



## 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 1Q2016 NET PROFIT UP 133.3% TO S\$1.7 MILLION

- **Revenue 11.8% higher at S\$73.8 million on higher contributions from Structural Steelworks and Mechanical Engineering**
- **Gross profit margin up 2.6 percentage points to 11.7%**
- **Healthy order book of S\$399 million as at March 31, 2016**
- **Actively pursuing S\$1.0 billion worth of infrastructural developments and commercial projects in Singapore and the region**

#### *Financial Highlights:*

	1Q2016	1Q2015	% Change
Revenue (S\$m)	73.8	66.0	11.8
Gross profit (S\$m)	8.6	6.0	43.7
Profit before tax (S\$m)	1.6	1.0	53.5
Net profit (S\$m)	1.7	0.7	133.3
EPS (Basic)(Singapore cent)	0.54	0.23	134.8
NAV per share (Singapore cents)	94.06 (As at Mar 31, 2016)	93.89 (As at Dec 31, 2015)	0.2

**Singapore, May 12, 2016** – Yongnam Holdings Limited (“Yongnam” or the “Group”), a well-established structural steel contractor and specialist civil engineering solutions provider, posted today a 133.3% increase in net profit of S\$1.7 million for the three months ended March 31, 2016 (“1Q2016”), lifted by higher contributions from its Structural Steelworks and Mechanical Engineering businesses. Yongnam reported a net profit of S\$0.7 million in the corresponding financial quarter (“1Q2015”).

Mr. Seow Soon Yong, Chief Executive Officer of Yongnam, said, “Our first quarter performance was supported by Yongnam’s increased participation in structural steelwork opportunities in Singapore and fueled by new contributions from supply and fabrication works for two power plants in the Middle East. Our Specialist Civil Engineering division was also a key revenue contributor, though revenue recognised was lower this quarter due to the tailing down of the MRT Downtown Line 2 and Downtown Line 3 projects.”

## **Performance Review**

Group revenue rose 11.8% in 1Q2016 to S\$73.8 million, from S\$66.0 million a year ago, supported by higher contributions from the Structural Steelworks and Mechanical Engineering divisions. On a segmental basis, Structural Steelworks recorded a 6.1% increase in contributions to S\$45.3 million in 1Q2016, supported by key projects including Marina One, Senoko Food Hub, Jewel Changi Airport and Changi Airport Terminal 4.

Mechanical Engineering registered a 553.8% jump in revenue to S\$8.5 million in 1Q2016, from S\$1.3 million in 1Q2015, due mainly to two Middle East projects involving the supply of Heat Recovery Steam Generator non-pressure parts for power plants located respectively in Qatar and Egypt.

The Specialist Civil Engineering unit reported revenue of S\$19.7 million in 1Q2016, representing a 10.2% decrease from S\$21.9 million a year ago, due largely to the tailing down of the MRT Downtown Line 2 and Downtown Line 3 projects in 2015. Key revenue contributors during the review quarter included some remaining works for the MRT Downtown Line 3, the Thomson Line in Singapore and Hong Kong MTR.

Backed by higher project margins, the Group’s gross profit increased 43.7% to S\$8.6 million in 1Q2016, from S\$6.0 million a year ago. Gross profit margin was correspondingly higher at 11.7% in 1Q2016 compared to 9.1% in 1Q2015.

General and administrative expenses rose 40.9% to S\$5.6 million in 1Q2016, attributed mainly to higher staff and associated bidding costs from Design and Build and Tender divisions. Finance costs rose 17.7% to S\$1.7 million, due largely to higher bank charges and interests. Yongnam's gearing as at March 31, 2016 remained healthy at 0.43 times, compared to 0.45 times as at December 31, 2015.

Net asset value per share increased from 93.89 Singapore cents as at December 31, 2015 to 94.06 Singapore cents as at March 31, 2016. Earnings per share rose to 0.54 cent as at March 31, 2016, from 0.23 cent as at March 31, 2015.

## **Outlook**

Notwithstanding a competitive and challenging business climate, the Group believes prospects for the infrastructural sector will remain attractive. Yongnam is presently in the pursuit of projects worth S\$1.0 billion across the markets of Singapore, Hong Kong, Malaysia and the Middle East.

Commenting on the outlook, Mr. Seow said, "While the overall business environment remains challenging, we made good headway in business development clinching contracts with a combined value of S\$119.3 million in 1Q2016, bringing our order book to around S\$399 million. Supported by our strong track record and accumulated expertise in the regional infrastructure sector, we continue to look forward to positive developments in the Singapore and regional markets."

The Group's project wins in 1Q2016 include three Structural Steelworks subcontracts in Singapore, involving work for Jewel Changi Airport's glass dome, the Robinson Tower development and the Outram Community Hospital; and a civil engineering project in Hong Kong for the MTR Shatin to Central Line Cross Harbour Tunnel.

As at March 31, 2016, Yongnam has an order book of S\$399 million.

## **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, 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. 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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