 billion
- Public sector projects to account for an estimated 60% of the total construction demand, amounting to between \$16.5 billion and \$19.5 billion, supported by major infrastructure projects and a pipeline of major industrial building projects

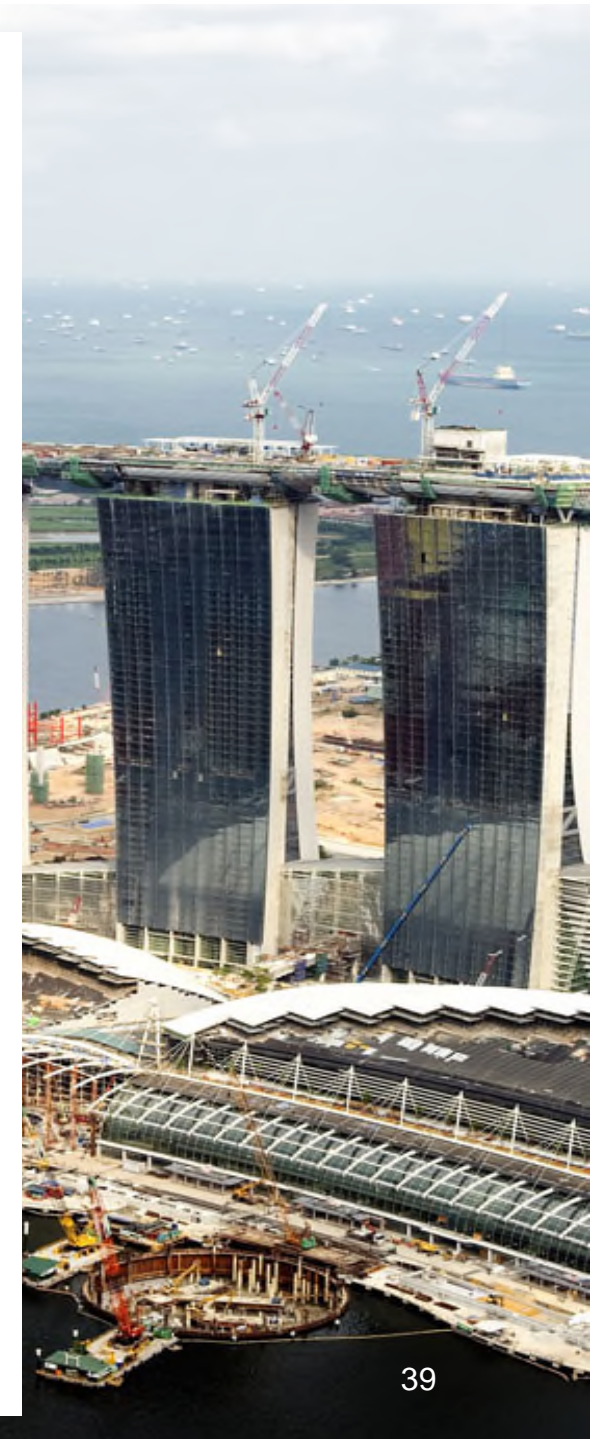
Expects steady progress in construction demand from 2020 to 2023⁽¹⁾:

- Projected to reach between \$27 billion and \$34 billion per annum for 2020 and 2021, and could increase to between \$28 billion and \$35 billion per annum for 2021 and 2022
- Public sector will continue to lead construction demand and is expected to contribute between \$16 billion and \$20 billion per annum from 2022 to 2023
- Over the medium term, public construction demand to be supported by big infrastructure projects including: major MRT projects, developments at Jurong Lake District and Changi Airport Terminal 5



Source:

(1) Singapore's total construction demand to remain strong this year, Building and Construction Authority, January 14, 2019



Market Prospects

Singapore

Construction sector achieves second consecutive quarter of expansion in 2Q2019⁽¹⁾:

- The construction sector grew by 2.2% in 2Q2019, extending the 2.7% expansion in 1Q2019
- Growth of the sector was supported by an increase in public sector construction

Government to invest in infrastructure to enhance connectivity⁽²⁾:

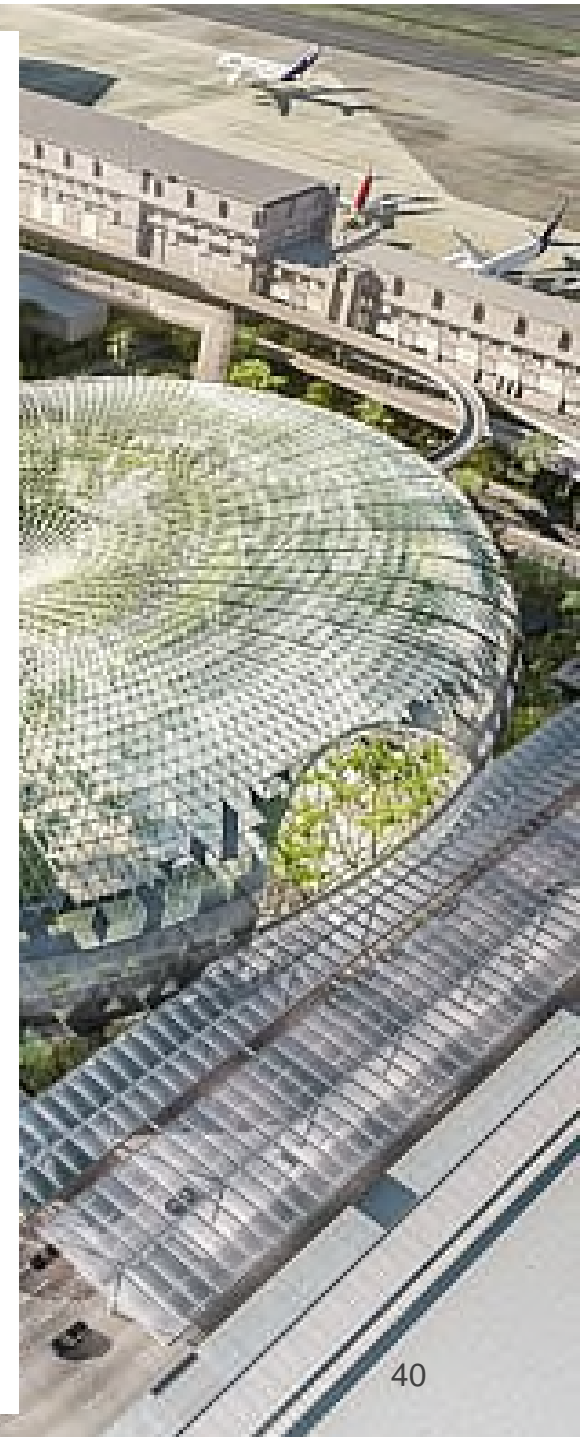
- Rail network to reach 360km in the 2030s, when upon completion of major MRT projects such as the Thomson-East Coast Line, Jurong Region Line and Cross Island Line together with the extensions to the North East Line and Downtown Line, and closing of the Circle Line loop



Sources:

(1) Singapore's GDP Grew by 0.1 Per Cent in the Second Quarter of 2019, Ministry of Trade & Industry, July 12, 2019

(2) Land Transport Master Plan 2040, Land Transport Authority, May 25, 2019



Market Prospects

Regional

Hong Kong^(1,2):

- China's 13th Five-Year plan includes plans for infrastructure upgrades in Hong Kong, including trans-regional railways and highways systems
- Under Hong Kong's 2019-20 budget, the capital expenditure for infrastructure is projected to be HK\$79.1 billion
 - Major capital projects estimated to begin in 2019-20 include Tseung Kwan O and Kai Tak Development (stage 5B), Truck Road T2 and Cha Kwo Ling tunnel, and new development areas (Kwu Tung North and Fanling North)
 - In the next few years, the Hong Kong government expects annual capital works expenditure to exceed HK\$100 billion, and the annual total construction output to exceed HK\$300 billion
 - The expenditure covers the construction of public and private housing, implementation of hospital development and redevelopment projects, development and expansion of new towns and new development areas, as well as construction of a third runway for the airport



Sources:

- (1) Commission on Strategic Development The National Five Year Plan – Opportunities for Hong Kong Special Administrative Region
(2) 2019-20 Budget, Government of Hong Kong, March 1, 2019

Market Prospects

Regional

Hong Kong^(1,2,3):

▪ Strategic infrastructure projects under way in Hong Kong:

- Cross Bay Link, Tseung Kwan O
- Kai Tak Development – major development project spanning a total planning area of over 320 hectares covering the ex-airport site together with the adjoining hinterland districts of Kowloon City, Wong Tai Sin and Kwun Tong
- Tseung Kwan O – Lam Tin Tunnel
- Wan Chai development phase II, engineering works
- Ma On Shan development
- Development of Lok Ma Chau Loop

▪ Infrastructure projects under planning:

- New Development Areas (Kwu Tung North and Fanling North and Hung Shui Kiu)
- Lantau Tomorrow – Development of the East Lantau Metropolis to be Hong Kong's third CBD
- Expansion of HKIA to a three-runway system



Sources:

- (1) Commission on Strategic Development The National Five Year Plan – Opportunities for Hong Kong Special Administrative Region
- (2) 2019-20 Budget, Government of Hong Kong, March 1, 2019
- (3) Major projects, Civil Engineering and Development Department, July 18, 2019

Market Prospects

Regional

India⁽¹⁾:

- The Union Budget 2019-2020 has identified infrastructure as the backbone of the nation's development and connectivity as the lifeblood of the economy
- India's government has announced its intention to invest Rs 100 lakh crore (US\$1.45 trillion) in infrastructure over the next five years
 - **Roadways:** PMGSY-III is envisaged to upgrade 125,000km of road length over the next five years, with an estimated cost of Rs 80,250 crore (US\$11.7 billion)
 - **Waterways:** plans to shift a significant portion of inland cargo movement to inland waterways
 - **Railways:** estimated that Railway Infrastructure would need an investment of Rs 50 lakh crores (US\$36.5 billion) between 2018-2030, public private partnership (PPP) to unleash faster development and delivery of passenger freight services
 - **Northeast India:** allocation for eight states of Northeast India increased by 28 per cent to Rs 50,169 crore (US\$7.3 billion) in 2019-20 as compared to Rs 39,201 crore (US\$5.7 billion) in 2018-19



Sources:
(1) Budget 2019-2020, Government of India, July 5, 2019



Market Prospects

Regional

Myanmar^(1,2):

- The government unveiled the Myanmar Investment Promotion Plan (MIPP) in October 2018, which aims for Myanmar become a middle-income country by 2030:
- In October 2018, China and Myanmar signed the China-Myanmar Economic Corridor (CMEC) agreement, a part of the BRI, to construct basic infrastructure across key economic centres in Myanmar
- Energy, transport and urban infrastructure will remain the mainstay of ADB operations, according to ADB's Myanmar Country Operations Business Plan 2019-2021
- Based on the Myanmar government's National Transportation Master Plan, approximately \$27 billion would be needed to improve the transport infrastructure until 2030

Growing foreign investments:

- Approved foreign investments rose 79% on the year for the six months ended in June 2019, reaching US\$2.35 billion
- Foreign investment in transportation and telecommunications quadrupled to \$1 billion as the government approved a number of infrastructure projects



Sources:

(1) Myanmar Investment Promotion Plan, Government of the Republic of the Union of Myanmar, Myanmar Investment Commission, 2018

(2) Country Operations Business Plan Myanmar 2019-2021, Asian Development Bank, December 2018

Market Prospects

Potential Projects

Structural Steelwork:

- MHA New Command Centre
- Punggol Digital District
- Civil & Community Development @ Punggol
- Other commercial developments and Industrial plants



Market Prospects

Potential Projects

Specialist Civil Engineering:

- North-South Corridor
- Changi Airport Terminal 5
- HK MTR
- MRT Jurong Region Line



Market Prospects

Potential Projects

	Expected Commencement	Government \$'mil	Non-Government \$'mil	Total \$'mil
Structural Steelwork				
Singapore	2019	125.8	40.1	165.9
	2020	378.1	78.0	456.1
Overseas	2019	-	-	-
	2020	-	-	-
Total		503.9	118.1	622.0
Specialist Civil Engineering				
Singapore	2019	3.1	-	3.1
	2020	283.9	-	283.9
Overseas	2019	-	-	-
	2020	218.2	27.9	246.1
Total		505.2	27.9	533.1
Mechanical Engineering, Design & Build				
Singapore	2019	-	-	-
	2020	-	50.0	50.0
Overseas	2019	-	12.0	12.0
	2020	-	-	-
Total		-	62.0	62.0
Grand Total		1,009.1	208.0	1,217.1





Thank You!

