



## 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 REPORTS 2Q2016 NET PROFIT OF S\$0.9 MILLION

- **Revenue grew 19.2% to S\$84.3 million lifted by higher contributions from Structural Steelworks and Mechanical Engineering**
- **Gross profit up 8.0% to S\$7.4 million**
- **Maintains order book of S\$349.0 million as at June 30, 2016**
- **Actively pursuing S\$1.46 billion worth of infrastructural developments and commercial projects in Singapore and the region**

#### **Financial Highlights:**

S\$m	2Q2016	2Q2015	% Change	1H2016	1H2015	% Change
Revenue	84.3	70.7	19.2	158.1	136.6	15.7
Gross Profit	7.4	6.8	8.0	15.5	12.7	21.4
Profit After Tax	0.9	2.1	(57.3)	2.6	2.8	(7.2)
EPS (Basic) (Singapore cent)	0.05	0.60	(91.7)	0.42	0.83	(49.4)
NAV per share (Singapore cent) <sup>(1)</sup>	-	-	-	94.19	93.89	0.3

<sup>(1)</sup> NAV per share as at June 30, 2016 and December 31, 2015 respectively.

**Singapore, August 11, 2016** – Yongnam Holdings Limited (“Yongnam” or the “Group”), a well-established structural steel contractor and specialist civil engineering solutions provider, today announced a net profit after tax of S\$0.9 million for the three months ended June 30, 2016 (“2Q2016”), as Group revenue rose 19.2% to S\$84.3 million, from S\$70.7 million in the corresponding financial period (“2Q2015”).

The higher revenue was backed by a stronger performance delivered by the Group's Structural Steelworks and Mechanical Engineering businesses, benefiting from increased contributions from key projects in Singapore, Hong Kong and the Middle East.

Mr. Seow Soon Yong, Chief Executive Officer of Yongnam, said, "The business environment remained challenging in the first half of 2016. Even as market conditions remain unfavourable, we successfully pushed forward with business development initiatives, winning new projects worth S\$148.9 million year-to-date in Singapore, Hong Kong and the Middle East."

### **Performance Review**

For 2Q2016, the Group achieved a revenue of S\$84.3 million, up 19.2% from S\$70.7 million a year ago. The higher revenue was backed by higher contributions from the Group's Structural Steelworks and Mechanical Engineering businesses. On a segmental basis, revenue from Structural Steelworks rose 21.4% to S\$53.9 million in 2Q2016, from S\$44.4 million in 2Q2015, lifted by contributions from ongoing projects such as Marina One, Senoko Food Hub and Jewel Changi Airport.

Driven by contributions from the two power plant projects in Qatar and Egypt, which involve the supply of Heat Recovery Steam Generator non-pressure parts, the Mechanical Engineering business recorded a significant increase in revenue to S\$9.7 million in 2Q2016, from S\$0.7 million in the previous corresponding financial period.

The Specialist Civil Engineering business generated revenue of S\$19.4 million in 2Q2016, 24.2% lower from S\$25.6 million a year ago, due to the tailing down of the MRT Downtown Line 2 & 3 projects at the end of 2015. Key revenue contributors during the review quarter included some remaining works for the MRT Downtown Line 3, the Thomson Line in Singapore and the Hong Kong MTR.

Gross profit rose 8.0% to S\$7.4 million in the review quarter, from S\$6.8 million in 2Q2015. Gross profit margin was lower at 8.7% in 2Q2016 compared to 9.7% in 2Q2015, due mainly to lower revenue mix from higher margin Specialised Civil Engineering projects.

General and administrative expenses were 56.0% higher at S\$5.1 million in 2Q2016, attributed mainly to higher professional fees, tendering costs and other general and administrative expenses. Finance costs rose 18.6% to S\$1.4 million in 2Q2016, from S\$1.2 million a year ago, on higher bank charges and interests.

As a result of the above, the Group generated a net profit of S\$0.9 million in 2Q2016, from S\$2.1 million a year ago. Yongnam's gearing as at June 30, 2016 remained healthy at 0.45 time, unchanged from 0.45 time as at December 31, 2015.

Net asset value per share increased from 93.89 Singapore cents as at December 31, 2015 to 94.19 Singapore cents as at June 30, 2016.

For the six months ended June 30, 2016, the Group achieved a net profit of S\$2.6 million on revenue of S\$158.1 million, compared to a net profit of S\$2.8 million and revenue of S\$136.6 million in the corresponding financial period.

## **Outlook**

Moving into the second half of 2016, the regional market environment remains challenging and competitive. The Group will continue to leverage Yongnam's strong track record and expertise as a steel specialist to secure suitable growth opportunities. Yongnam also remains in active pursuit of S\$1.46 billion worth of new infrastructural and commercial projects in Singapore, Hong Kong, Malaysia and the Middle East.

Commenting on the outlook, Mr. Seow said, “We expect the competitive market environment to weigh on the prospects of industry players over the near-term. Nevertheless, we are steadfast in our pursuit of growth opportunities in Singapore and regionally, and will continue to leverage Yongnam’s strong branding and expertise in steel construction to bolster our order books.”

As at June 30, 2016, Yongnam has an order book of S\$349 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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