



# YONGNAM HOLDINGS LIMITED

Co. Reg. No: 199407612N

## NEWS RELEASE

### YONGNAM REPORTS PRE-TAX PROFIT OF S\$48.8 MILLION FOR FY2009

- 4th consecutive year of record earnings and revenue
- Profit before tax improves by 33.0%
- Proposes final dividend of 0.5 Singapore cent per share

#### *Financial Highlights:*

S\$'m	FY2008	FY2009	% Change
Revenue	337.6	346.8	+2.7
Gross Profit	68.1	80.4	+18.0
Profit before tax	36.7	48.8	+33.0
EPS (Basic)(Singapore cents) <sup>(1)</sup>	2.79	3.27	+17.2
NAV per share (Singapore cents)	12.14	15.22	+25.4

<sup>(1)</sup>EPS per share was computed based on the weighted average number of shares of 1,226,033,071 for FY2009 and 1,217,482,983 for FY2008

Singapore, February 27, 2010 – Yongnam Holdings Limited (“Yongnam” or the “Group”), a well-established structural steel contractor and specialist civil engineering solutions provider, today announced a record profit before tax of S\$48.8 million for its full year ended December 31, 2009 (“FY2009”) on the back of a marginal 2.7% increase in revenue to S\$346.8 million. This is the fourth consecutive year of sterling record performance since FY2006.

“With Yongnam’s unparalleled track record, the Group continues to benefit from the increased spending on mega infrastructural projects in the region. The Group’s strong competitive advantage and proximity to our markets allow us to enjoy good

market share, contributing to record performances for the past four years,” said Mr Seow Soon Yong, Chief Executive Officer of Yongnam.

### **Performance Review**

Yongnam continued to perform well in FY2009. Notwithstanding the marginal increase in revenue, gross profit rose 18.0% to S\$80.4 million, compared to S\$68.1 million in FY2008. The gross profit in 4QFY2009 was dented by cost overruns and stoppages at the Dubai Metro Rail project. The project was substantially completed by the end of FY2009.

At the topline, the Group’s main contributor, Structural Steelworks, saw revenue increasing marginally from S\$254.2 million in FY2008 to S\$256.8 in FY2009. Increased activities from Yongnam’s multiple contracts at the Marina Bay Sands Integrated Resort (“MBS”) and Vista Xchange offset lower contributions from the Group’s overseas projects in New Delhi and Dubai.

Specialist Civil Engineering increased by 7.8%, from S\$83.4 million in FY2008 to S\$89.9 million in FY2009, mainly due to strong contributions from the Group’s three contracts related to the new Marina Coastal Expressway (“MCE”), a strategic 5 km long underground east-west transport link between three major expressways, catering to the projected increase in traffic volume generated by the high-density developments in the Marina Bay area. Scheduled for completion by June 2013, the MCE contracts are worth a total of S\$302 million to date.

On a geographical basis, Singapore remained the core revenue generator, with revenue climbing 67.2% to S\$260.3 million in FY2009. Revenue from the Middle East declined 55.6% to S\$63.6 million with the substantial completion of the Dubai Metro Rail project.

The Group’s pre-tax profit increased to S\$48.8 million, a 33.0% improvement over the S\$36.7 million posted in FY2008. The better performance was achieved despite a 6.3% increase in general and administrative expenses to S\$27.8 million as a result

of increased staff costs, professional fees and repairs to premises. Finance costs decreased by 12.6% to S\$4.7 million, mainly due to lower bank charges and interest.

The Group's balance sheet remained strong, with cash position of S\$17.3 million and shareholders' equity of S\$187.6 million as at December 31, 2009.

Yongnam's FY2009 performance helped to boost earnings per share from 2.79 cents in FY2008 to 3.27 cents in FY2009, and further strengthened net asset value per share from 12.14 cents as at December 31, 2008 to 15.22 cents as at December 31, 2009.

The Group has proposed a one-tier tax-exempt final dividend of 0.5 Singapore cent per share (FY2008: 0.4 cent per share).

## **Outlook**

Yongnam continues to perform well with active participation in a number of ongoing mega projects in Singapore, including the groundbreaking MCE, Vista Xchange at One-North and the MBS.

New contracts worth approximately S\$340 million were secured in FY2009. As at December 31, 2009, the Group's outstanding order book remained strong at S\$492 million. 62% of these outstanding contracts is expected to be completed in FY2010. The Group is well-positioned to benefit from the high spending on infrastructure projects in the region in this financial year.

Infrastructural projects in Singapore, such as the MRT Downtown Line (Phase 2), and the Sports Hub are expected to be up for tender in FY2010. Yongnam is also eyeing infrastructure projects in Hong Kong, Saudi Arabia, Abu Dhabi and India.

Consequently, the Group is optimistic that it would perform well in FY2010.

## ***About Yongnam Holdings Ltd***

With over 30 years of experience in steel fabrication, Yongnam excels in adding value to steel construction. The Group's new fabrication factory in Nusajaya, Johor, Malaysia, with an annual production capacity of 42,000 tons of steel fabrication, commenced operations in September 2008. Together with its production facilities in Singapore, which are housed at its mega-site in Tuas, the Group has a total annual production capacity of 78,000 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. Its 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.

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, technicians, welders, riggers, fitters and detailers are consistently adding value to its clients' projects.

Yongnam is an ISO-9001:2000, IQNet and OHSAS 18001 qualified company and accredited fabricator of the highest S1 category from the Singapore Structural Steel Society. Its Quality Management System takes a planned approach towards continuous improvement of its products, processes and services. The Group aims to be the provider of choice and partner in solutions for the steel industry.

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