



YONGNAM HOLDINGS LIMITED

(Company Registration No. 199407612N)
(Incorporated in the Republic of Singapore on 19 October 1994)

NEWS RELEASE

YONGNAM POSTS 28.4% RISE IN REVENUE TO S\$96.9 MILLION FOR 3Q2016

- *Topline growth lifted by Structural Steelworks and Mechanical Engineering*
- *Net profit of S\$0.9 million due to lower gross margin*
- *Order book of S\$302 million as at September 30, 2016*
- *Actively pursuing S\$1.5 billion worth of infrastructural developments and commercial projects in Singapore and the region*

Financial Highlights:

S\$'m	3Q2016	3Q2015	% Change	9M2016	9M2015	% Change
Revenue	96.9	75.5	28.4	254.9	212.1	20.2
Gross Profit	4.8	7.8	(38.7)	20.3	20.5	(0.9)
Profit After Tax	0.9	2.0	(52.7)	3.5	4.7	(26.0)
EPS (Basic) (Singapore cent)	(0.13)	0.51	nm	0.19	1.34	(85.8)
NAV per share (Singapore cent) ⁽¹⁾	-	-	-	70.09	93.89	(25.3)

⁽¹⁾ NAV per share as at September 30, 2016 and December 31, 2015 respectively.

Singapore, November 10, 2016 – Yongnam Holdings Limited (“Yongnam” or the “Group”), a well-established structural steel contractor and specialist civil engineering solutions provider, today announced its financial results for the three months ended September 30, 2016 (“3Q2016”), with revenue of S\$96.9 million and net profit after tax of S\$0.9 million.

Mr. Seow Soon Yong, Chief Executive Officer of Yongnam, said, “Yongnam delivered another quarter of resilient results even as the regional operating environment remained challenging and competitive. Yongnam adhered strongly to our strategy of pursuing high value infrastructure projects across the region, while keeping a close eye on costs and spending to safeguard our financial discipline.

To further enhance operational efficiency, the Group plans to move the bulk of our current factory operations from Singapore to Johor, Malaysia. This will bring about savings in the Group’s fabrication labour cost and a reduction in foreign worker levies paid in Singapore. With this move, we will enhance our competitiveness as we continue to seek out opportunities in Singapore and regionally.”

Performance Review

For 3Q2016, the Group registered a 28.4% increase in revenue to S\$96.9 million, from S\$75.5 million in the three months ended September 30, 2015 (“3Q2015”). This was backed by higher contributions from the Structural Steelworks and Mechanical Engineering businesses.

On a segmental basis, contributions from the Structural Steelworks business rose 27.9% to S\$69.2 million in 3Q2016, from S\$54.1 million a year ago, backed by contributions from ongoing projects Marina One, Senoko Food Hub and Jewel Changi Airport. Driven by contributions from the Group’s two projects in Qatar and Egypt, contributions from the Mechanical Engineering business rose to S\$9.6 million in 3Q2016, from S\$0.2 million in 3Q2015.

Meanwhile, the Specialist Civil Engineering business generated revenue of S\$16.3 million in 3Q2016, compared to S\$21.0 million a year ago. The quarter under review saw contributions from MRT Thomson Line and the Hong Kong MTR.

Gross profit for the review period was S\$4.8 million, compared to S\$7.9 million in 3Q2015. This was due mainly to a change in revenue mix and lower level of strutting activities. Gross margins for 3Q2016 and 3Q2015 were 4.9% and 10.3% respectively.

On the cost front, general and administrative expenses for the quarter declined 10.7% to S\$3.4 million, due mainly to lower staff cost. Finance cost decreased marginally from S\$1.4 million in 3Q2015 to S\$1.3 million. Net gearing was lower at 0.31 time as at September 30, 2016, compared to 0.45 time as at December 31, 2015.

As a result of the above, the Group reported a net profit of S\$0.9 million in 3Q2016, compared to a net profit of S\$2.0 million in 3Q2015.

Net asset value per share as at September 30, 2016 was 70.09 Singapore cents, from 93.89 Singapore cents as at December 31, 2015 arising from the rights issue on July 5, 2016.

For the nine months ended September 30, 2016, the Group achieved a net profit of S\$3.5 million on revenue of S\$254.9 million, compared to a net profit of S\$4.7 million and revenue of S\$212.1 million in the corresponding financial period.

Outlook

Looking ahead, the regional market environment is expected to remain competitive and challenging even as governments in Singapore and the region continue to invest in key infrastructural developments.

Commenting on the outlook, Mr. Seow said, “Despite macro-economic challenges and growing competition, Yongnam remains steadfast in the execution of our long-term growth strategy. Our earnings are underpinned by a sizeable order book of S\$302 million as at September 30, 2016 and the Group remains in active pursuit of S\$1.5 billion worth of new infrastructural and commercial projects in Singapore, Hong Kong, Malaysia and the Middle East.”

As a leading steel specialist with unparalleled capabilities in the execution of difficult and complex infrastructure projects, we will continue to actively seek opportunities to strengthen our market-leading position and strengthen our order book.”

Besides its core businesses in Structural Steel and Specialist Civil Engineering, the Group, in partnership with other industry players, is also selectively pursuing civil and building projects as a main contractor. The Group’s Design and Build division is also in active tender for suitable industrial and commercial projects in Singapore and regionally.

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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