



# **YONGNAM HOLDINGS LIMITED**

**FY2011 Results Presentation**

**29 February 2012**

# CONTENTS

- Our Business
- Corporate Updates
- FY2011 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
- S1 category accreditation from Singapore Structural Steel Society

## **Specialist Civil Engineering**

- Modular Strutting System meets increasingly stringent design and project requirements
- Approximately 166,000 tonnes of strutting assets and pipe piles
- Strong track record and high replacement cost of struts are major barriers to entry

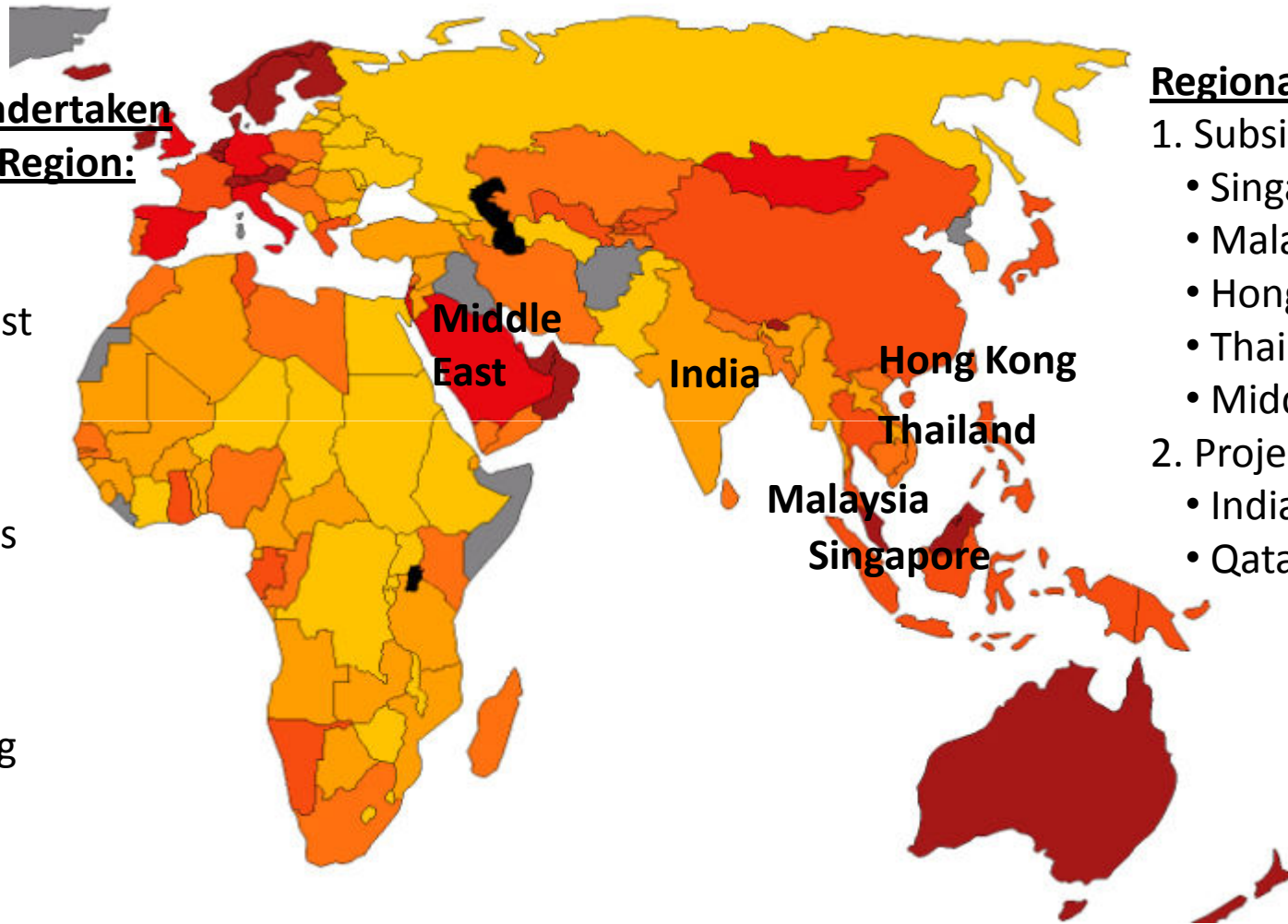
# Our Business

- 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:

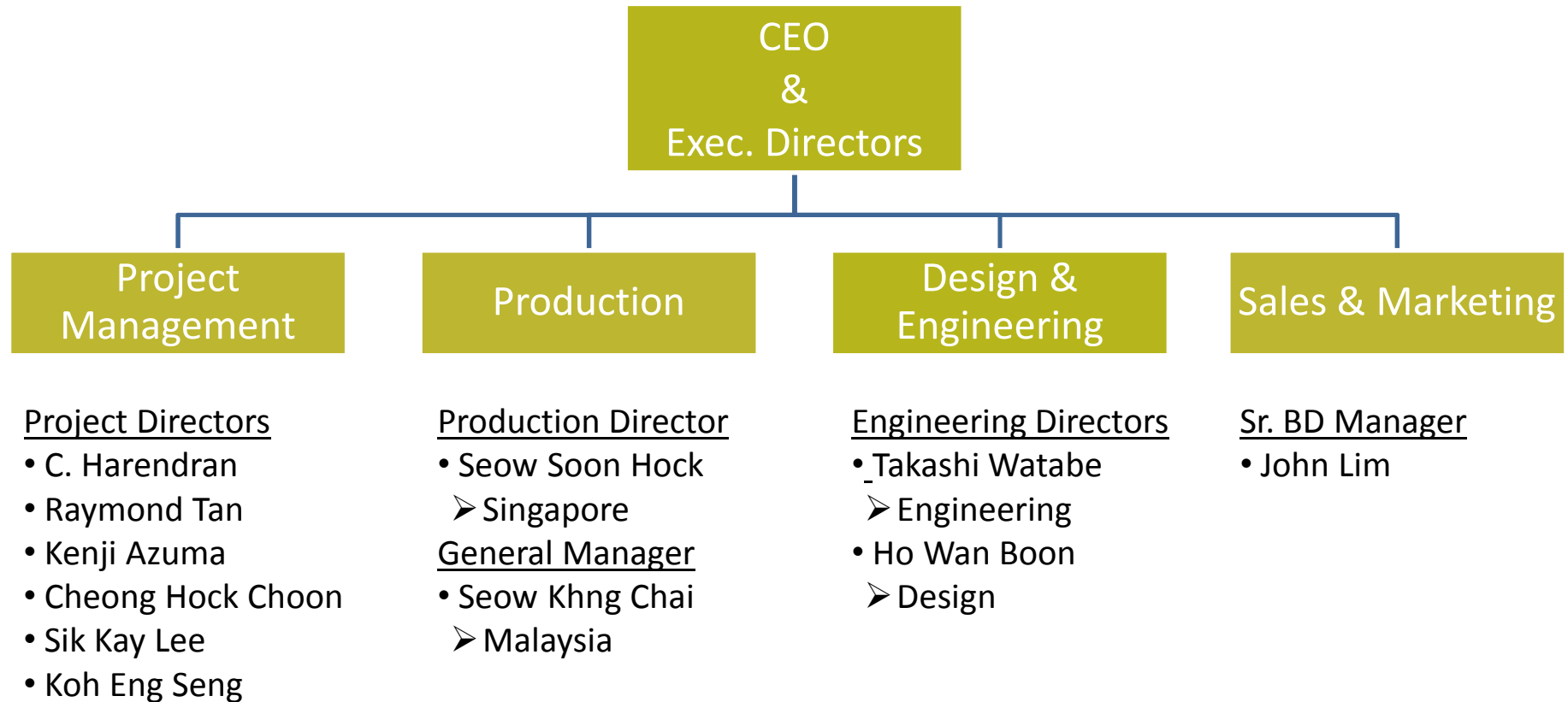
1. Subsidiaries
  - Singapore
  - Malaysia
  - Hong Kong
  - Thailand
  - Middle East
2. Project Office
  - India
  - Qatar

# Our Facilities

- **Singapore**
  - Total Land Area Approximately 76,000 m<sup>2</sup>
  - Workshop Covered Area 20,250 m<sup>2</sup>
  - Capacity (Normal Steel Structure) 3,000 Tonnes per month
- **Malaysia (Nusajaya, Johor)**
  - Total Land Area Approximately 109,103 m<sup>2</sup>
  - Workshop Covered Area 28,900 m<sup>2</sup>
  - Capacity (Normal Steel Structure) 3,500 Tonnes per month
- **Total Staff Strength** Approximately 2,000



# Operations Team



- Our Key Personnel each has 30 or more years of experience in their respective fields of expertise
- Supported by teams of qualified and experienced Project Managers, Production Managers, Engineers, Detailers and Co-ordinators

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



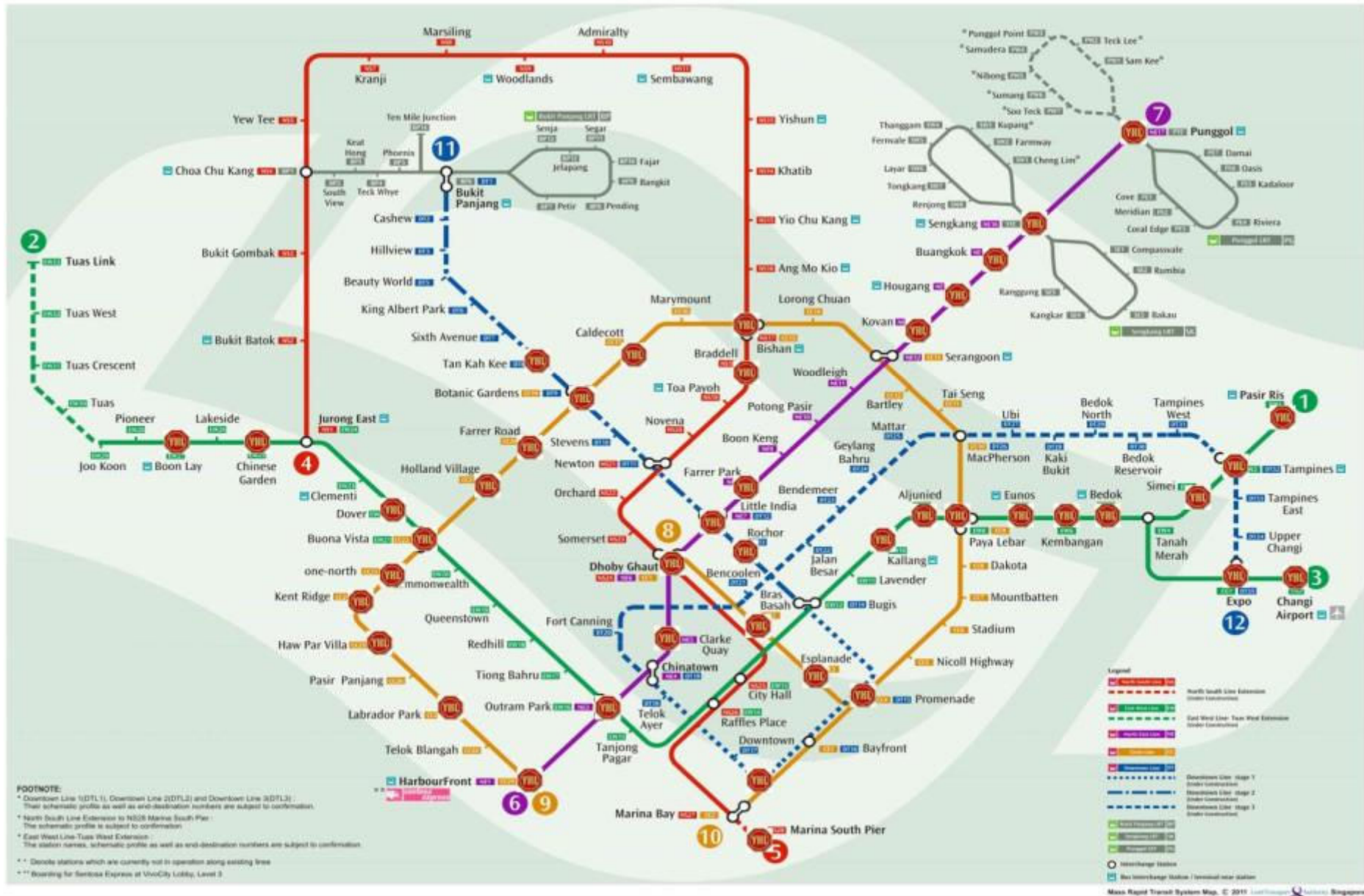


# Specialist Civil Engineering – Track Record

- 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
  - Marina Bay Sands Integrated Resort
- Overseas:
  - Dubai Metro Rail
  - Hong Kong MTR



# MRT – Yongnam's Track Record



# On-Going Projects

## Vista Xchange

- Contract worth S\$91 million
- Construction of the integrated Civic, Cultural, Retail and Entertainment Hub at Vista Xchange, located at One-North
- Expected completion in Mar 2012



# On-Going Projects

## Mumbai

### International Airport

- Contract worth S\$80 million (50/50 JV)
- Second contract win following Delhi International Airport
- Construction of roof structure and composite steel columns for new integrated terminal building
- Expected completion in Jun 2012



# On-Going Projects

## NUH Medical Centre

- Contract worth S\$18 million
- Supply and erect structural steelworks for a 22-storey building
- Expected completion in Jun 2012



# On-Going Projects

## National Art Gallery

- Contract worth S\$50 million
- Supply and erect structural steelworks for new floor structure and skybridges, plus underpinning, shoring and strengthening works
- 60,000 sqm NAG will be largest visual arts venue in Singapore
- Expected completion in 2013



# On-Going Projects

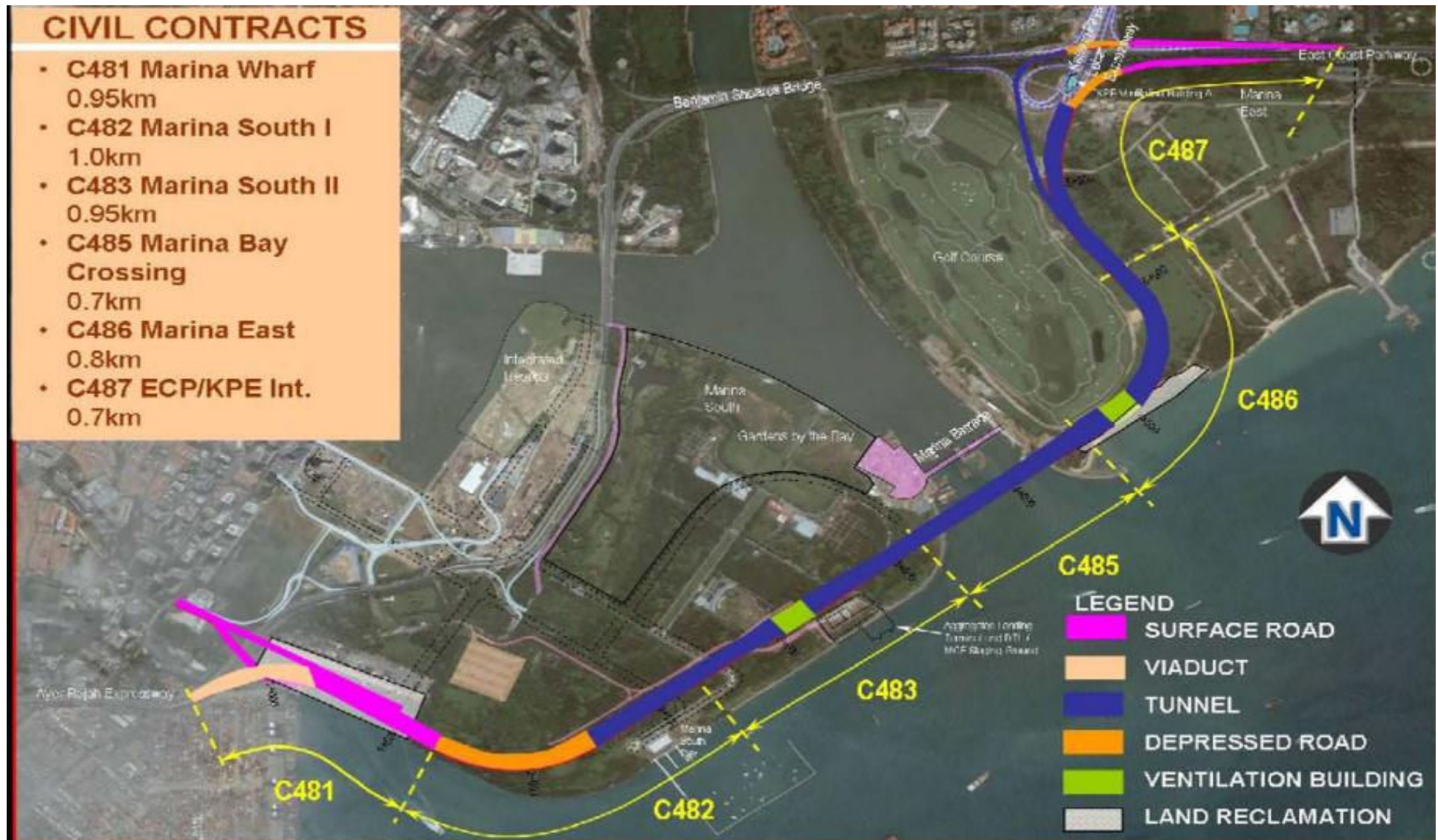
## Singapore Sports Hub

- Contract and V.O. worth S\$89 million
- Supply and erect structural steelworks for dome shaped roof structure and tertiary works
- Stadium roof is the key architectural element with a fixed and movable component
- Roof structure has diameter of 312m and apex about 82m high
- Expected completion in 3Q2013



# On-Going Projects

Marina Coastal Expressway – 6 contracts worth total of S\$354 million





# On-Going Projects

## Marina Coastal Expressway – 6 contracts worth total of S\$354 million

- C485 contract worth S\$191 million – Single biggest contract won by Yongnam todate
- Temporary steel pipe pile cofferdam, steel waling and strutting works
- Expected completion Sep 2013
  
- C487 contract worth S\$54 million
- Supply, fabrication, installation and removal of temporary waler and struts
- Expected completion Jun 2013



# On-Going Projects

## Marina Coastal Expressway – 6 contracts worth total of S\$354 million

- C483 contract worth S\$22 million
  - Installation and extraction of temporary steel interlocking pipe pile earth retaining wall for 950m vehicular tunnel structure
  - Expected completion May 2012
- C486 contract worth S\$23 million
  - Supply, installation and removal of steel waler and struts
  - Expected completion Apr 2012



# On-Going Projects

## Marina Coastal Expressway – 6 contracts worth total of S\$354 million

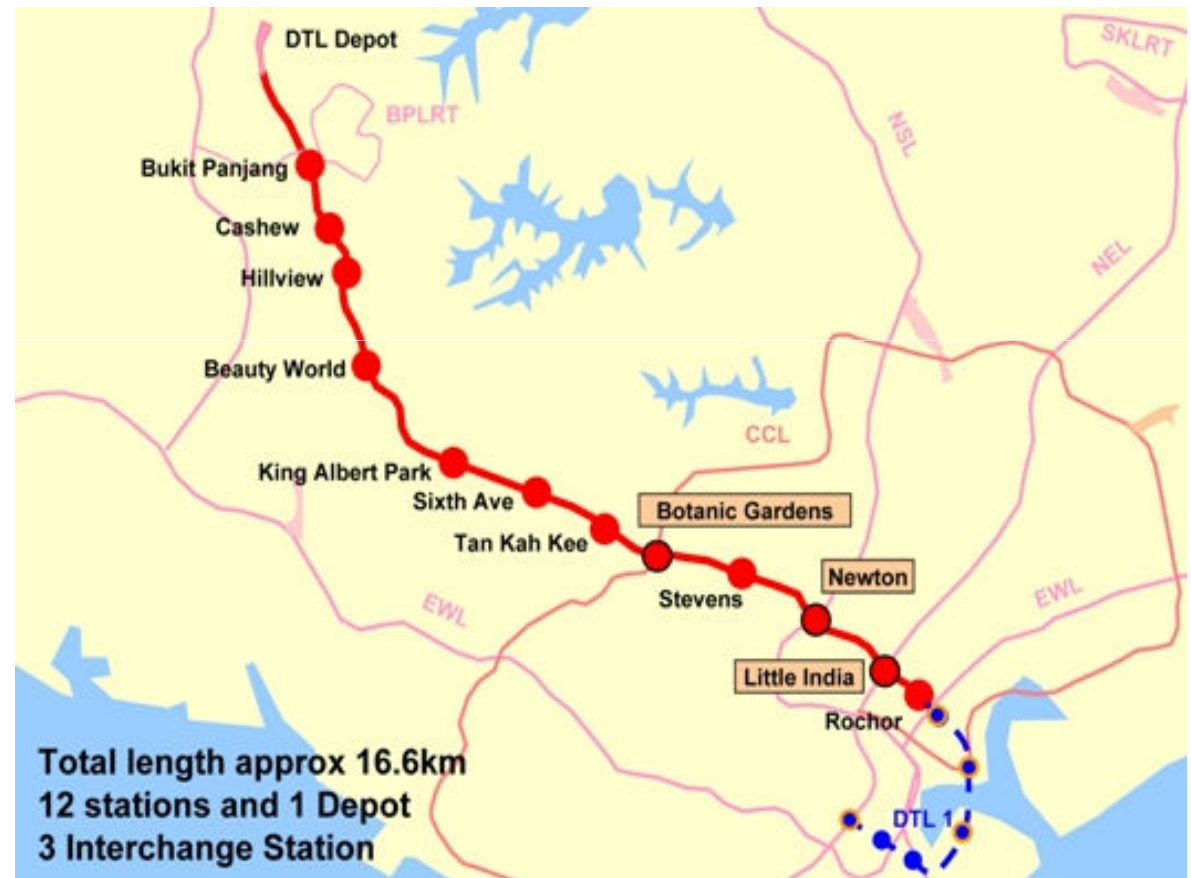
- C482 contract worth S\$22 million
  - Installation and removal of steel pipe piles
  - Expected completion May 2012
- C482 contract worth S\$42 million
  - Supply, fabrication, assembly, maintenance and removal of waler and struts
  - Expected completion May 2012



# On-Going Projects

## MRT Downtown Line 2 – 4 contracts worth total of S\$97 million

- C918 contract worth S\$25 million
  - Installation and removal of steel struts and walers for Tan Kah Kee Station and Cut & Cover Tunnel
  - Expected completion Oct 2013
- C921 contract worth S\$16 million
  - Installation and removal of sheet piles, soldier piles and king posts for Little India Station, Rochor Station and tunnel between the two stations
  - Expected completion Sep 2015



# On-Going Projects

## MRT Downtown Line 2 – 4 contracts worth total of S\$97 million

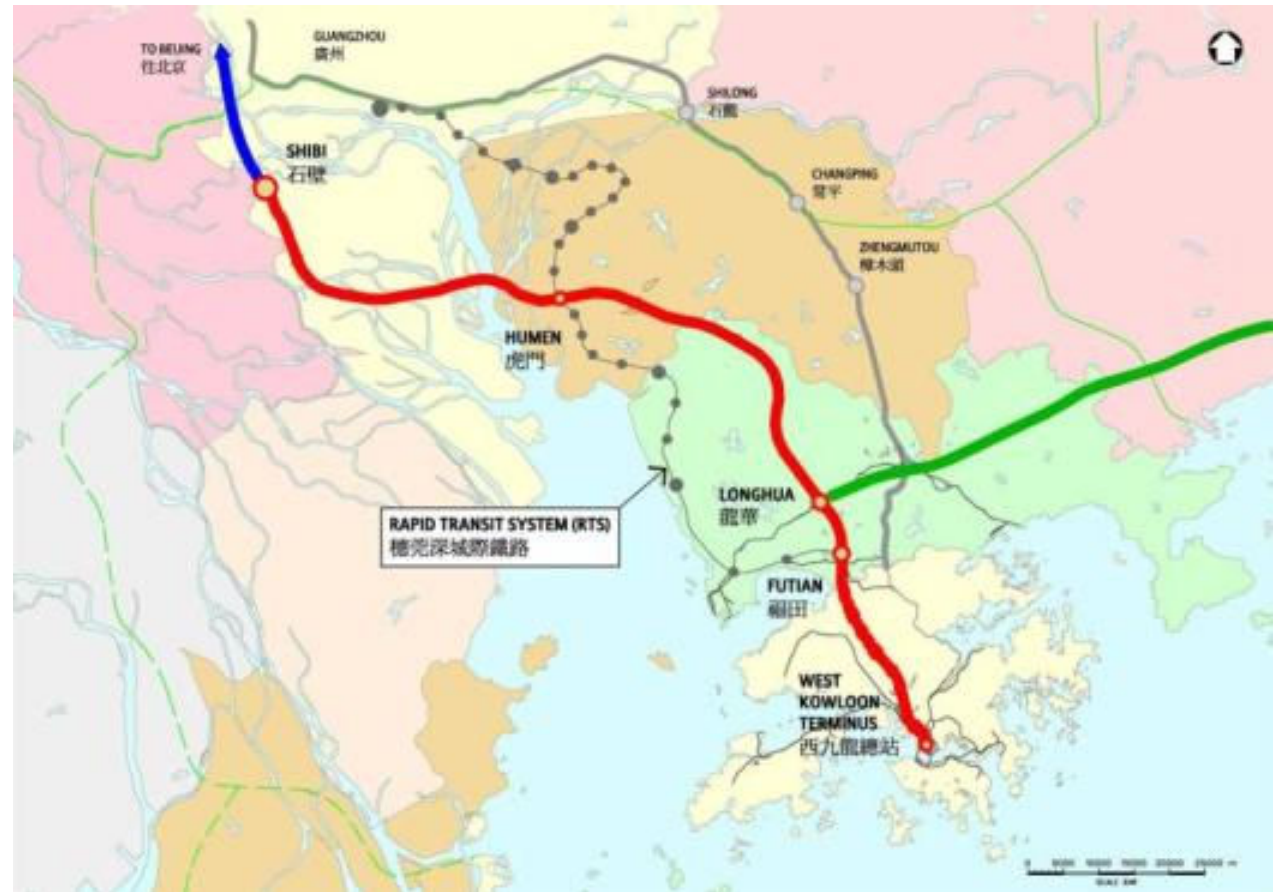
- C921 – Two contracts worth S\$56 million
  - Installation and removal of steel struts and walers, and RC decking for Little India Station, Rochor Station and tunnel between the two stations
  - Expected completion Sep 2015



# On-Going Projects

## HK MTR Extension – 3 contracts worth total of HK\$410 million

- Part of 26-km long HK section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link running from West Kowloon to Shenzhen
- Design, supply, installation and removal of strut and waling
- Cofferdam excavation of cut and cover tunnels and emergency rescue sidings
- Expected completion in 2014



# **FY2011 Financial Performance**

# FY2011 Financial Performance

|  | FY2011 | FY2010 | Change (%) |
|--|--------|--------|------------|
| Revenue (S\$'m)  | 332.7  | 335.1  | (0.7)      |
| Gross Profit (S\$'m)   | 103.6  | 95.7   | 8.2        |
| Gross Profit Margin (%)  | 31.1   | 28.6   | 8.7        |
| Profit before Tax (S\$'m)  | 75.2   | 67.7   | 11.1       |
| Profit after Tax (S\$'m)   | 63.4   | 54.4   | 16.5       |
| EPS (Basic) (Singapore cents) <sup>(1)</sup>   | 5.06   | 4.38   | 15.5       |
| NAV per Share (Singapore cents) <sup>(2)</sup>   | 23.25  | 18.92  | 22.9       |
| ROE (%) (Annualized)   | 24.1   | 25.7   | (6.2)      |
| <p><sup>(1)</sup> EPS per share was computed based on the weighted average number of shares of 1,252,124,835 for FY2011 (FY2010: 1,240,914,002)</p> <p><sup>(2)</sup> NAV per share as at December 31, 2010 and December 31, 2011 respectively</p> |        |        |            |

**Year ended December 31**

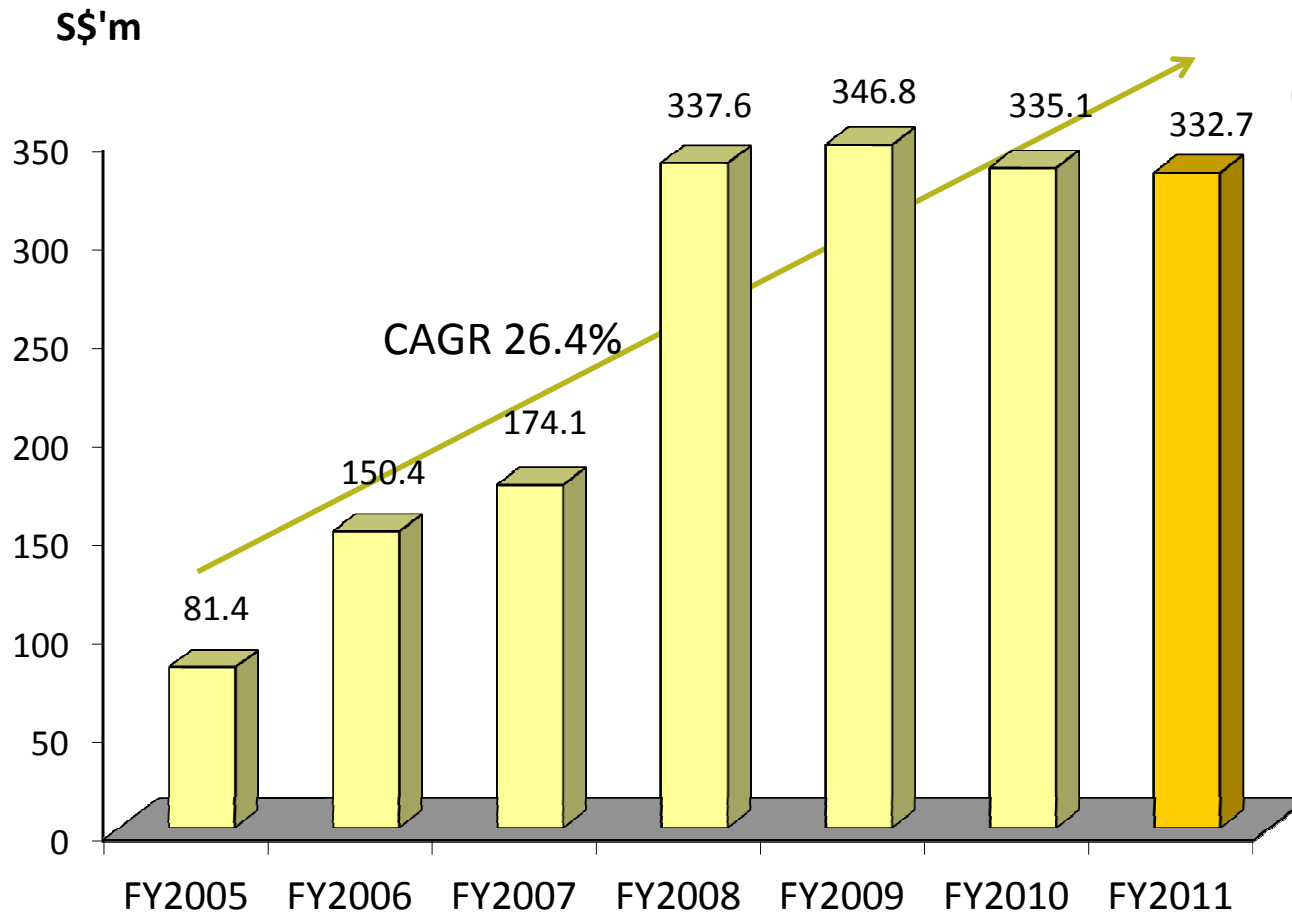


# FY2011 Financial Performance

|                             | <b>Dec 31<br/>2011</b> | <b>Dec 31<br/>2010</b> | <b>Change<br/>(%)</b> |
|-----------------------------|------------------------|------------------------|-----------------------|
| Net Work-In-Progress(S\$'m) | 42.3                   | 60.9                   | (30.5)                |
| Debtors (S\$'m)             | 47.1                   | 59.1                   | (20.3)                |
| Cash (S\$'m)                | 28.0                   | 20.6                   | 35.9                  |
| Borrowings (S\$'m)          | 115.3                  | 137.0                  | (15.8)                |
| Net Borrowings (S\$'m)      | 87.3                   | 116.4                  | (25.0)                |
| Gearing (times)             | 0.30                   | 0.49                   | (38.8)                |
| Shareholders' Funds (S\$'m) | 291.5                  | 235.6                  | 23.7                  |

*Year ended December 31*

# FY2011 Financial Performance



## Revenue

FY2011 Revenue decreased 0.7%

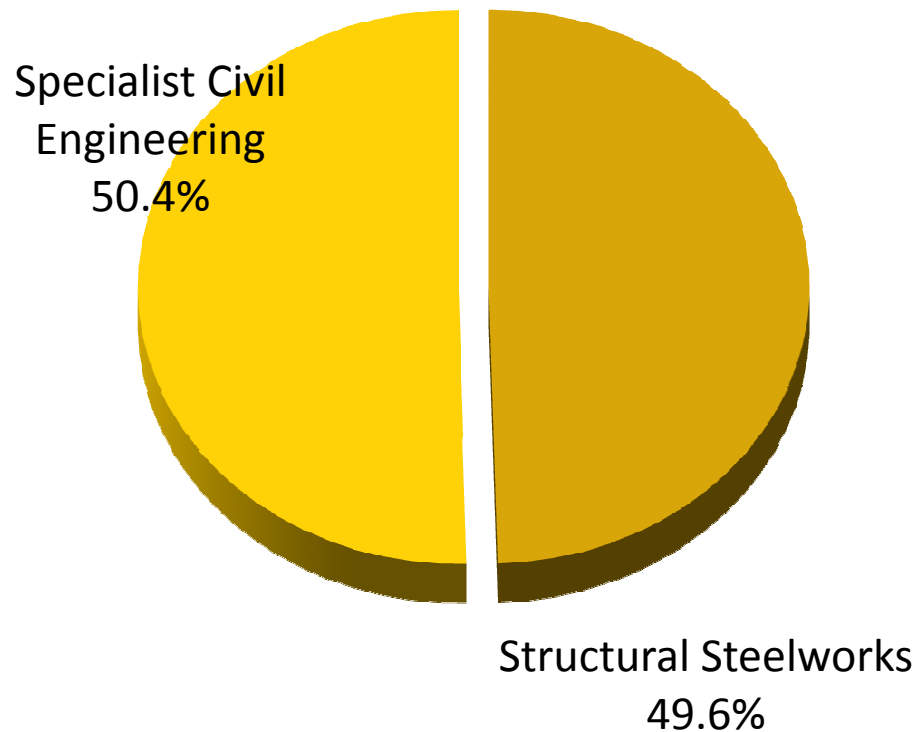
- Structural Steelworks decreased from S\$211.1 million to S\$165.0 million mainly due to:
  - Completion of remaining projects in the Marina Bay Sands Integrated Resort in FY2010
- Specialist Civil Engineering increased from S\$123.9 million to S\$167.7 million mainly due to:
  - Contributions from contracts for Marina Coastal Expressway, MRT Downtown Line 2, MRT NS Line Extension, and HK MTR

*Year ended December 31*

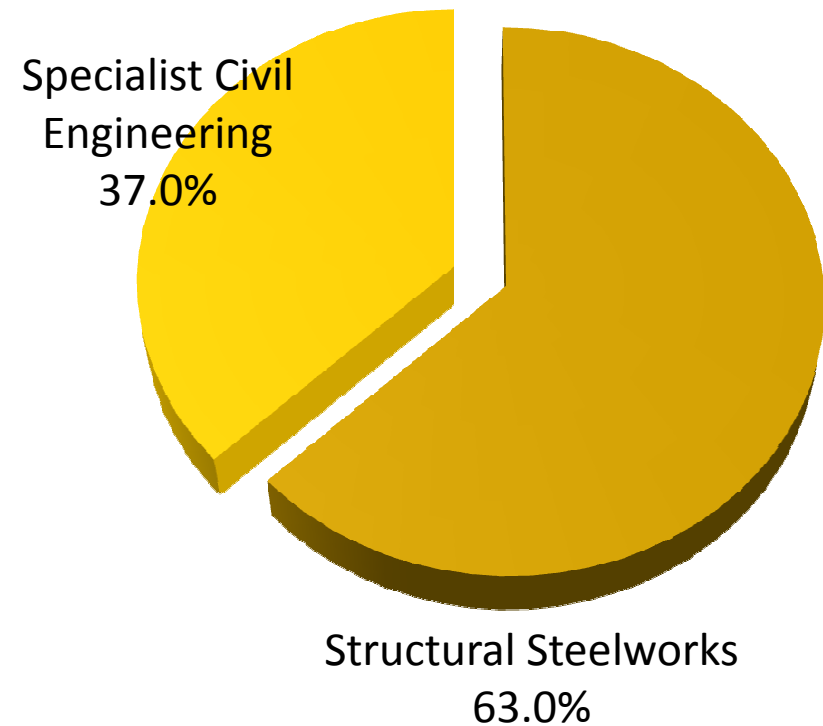
# FY2011 Financial Performance

## Revenue by Business Segment

**FY2011**

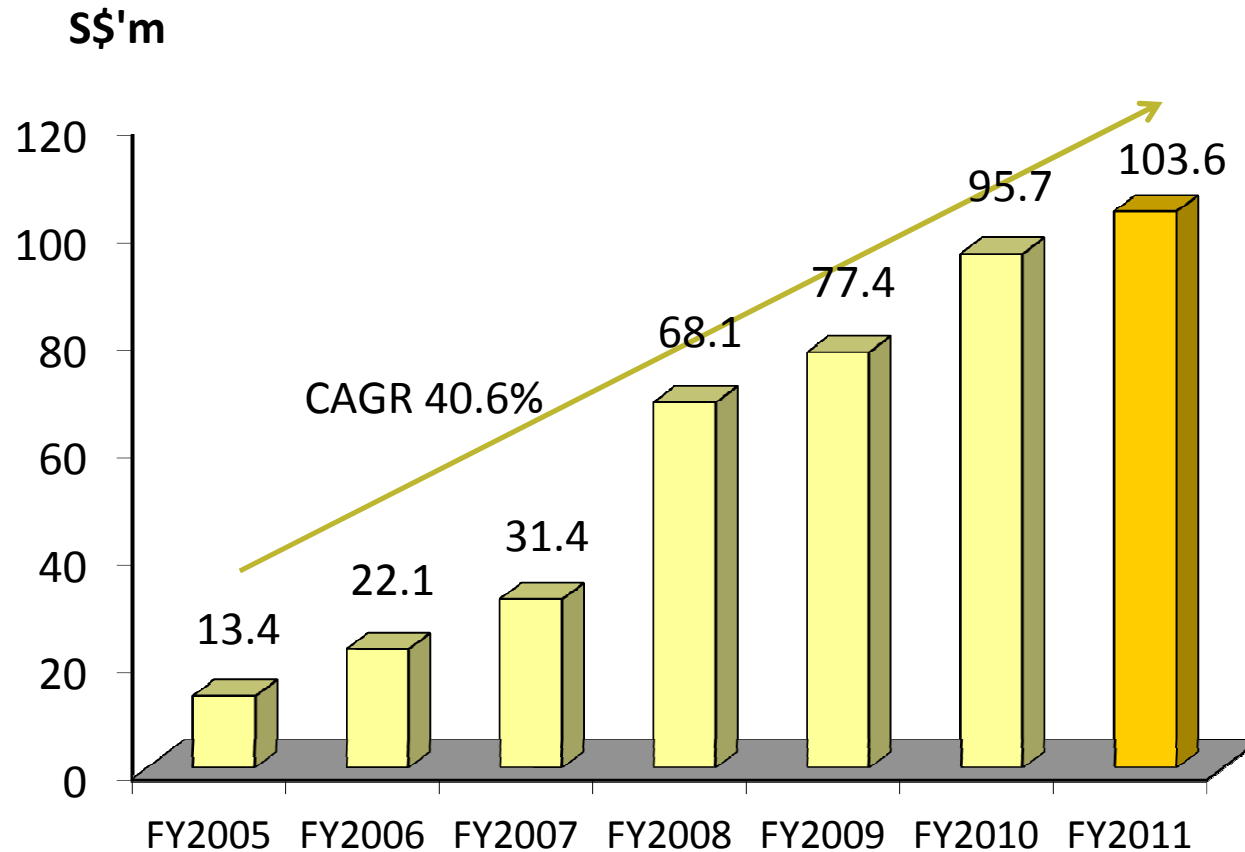


**FY2010**



*Year ended December 31*

# FY2011 Financial Performance



## Gross Profit

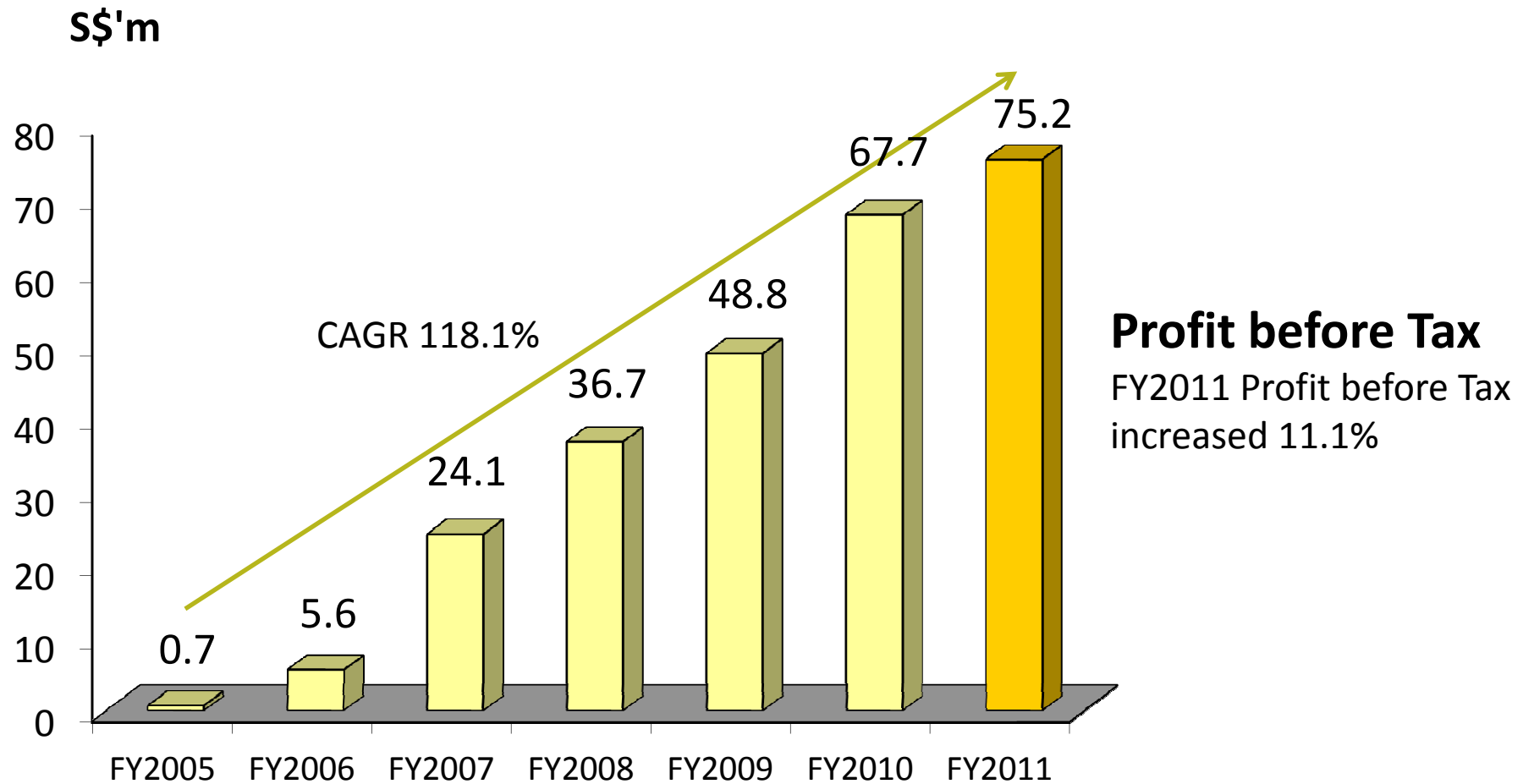
FY2011 Gross Profit increased 8.2%

Due mainly to:

- Increasing contributions from the higher margin Specialist Civil Engineering Segment

*Year ended December 31*

# FY2011 Financial Performance



*Year ended December 31*

# FY2011 Financial Performance

## Order Book

Strong order book of S\$462 million as at December 31, 2011

- Structural Steelworks Vs Specialist Civil Engineering - 39:61
- 60% expected to complete in FY2012

# **Prospects and Market Outlook**

# Market Prospects: Singapore

## Construction Sector's continued growth<sup>(1)</sup>:

- 2.9% year-on-year growth in 4Q2011 compared to 3.1% y-o-y decline in 4Q2010
- Sequential growth: 0.5 pts up from 2.4% y-o-y growth in 3Q2011
- Construction sector grew at a modest pace of 2.6% in FY2011 supported by public sector building projects, compared to 3.9% in FY2010 due to a decline in private sector building activities in FY2011

## Government to continue to invest in infrastructure in 2012<sup>(2)</sup>:

- S\$13 to S\$15 billion worth of construction orders: public housing developments, as well as institutional building and civil engineering projects
- Upcoming infrastructure projects: Downtown Line 3, JTC's Medical Technology Hub at Tukang Innovation Grove; Yale-NUS College at University Town; and Ng Teng Fong Hospital with a community hospital at Jurong East
- Transport infrastructure projects: Expansion of KPE / TPE Interchange; and Extension and Reconstruction of Newton Flyover

## Private sector construction demand expected to soften<sup>(2)(3)</sup>:

- S\$8 to S\$12 billion worth of projects in 2012, down from S\$16.8 billion in 2011, amid global economic uncertainty and a slowdown in Singapore's economy
- In the private commercial property sector, BCA projects construction demand in 2012 to total between S\$1.7 billion and S\$2.7 billion, down from S\$3 billion last year
- Construction demand for private industrial property to be between S\$1.3 billion and S\$2.3 billion, easing from S\$4.8 billion in 2011

### Sources:

(1) Ministry of Trade and Industry press release, MTI Maintains its 2012 GDP Growth Forecast at 1.0 to 3.0 Per Cent, 16 Feb 2012

(2) Building and Construction Authority press release, Public Sector Projects to Sustain Demand in 2012, 11 January 2012

(3) The Wall Street Journal, Singapore Construction Demand to Drop, 12 January 2012



# Market Prospects: Regional

- **Malaysia:**

- Economic Transformation Programme:
  - Greater Kuala Lumpur/Klang Valley MRT project (approx RM36.6 billion)
    - 35 stations along its 51km line, with 13 proposed park-and-ride stations and four interchanges
    - Eight of the stations will be underground as 9.5km of the line will be built under the capital city, tunneling up to 30m underground
    - Strutting requirements approx \$200 - \$300 million
  - KL-Singapore high speed train project (approx RM8 – 14 billion)

- **Indonesia:**

- President Susilo Bambang Yudhoyono announced increased government expenditure (approx US\$19.8 billion) on infrastructure development projects in 2012;
- Building program aimed at improving transport and logistics linkages across the country: 4000 km of roads, 150 km of rail lines and 14 airports
- Metro rail project:
  - About 20 stations
  - Strutting requirements approx \$100 million

- **Hong Kong:**

- Government committed to investing in infrastructure (approx HK58 billion)
- Major infrastructure projects rolled out:
  - Hong Kong-Zhuhai-Macao Bridge; Hong-Shenzhen-Airport Cooperation;
  - West Kowloon Cultural District;
  - MTR projects e.g. Shatin to Central Link, Kwun Tung Line Extension, South Island Line (East & West) and North Island Line

# Market Prospects: Regional

- **India:**

- Plan for Rs 41 lakh cr. (US\$1 trillion) investment in infrastructure for India's 12<sup>th</sup> Five-Year Plan (2012 – 17)
- Targeted fields include power generation, national highways, railways, roads, ports, airports and telecommunications
- Delhi-Mumbai Industrial Corridor will involve a 1, 500km railroad network and the construction of 16 new industrial complexes
- India needs to modernise 39 airports and build 10 new ones

- **Middle East:**

- 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
- Top 3 countries: Saudi Arabia \$405 billion, UAE \$230 billion and Qatar \$135 billion
- 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

- **Others:**

- Philippines will fast-track infrastructure development throughout the country through massive release of public funds and the public-private partnership (PPP) programme: announced in January 2012, the release of 141.8 billion pesos (US\$3.2 billion) for infrastructure projects including roads and bridges, airports, seaports and lighthouses
- Thailand plans to spend 1.9 trillion baht (US\$62 billion) to expand rail systems, trains and transport projects until 2029
- Vietnam plans to invest 154 trillion dong (US\$7.5 billion) between now and 2015 to upgrade the city's transport infrastructure, including the Danang-Quang Ngai expressway project

# Potential Projects

## •Structural Steel

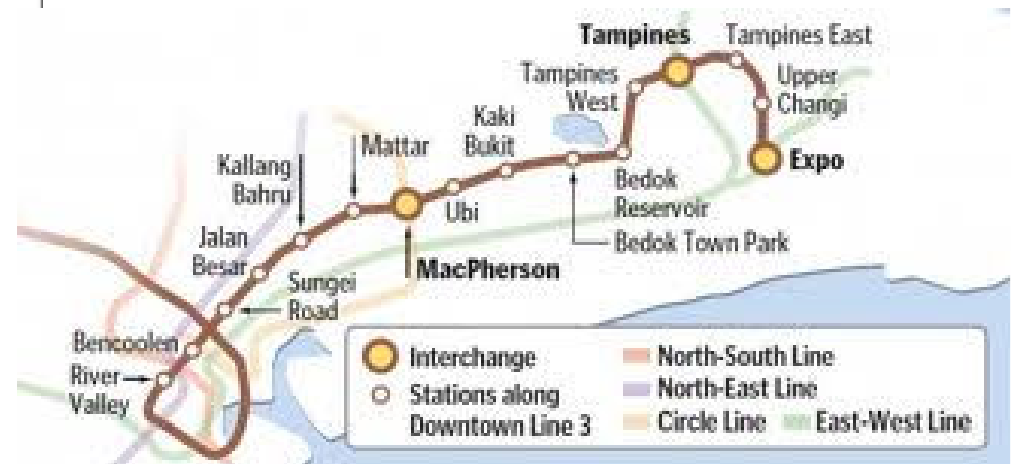
- South Beach Development
- Singapore Sports Hub
- Ardmore Point
- Market Street Redevelopment
- Abu Dhabi Midfield Terminal
- Keels City Development
- Industrial Plants



# Potential Projects

- Specialist Civil Engineering
  - Downtown Line 3
  - HK MTR
  - KL Metro

Klang Valley Integrated Rail System



# Potential Projects

## • Structural Steelworks

| Location  | Expected Commencement | Government S\$'mil | Non-Government S\$'mil | Total S\$'mil |
|-----------|-----------------------|--------------------|------------------------|---------------|
| Singapore | 2012                  | 81.1               | 268.0                  | 349.1         |
|           | 2013                  | -                  | -                      | -             |
| Overseas  | 2012                  | 370.0              | 266.8                  | 636.8         |
|           | 2013                  | -                  | 85.0                   | 85.0          |
| Total     |                       | 451.1              | 619.8                  | 1,070.9       |

## • Specialist Civil Engineering

| Location  | Expected Commencement | Government S\$'mil | Non-Government S\$'mil | Total S\$'mil |
|-----------|-----------------------|--------------------|------------------------|---------------|
| Singapore | 2012                  | 179.4              | -                      | 179.4         |
|           | 2013                  | -                  | -                      | -             |
| Overseas  | 2012                  | 153.0              | -                      | 153.0         |
|           | 2013                  | -                  | -                      | -             |
| Total     |                       | 332.4              | -                      | 332.4         |

### Projects announced by Government (not included above):

MRT Thomson Line

North-south Expressway

MRT Eastern Region Line

# **Growth Strategies and Plans**

# Growth Strategies and Plans

- Remain focused on the two core businesses – Structural Steel and Specialist Civil Engineering
- Actively pursue offshore structure projects
- Leverage on established brandname and strong foothold in the Singapore market
- Continue to explore projects in Hong Kong, Malaysia, Indonesia, India, GCC countries and Europe



**Thank You**