



## 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 REGISTERS LOSS OF S\$8.5 MILLION FOR FY2014

- **Healthy order book of S\$405 million**
- **Outlook for infrastructural developments and commercial projects in Singapore and the region remains positive**

#### **Financial Highlights:**

	FY2014	FY2013	% Change
Revenue (S\$m)	212.1	361.6	(41.4)
Gross (loss)/profit (S\$m)	(32.6)	38.1	NA
(Loss)/Profit before tax (S\$m)	(19.0)	4.4	NA
Net (loss)/profit attributable to shareholders (S\$m)	(8.5)	5.5	NA
EPS (Basic)(Singapore cent) <sup>(1)</sup>	(0.67)	0.44	NA
NAV per share (Singapore cents)	23.68	25.01	(5.32)

<sup>(1)</sup>EPS per share was computed based on the weighted average number of shares of 1,266,942,003 for FY2014 and 1,265,446,253 for FY2013

**Singapore, February 28, 2015** – Yongnam Holdings Limited (“Yongnam” or the “Group”), a well-established structural steel contractor and specialist civil engineering solutions provider, today reported a revenue of S\$212.1 million for its financial year ended December 31, 2014 (“FY2014”). This compares to a revenue of S\$361.6 million in the financial year ended December 31, 2013 (“FY2013”).

The drop in revenue was mainly due to the completion of mega projects such as the Marina Coastal Expressway (“MCE”) and the Singapore Sports Hub, where final revenues were recognized at the end of FY2013 and 1QFY2014, respectively.

In the year under review, the Group saw the tailing down of existing projects and slow starts in new projects such as Changi Terminal 4 and Marina One, which resulted in a lower level of fabrication and erection activities to absorb its fixed production and overhead costs. This accounted mainly for the gross loss of S\$32.6 million in FY2014.

At the segment level, revenue from Specialist Civil Engineering was primarily driven by ongoing projects such as MRT Downtown Line 2, Downtown Line 3 and the Hong Kong MTR. This segment recorded a revenue of S\$94.5 million in FY2014.

In the year under review, Structural Steelworks registered a revenue of S\$117.6 million, with revenue contributions from the South Beach, Market Street, Marina One and Changi Terminal 4 projects.

Commenting on the Group's full year performance, Mr Seow Soon Yong, Chief Executive Officer of Yongnam, said, "Our latest set of financial results was impacted by the unforeseen slow starts in some of the Group's projects, as well as a tapering off of some of our existing projects resulting in lower level of fabrication and erection activities to absorb the Group's fixed production and overhead costs. . However, from a bigger picture perspective, the outlook for infrastructural and commercial development projects in Singapore and the region is expected to remain positive. We will continue to build our order book, and will capitalize on opportunities as they present themselves, both in Singapore and overseas. In terms of our overseas endeavours, I am heartened to say that the Group's first foray into Myanmar, as part of a consortium, for an airport project secured in October 2014 was certainly a major highlight of the financial year."

Yongnam turned in a general and administrative income of S\$17.6 million in FY2014, which included a one-off gain of S\$34.4 million arising from the disposal of a Malaysian property. In the absence of this non-recurring gain, general and administrative expenses totaled S\$16.8 million in FY2014, which is S\$1.1 million lower than S\$17.9 million recorded for the year ago period. This was mainly due to a reduction in staff costs and professional fees incurred in FY2014. Finance costs rose from S\$3.0 million to S\$4.6 million in FY2014 due to higher borrowings, bank interest and charges. As a result, the Group recorded a net loss of S\$8.5 million in FY2014, compared to a profit of S\$5.5 million in FY2013.

The Group's net gearing remained at a healthy 0.58 times as at December 31, 2014, which is a marginal increase from 0.53 times in the previous fiscal year. As a result of the lower operating results, Yongnam registered a loss per share of 0.67 Singapore cent in FY2014, compared to profit per share of 0.44 Singapore cent in FY2013. Net asset value per share slipped by 1.33 Singapore cents to 23.68 Singapore cents, from 25.01 Singapore cents previously.

On a geographical basis, Singapore continued to be the key contributor, accounting for 83.1% of total revenue, compared to 80.1% in FY2013. The other contributors were from Hong Kong and Malaysia.

## **Outlook**

The Group secured a total of S\$277.3 million worth of projects for FY2014. These projects will contribute significantly to the Group's current fiscal year.

On October 29, 2014, Yongnam, together with its consortium partners, JGC Corporation and Changi Airport Planners and Engineers, were selected as the successful tenderer for the Hanthawaddy International Airport ("HIA") in Myanmar. This is based on a public-private partnership ("PPP") agreement for a 30-year concession period. The Consortium is currently in discussion with the relevant Myanmar authorities to finalise the terms for the HIA project.

In addition, the Group continues to actively pursue S\$1.1 billion worth of new infrastructural and commercial projects in Singapore, Hong Kong, Malaysia and the Middle East, and if awarded, is expected to commence in FY2015.

Yongnam's order book stood at S\$405 million at the end of December 2014, compared to S\$316 million at the end of September 2014.

### **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 utilizes 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, 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-9001:2008, ISO 14001:2004 and OHSAS 18001:2007 certified company, accredited fabricator of the highest S1 category from the Singapore Structural Steel Society and holds A1 Grades from the Singapore Building and Construction Authority for the categories of General Building and Civil Engineering. The Group's Quality Management System takes a planned approach towards continuous improvement of its products, processes and services.

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

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