



YONGNAM HOLDINGS LIMITED
Corporate Presentation (FY2016)
February 28, 2017

An aerial photograph of a city at dusk or dawn. The sun is low on the horizon, casting a warm glow over the scene. In the foreground, a large, modern stadium with a distinctive, curved, metallic roof structure is prominent. To the left of the stadium, a river flows through the city. The background is filled with a dense urban landscape of high-rise buildings and residential areas. The overall atmosphere is serene and modern.

Business Overview



Yongnam Holdings Limited

Excels in adding value to steel construction

Multi-disciplinary Engineering and Construction Group

Structural
Steelwork

Specialist Civil
Engineering

Design & Build

Mechanical
Engineering

- Well-established structural steel contractor and specialist civil engineering solutions provider with more than 40 years of experience
- Two production facilities in Singapore and Nusajaya, Johor, Malaysia with a total annual production capacity of 84,000 tons of steel fabrication



Yongnam Holdings Limited

Excels in adding value to steel construction

Long established relationships with major reputable contractors

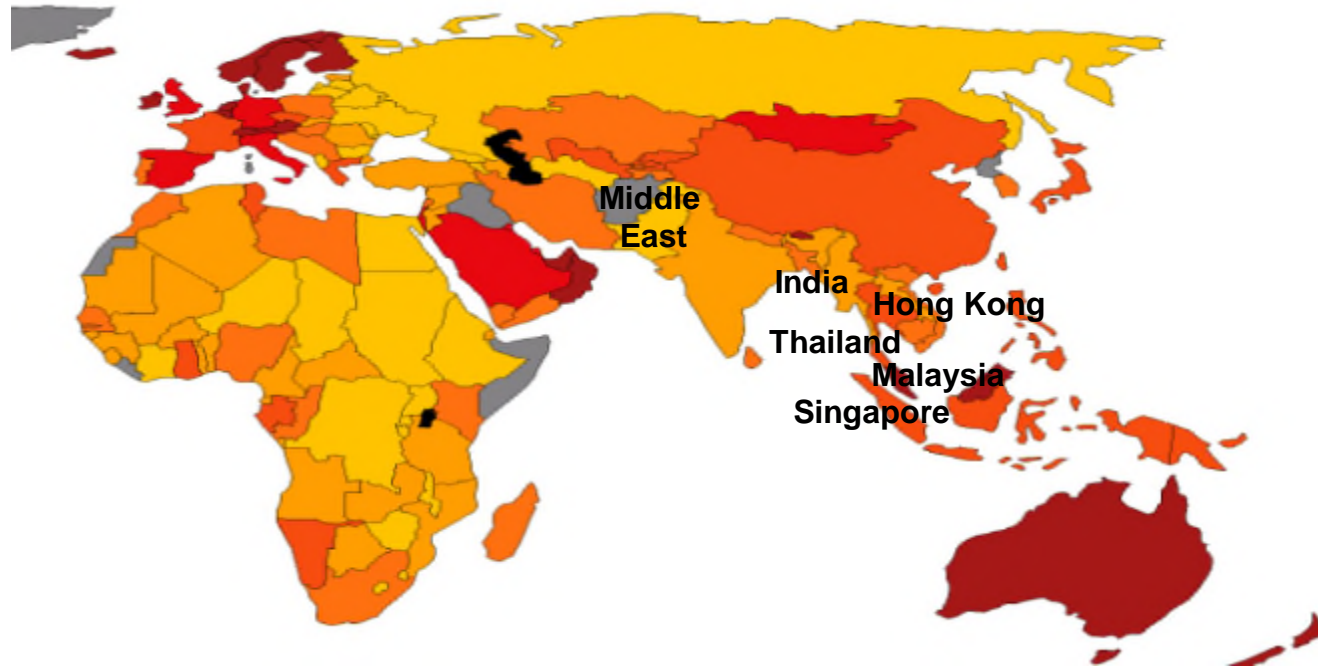
- Takenaka Corporation
- Taisei Corporation
- Obayashi Corporation
- Penta Ocean
- Shimizu Corporation
- Dragages Singapore
- Sembcorp Design & Construction Pte Ltd
- Samsung Corporation
- Ssangyong E&C Co. Ltd
- Hyundai E&C Ltd
- Daelim Industrial Co. Ltd
- Woh Hup Pte Ltd
- Larsen & Toubro Ltd



Wide Geographical Footprint

Regional Presence, Global Reach

Wide network of subsidiaries and project offices in the region



Projects Undertaken Across the Region

- Singapore
- Malaysia
- Middle East
- China
- Norway
- Brunei
- Philippines
- Thailand
- Japan
- Korea
- Hong Kong
- Pakistan
- India



Structural Steelworks

Adding structural and aesthetic value to buildings

Leading steel specialist contractor with unparalleled track record of iconic projects

- One of the largest steel fabrication facilities in Southeast Asia
- On-time delivery and with quality
- A1 Grade in General Building from BCA Singapore
- S1 category accreditation from Singapore Structural Steel Society

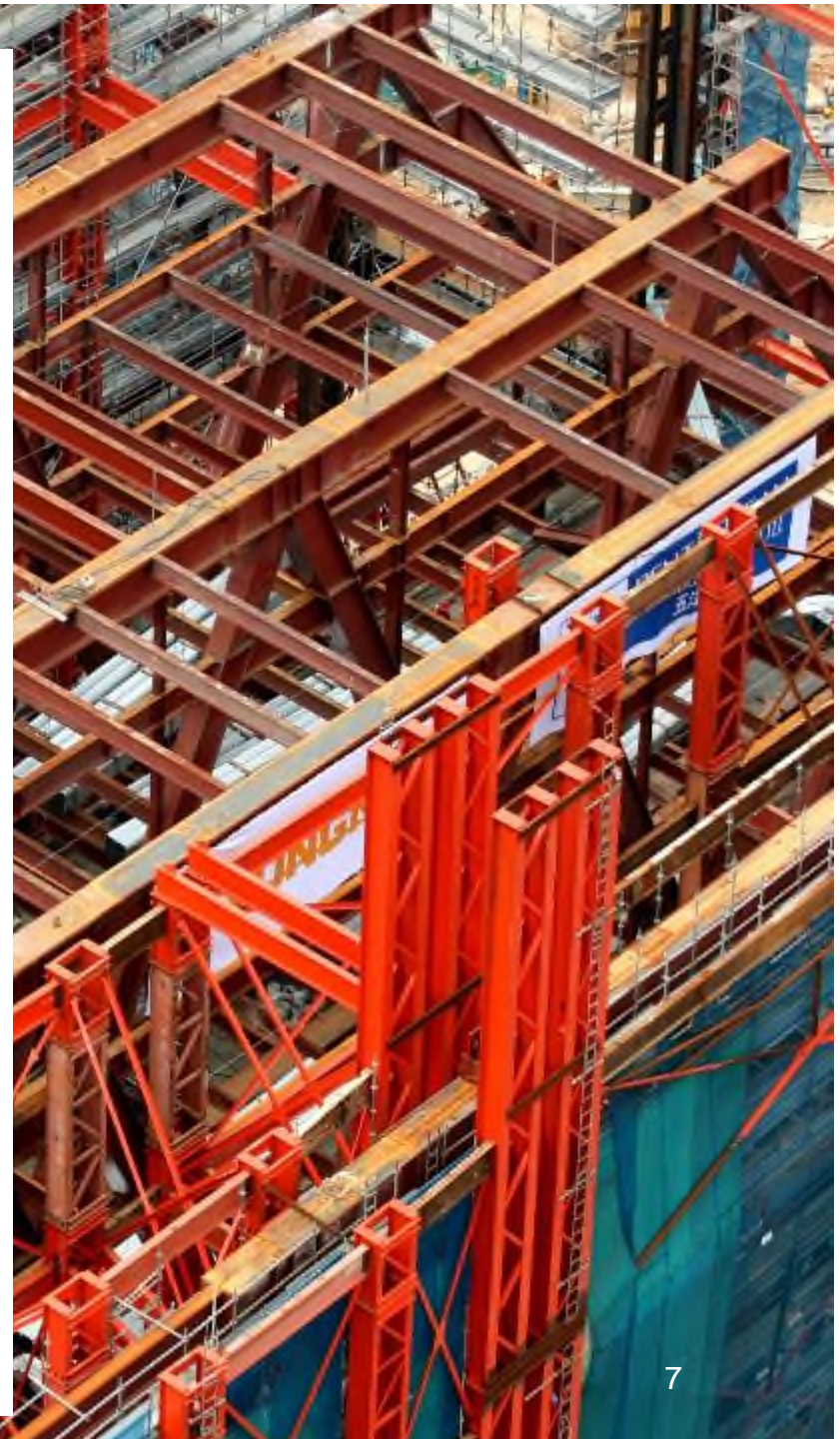


Specialist Civil Engineering

A frontrunner of the times

Design, fabrication, supply and erection of steel temporary support for deep basement and tunnel excavations

- Yongnam's modular strutting system meets increasingly stringent design and project requirements
- Owns approximately 200,000 tonnes of strutting assets and pipe piles
- Strong track record and high replacement cost of struts creates a significant barrier to entry
- A1 Grade in Civil Engineering from BCA Singapore



Mechanical Engineering

Strong expertise of over forty years

Three key activity areas:

- a. Installation of mechanical equipment and plant
 - b. Supply, fabrication and installation of mechanical components; and
 - c. Plant maintenance
- Able to undertake more complex mechanical and plant installation projects
 - Projects and involvement include: Power stations, chemical plants, refineries, shipyard facilities, incineration plants and other infrastructure-related projects



Design & Build

Emerging as a new growth driver

Yongnam aims to be a one-stop solutions provider of conceptual design, construction, project management and final delivery

- Leverages Yongnam's experience in project and construction management
- Focused on pursuing opportunities in industrial and commercial projects



Production Capabilities

Well-equipped, state-of-art facilities

Singapore

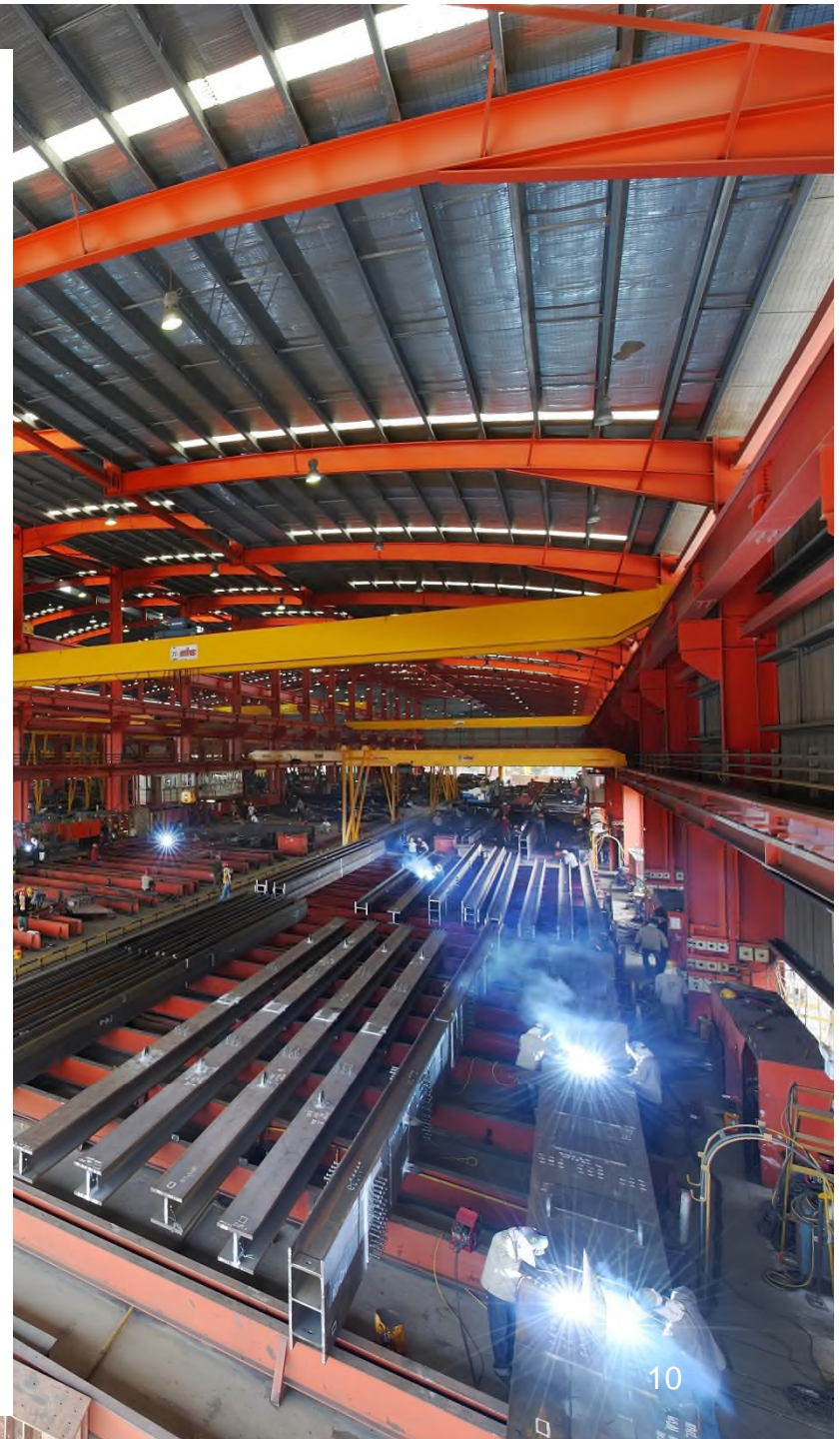
Mega complex in Tuas occupying a land area of 76,000 sq m

Covered workshop measuring 20,250 sq m with production capacity of 3,000 tonnes per month

Malaysia

Facility in Nusajaya, Johor, sited on a land area of 109, 103 sq m

Operational since 2009, with a covered workshop measuring 38,600 sq m and production capacity of 4,000 tonnes per month



Our Experience

Unparalleled Track Record

Airports

- **Brunei**, Royal Pavilion Hangars
- **Malaysia**, Kuala Lumpur International Airport
- **Singapore**, Changi International Airport
- **Thailand**, Suvarnabhumi International Airport
- **India**, Indira Gandhi International Airport
- **India**, Chhatrapati Shivaji International Airport

Sports & Recreation Complex

- Kranji Race Course
- Bishan Sports Stadium
- Singapore Sports Hub

Transport Infrastructure

- **Singapore**, Kallang-Paya Lebar Expressway
- **Singapore**, Marina Coastal Expressway
- **Singapore**, MRT Thomson-East Coast Line
- **Singapore**, MRT Downtown Line
- **Singapore**, MRT Circle Line
- **Singapore**, MRT Northeast Line
- **Singapore**, MRT East-west Line
- **Singapore**, MRT North-south Line
- **Singapore**, MRT North-south Line Extension
- **Hong Kong**, Mass Transit Rail
- **Hong Kong**, Express Rail Link
- **Middle-east**, Dubai Metro

High Rise Buildings & Iconic Structures

- Marina Bay Sands Integrated Resort
- Suntec City Exhibition & Convention Centre
- Singapore Post Centre
- Capital Tower
- Singapore MRT Expo Station
- National Library Board
- Fusionopolis
- One Raffles Quay
- Ion Orchard
- Integrated Civic, Cultural, Retail and Entertainment Hub
- Gardens by the Bay
- NUH Medical Centre

Power Plants & Mechanical Installations

- **Singapore**, Senoko Power Station
- **Singapore**, Seraya Power Station (Stage II development)
- **Singapore**, Mandai Quarry Plant
- **Singapore**, Senoko Incineration Plant
- **Singapore**, Tuas Incineration Plant
- **Singapore**, Wind Tunnel
- **Malaysia**, Kenyir Power Station (Hydroelectric power plant)
- **Malaysia**, Paka/Pasir Gudang YTL Power Station
- **Malaysia**, Panglima Power Station
- **Malaysia**, Tanjung Bin Power Plant
- **Malaysia**, Naphtha Cracker Plant – Cracking Furnace



Our Experience

Showcase – Marina Bays Integrated Resort, Gardens by the Bay, CCRC and Sports Hub

Yongnam was involved in the development of multiple iconic structures at the iconic Marina Bay Sands Integrated Resort:



Skypark



ArtScience Museum



Crystal Pavilions



Gardens by the Bay



CCRC



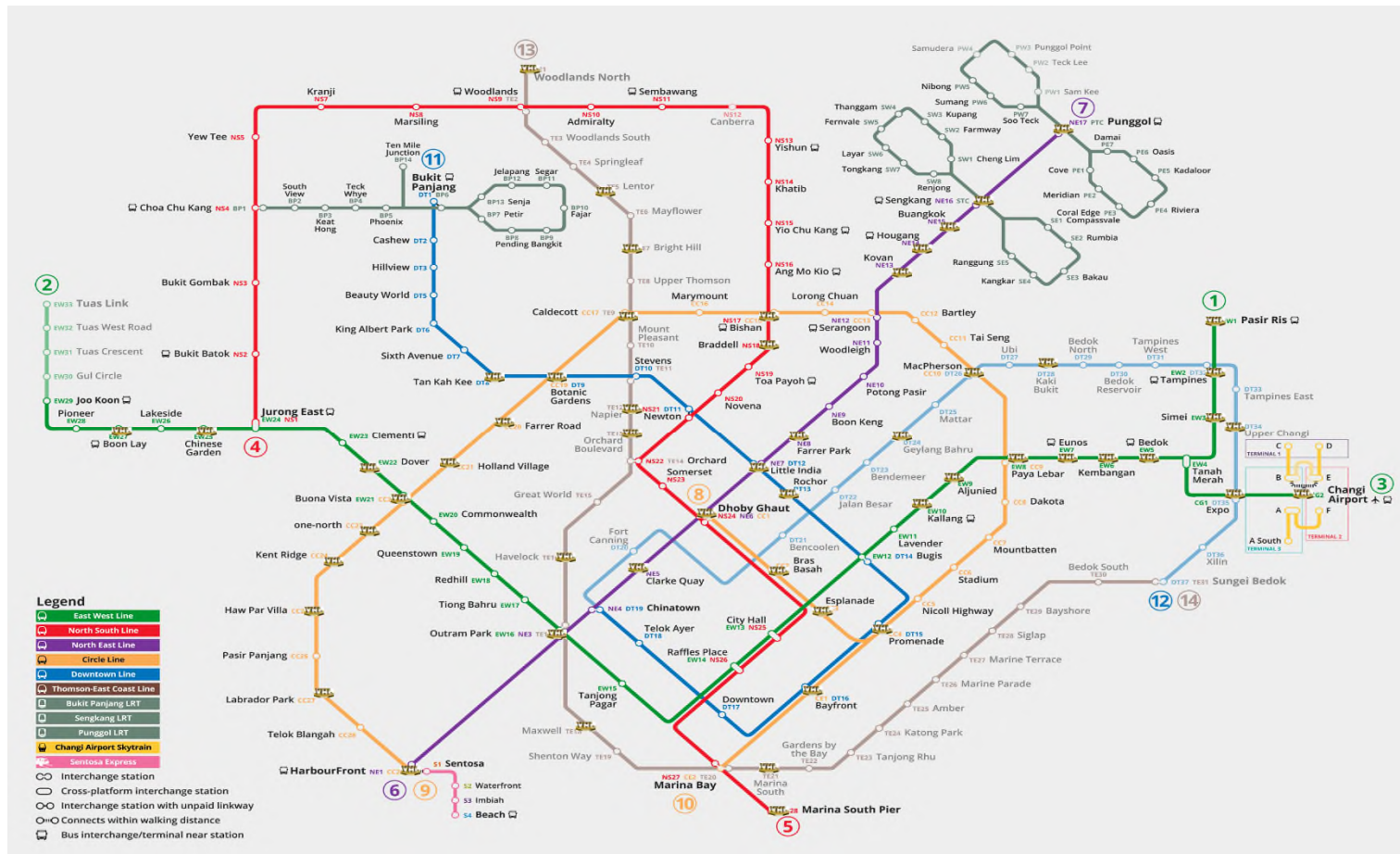
Sports Hub



Our Experience

Mass Rapid Transit Rail Infrastructure (Singapore)

Since the mid 1980s, Yongnam has been extensively involved in the development of Singapore's railway network



Current Portfolio

Key On-Going Projects

Marina One

Project Value: S\$174 million

Date of Award: December 2013

Completion Date: Expected 1Q2017

Scope of Work: Supply and erect structural steelworks for 2 blocks of 30-Storey Office, 2 blocks of 34 Storey Residential Building, 3-Storey Commercial Podium and 4-Level Basement Carparks with Underground Pedestrian/Shopping Mall



Current Portfolio

Key On-Going Projects

Jewel Changi Airport

Project Value: S\$79 million

Date of Award: November 2014

Completion Date: Expected 3Q2017

Scope of Work: Supply, fabricate and erect structural framing system of main buildings, associated structures and pedestrian bridges to Terminals 2 and 3



Current Portfolio

Key On-Going Projects

Jewel Changi Airport – Crown

Project Value: S\$35 million

Date of Award: January 2016

Completion Date: Expected 4Q2017

Scope of Work: Supply, fabricate and erect structural steelwork for glass dome



Current Portfolio

Key On-Going Projects

Senoko Food Hub

Project Value: S\$165 million

Date of Award: March 2015, JV project

Completion Date: Expected 2Q2017

Scope of Work: Construction of a new 7-storey ramp-up development comprising 50 modular factory units in Senoko Food Zone



Current Portfolio

Key On-Going Projects

Outram Community Hospital

Project Value: S\$41 million

Date of Award: January 2016

Completion Date: Expected 2Q2018

Scope of Work: Supply, fabricate and erect structural steelwork for the building structure, link bridges, roof crown structure, trellis supports and other structural components for a new 19-storey mixed-use development housing the Outram Community Hospital



Current Portfolio

Key On-Going Projects

MRT Thomson Line

Project Value: S\$109 million (5 contracts)

Key Projects Description

C217 (3Q2018): Installation and removal of steel struts for Napier Station

C227 (4Q2018): Installation and removal of pipe pile cofferdam, steel struts and decking for Marina South Station





Financial Performance (FY2016)



Key Financial Highlights

FY2016 Financial Performance

	FY2016	FY2015	Change (%)
Revenue (S\$m)	321.4	269.6	19.2
Gross (Loss)/Profit (S\$m)	(13.8)	19.7	(169.9)
Gross Margin (%)	(4.3)	7.3	n.m.
Loss after Tax (S\$m)	(32.8)	(2.7)	(1,116.8)
EPS (Basic) (Singapore cents) ⁽¹⁾	(6.90)	(0.85)	(711.8)
NAV per Share (Singapore cents) ⁽²⁾	62.94	93.89	(33.0)
<p>⁽¹⁾ EPS per share was computed based on the weighted average number of shares of 475,102,931 for FY2016 (FY2015: 316,735,383)</p> <p>⁽²⁾ NAV per share as at December 31, 2016 and December 31, 2015 respectively</p>			



Key Financial Highlights

FY2016 Financial Performance

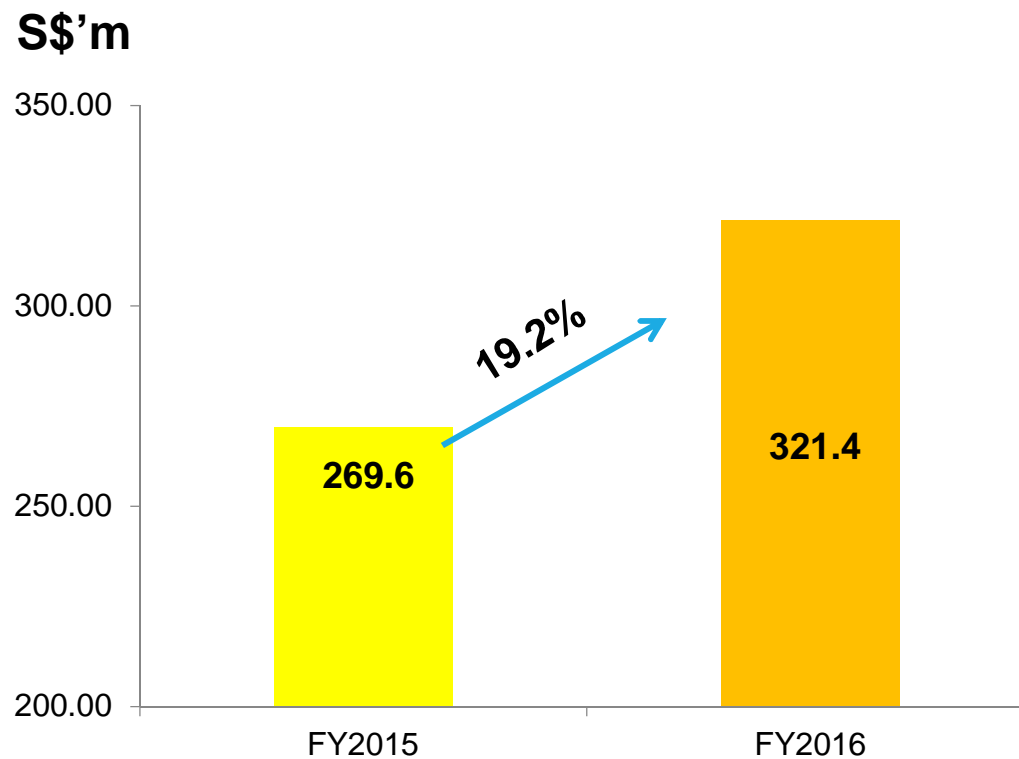
	FY2016	FY2015	Change (%)
Net Work-In-Progress (S\$m)	91.6	112.8	(18.8)
Debtors (S\$m)	36.0	31.0	15.9
Cash (S\$m)	15.9	8.1	96.6
Borrowings (S\$m)	114.1	142.4	(19.9)
Net Borrowings (S\$m)	98.2	134.3	(26.9)
Gearing (times)	0.33	0.45	(27.3)
Shareholders' Funds (S\$m)	299.0	297.4	0.6



Key Financial Highlights

FY2016 Financial Performance – Revenue Analysis

FY2016 Revenue up 19.2% mainly due to higher contribution from Structural Steelwork and Mechanical Engineering projects



Structural Steelworks

- Revenue contributions increased from S\$177.1 million in FY2015 to S\$215.6 million in FY2016
- **Key contributing projects include:** Marina One, Senoko Food Hub, Jewel Changi Airport

Mechanical Engineering

- Revenue contributions increased from S\$5.8 million in FY2015 to S\$32.1 million in FY2016
- **Key contributing project:** Supply and fabrication of HRSG for power plants in Qatar and Egypt

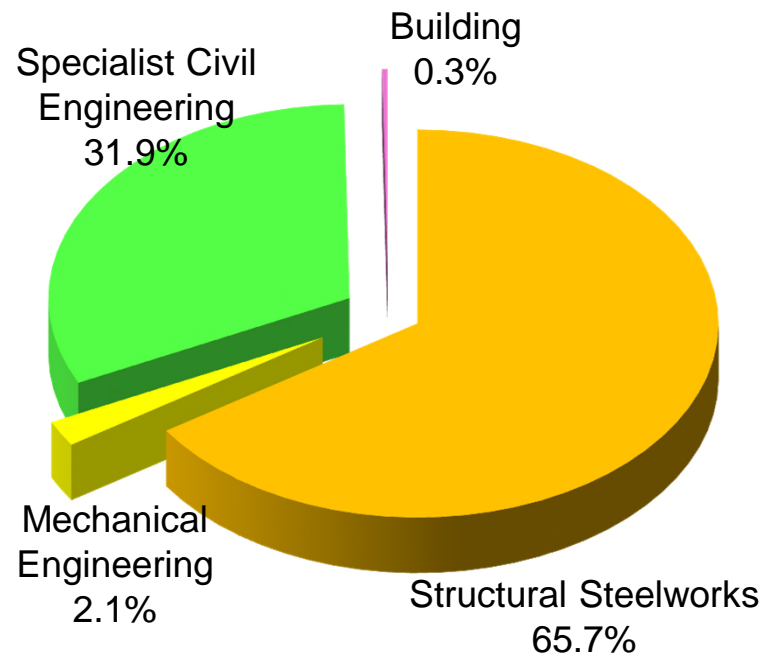
Specialist Civil Engineering

- Revenue contributions decreased from S\$86.0 million in FY2015 to S\$66.2 million in FY2016
- **Key contributing projects include:** MRT Thomson Line, Hong Kong projects

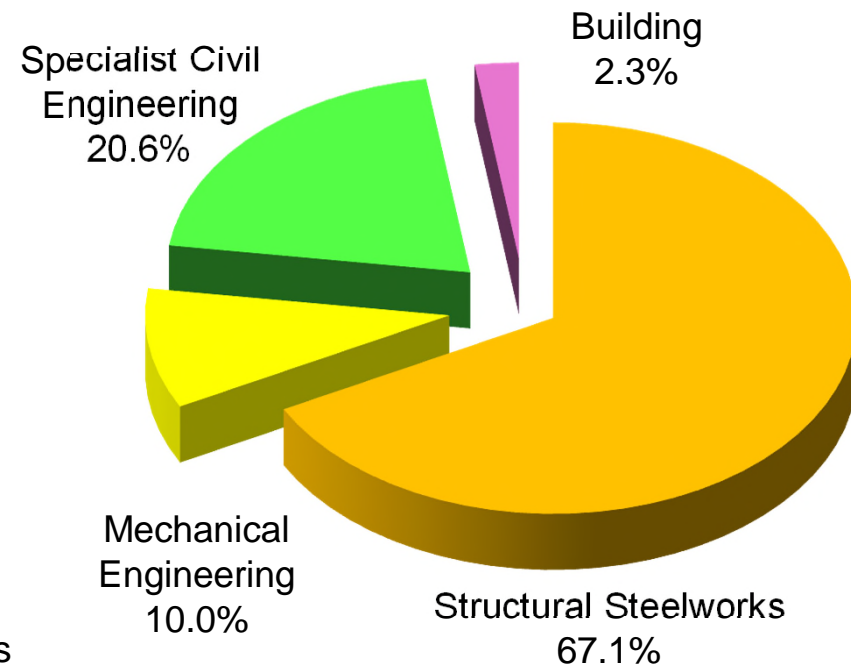
Key Financial Highlights

FY2016 Financial Performance – Breakdown by Business Segment

FY2015



FY2016

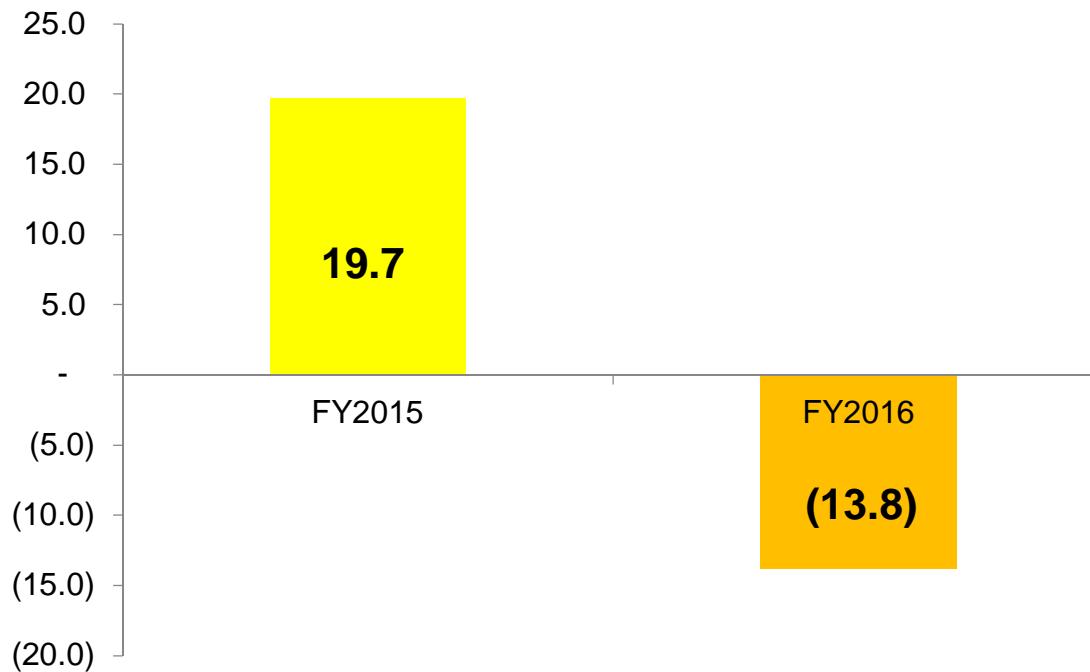


Key Financial Highlights

FY2016 Financial Performance – Gross Profit

Gross loss of S\$13.8 million for FY2016

Gross Profit / (Loss) (S\$m)



Gross Loss

Gross Loss of S\$13.8 million for FY2016 due to:

- Lower margins from Senoko Food Hub project
- Provisions in anticipation of lower negotiated variation orders
- Under-recovery of overheads from lower level of strutting and other activities

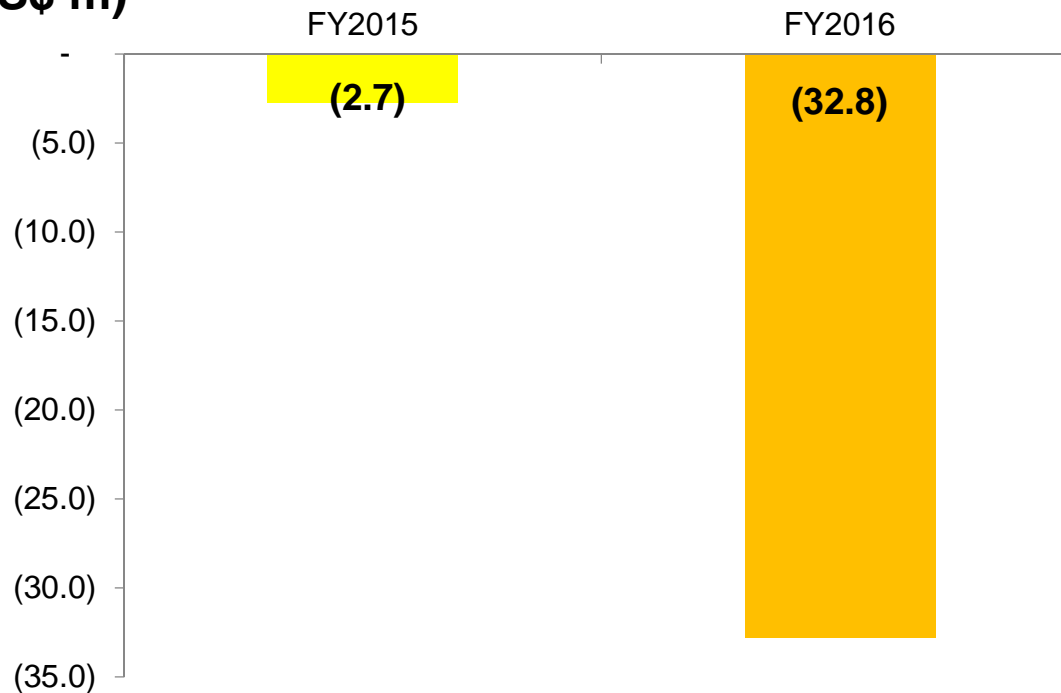


Key Financial Highlights

FY2016 Financial Performance – Profit after Tax

Loss after Tax of S\$32.8 million for FY2016

(S\$m)



Loss after Tax

Loss after tax of S\$32.8m for FY2016 due to:

- Gross loss of \$13.8m
- Marginally higher General & Admin expenses arising from rights issue and tendering expenses, offset by lower staff costs



Key Financial Highlights

Order Book

As of 31 December 2016, the Group's order book stands at approximately S\$274.2 million

- Structural Steelworks: 59.2%
- Specialist Civil Engineering: 32.2%
- Others (M&E, Building): 8.6%
- Approximately 83% of the Group's order book is slated for completion within FY2017

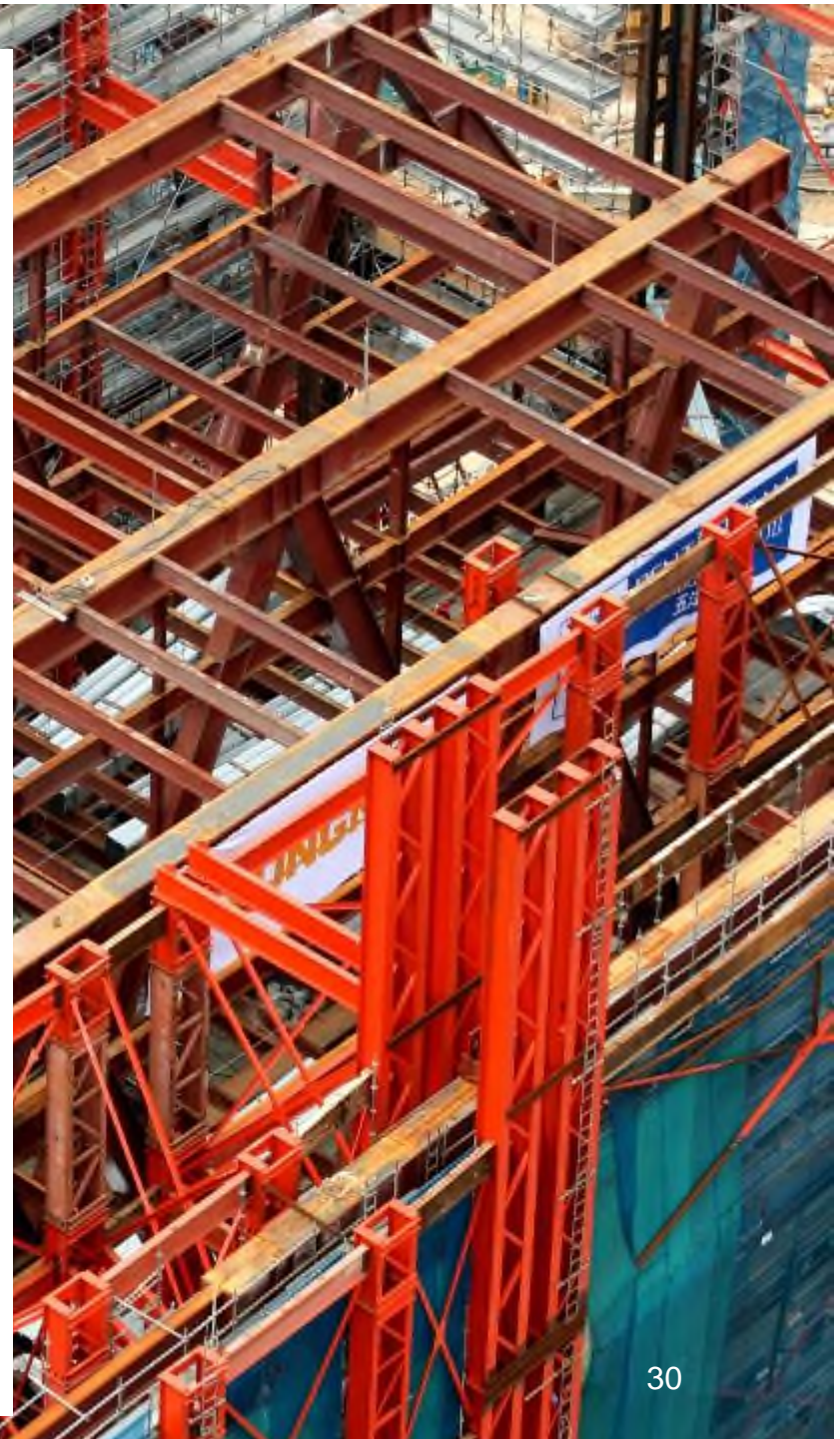


Growth Strategies and Plans



Strategies and Plans

- To enhance cost competitiveness and operational efficiency, the Group will be relocating some of its factory operations in Singapore to a new site in Johor, Malaysia, in 2018 – the Group stands to benefit from reductions in manpower costs, fabrication costs and ancillary staff costs
- Continuous review the Group's cost structure to further manage costs and achieve better efficiencies
- Remain focused on the two core businesses – Structural Steel and Specialist Civil Engineering
- Leverage on established brand name and strong foothold in the Singapore market
- Continue to explore projects in Hong Kong, Thailand, Malaysia, Indonesia, Myanmar, India and GCC countries
- Selectively pursue Civil and Building projects as main contractor on JV basis
- Newly established Design & Build Division to pursue industrial and commercial projects



Prospects and Market Outlook



Market Prospects

Singapore

Construction industry gets a boost from Public Sector Jobs⁽¹⁾:

- For 2017, public sector demand for construction projects is projected to grow between S\$20 billion and S\$24 billion - an increase from about S\$15.8 billion in 2016
- Upcoming public sector infrastructure projects this year include various major contracts for the Deep Tunnel Sewerage System (DTSS phase 2), North-South Corridor and Circle Line 6.

Expected growth in construction demand from 2018 to 2021⁽¹⁾:

- For 2018 and 2021, the average construction demand is projected to be a robust \$26-35 billion per annum
- Public sector construction demand to be between \$16 billion and \$20 billion annually from 2017 to 2020, with about 60% of the total demand coming from building projects and the remaining from civil engineering projects
- Public sector demand is expected to be further supported by various upcoming mega infrastructure projects such as the Jurong Regional Line, Cross Island Line, and various infrastructure developments for Changi Airport Terminal 5.



Source:

(1) *BCA Estimates S\$27 Billion to S\$34 Billion Worth of Construction Contracts to be Awarded this Year*, Building and Construction Authority, 15 Jan 2016 ([Link](#))



Market Prospects

Singapore

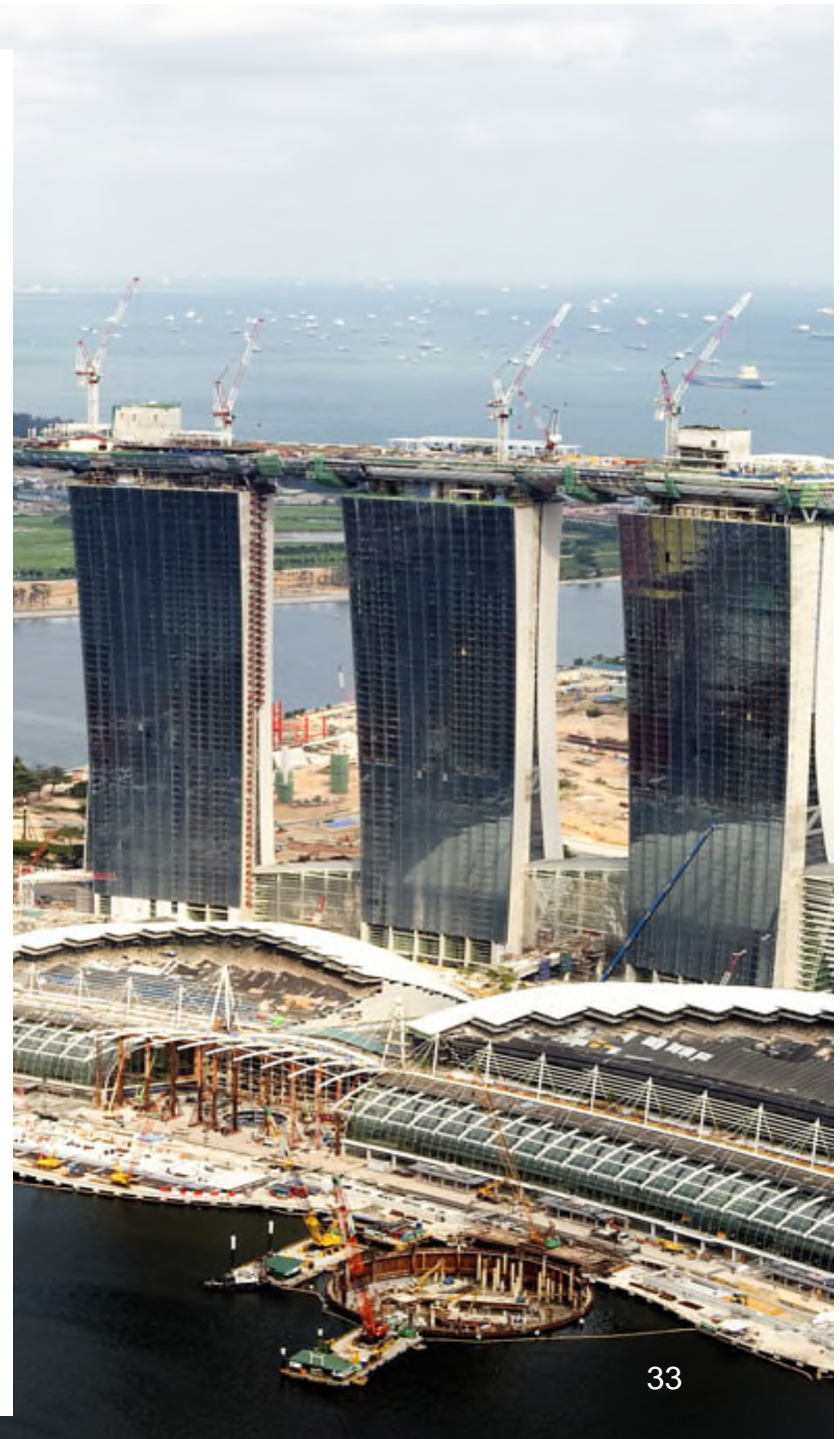
Government Enabling Growth and Innovation⁽¹⁾ :

- \$700 million worth of public sector infrastructure projects to start in FY2017 and FY2018 - include the upgrading of community clubs and sports facilities
- The government plans to continue making significant investments in critical economic infrastructure such as the new Changi Airport Terminal 5, the Kuala Lumpur-Singapore High Speed Rail and the Tuas Terminal
- Public transport infrastructure will continue being enhanced, with plans for almost doubling the MRT network by 2030, including
- Public Sector Construction Productivity Fund, with about \$150 million in budget, that will allow Government agencies to procure innovative and productive construction solutions



Source:

(1) Singapore Budget 2017, 20 Feb 2017 ([Link](#))



Market Prospects

Regional

Hong Kong / Macau (1,2,3):

- China's recently launched 13th Five-Year plan (for 2017 – 2021), includes plans for infrastructure upgrades in Hong Kong, including trans-regional railways and highways systems
- In the 2017-18 Budget, the Hong Kong government announced that capital expenditure is forecast to be \$107.2 billion for 2017-18, including \$86.8 billion for capital works, allowing the construction industry to contribute 4.7% to Hong Kong's GDP
- Capital expenditure and construction activity is expected to remain high with a number of major transportation infrastructure projects at their construction peaks
- More railway property development projects will be under planning, such as the development at the Siu Ho Wan Depot site, the Tung Chung new town extension, as well as for new development areas at Kwu Tung North, Fanling North, Hung Shui Kiu and Yuen Long South
- The Macau S.A.R. Government also released on April 26, 2016 a draft five-year development plan (2016 – 2020), which articulated its vision of building Macau into a world tourism and leisure center

Sources:

- (1) Commission on Strategic Development The National Five Year Plan – Opportunities for Hong Kong Special Administrative Region ([Link](#))
- (2) 2017-18 Budget, Hong Kong Gov ([Link](#))
- (3) Development Plan is opened to public consultation, Macau SAR Gov, 26 Apr 2016 ([Link](#))



Market Prospects

Regional

Hong Kong / Macau^(1,2,3,4,5):

- Major infrastructure projects:
 - Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link
 - Hong Kong-Zhuhai-Macau Bridge
 - Development of the East Lantau Metropolis to be Hong Kong's third CBD
 - HK\$141.5 billion project expansion of HKIA to a three-runway system
 - Central-Wan Chai Bypass and Island Eastern Corridor Link (HK\$36 billion)
 - Environmentally Friendly Linkage System: Rail link connecting Kai Tak with Kowloon Bay, Kwun Tong and Sha Tin to Central Link (HK\$12 billion)
 - HK\$25 billion Kai Tak Sports Hub project
 - Tseung Kwan O – Lam Tin Tunnel
 - Cross Bay Link, Tseung Kwan O
 - Central Kowloon Route – Kai Tak West Development

Sources:

- (1) *Infrastructure boosts HK dev't, HK Gov, 1 Jan 2016* ([Link](#))
- (2) *East Lantau Metropolis as Long-Term Strategic Growth Area, Lantau Development Advisory Committee* ([Link](#))
- (3) *Central-Highway Department* ([Link](#))
- (4) *Construction of Kai Tak complex top of HK new sports chief's priorities, SCMP, Feb 6, 2016*([Link](#))
- (5) *HK Civil Engineering and Development Department* ([Link](#))



Market Prospects

Regional

India^(1,2):

- The Indian government targets US\$376.53 billion worth of investment in infrastructure over a period of three years (2015 – 2017), which will include US\$120.5 billion for development of 27 industrial clusters and an additional US\$75.3 billion for road, railway and port connectivity projects
- India announced record spending of 3.96 trillion rupees (US\$59 billion) to build and modernize its railways, airports and roads as Prime Minister Narendra Modi aims to upgrade the strained infrastructure in Asia's third-largest economy.
 - The government will build airports in smaller cities in partnership with private companies
 - More suburban railways will come up across the country and Indian Railways
 - India will announce a new Metro Rail Policy, which will ensure implementation and funding
 - Increased budget allocation for highways and 2,000 kms of coastal connectivity roads have been identified for construction and development



Sources:

- (1) *Infrastructure Sector in India*, IBEF, July 2016 ([Link](#))
- (2) *Modi to Spend \$59 Billion to Upgrade India's Infrastructure*, Bloomberg, Feb 1, 2017 ([Link](#))
- (3) *India Union Budget, 2017-18* ([Link](#))



Market Prospects

Regional

Middle East:

- Spending on infrastructure in key Middle East countries to remain elevated notwithstanding a low oil price environment
 - **Qatar^(1,2,3):**
 - Qatar's Minister of Finance announced that the Gulf state will invest up to US\$13 billion in major infrastructure projects in 2017 despite a slump in revenues resulting from low energy prices
 - Qatar is in the second year of a US\$200 billion infrastructure upgrade ahead of hosting the World Cup, which should support activity, particularly in construction, transport and services. The 2022 World Cup host had already spent almost US\$98 billion dollars on large-scale projects.
 - **Kuwait⁽⁴⁾:**
 - Kuwait's Ministry of Public Works has announced plans to develop 30 infrastructure projects worth KD3.43 billion (\$11.3bn) under its current development plan
 - Six major development projects including the Jaber causeway, the Kuwait International Airport expansion and Mubarak al-Kabeer port will be implemented in 2017
 - **Dubai⁽⁵⁾:**
 - Expo 2020 Dubai will award 47 construction contracts worth \$3 billion in 2017, as preparations for the mega-event continues to build momentum
 - The emirate is extending its metro system, expanding its airports and road network, and building other infrastructure as it gears up to host the Expo 2020 world's fair.

Sources:

- (1) Qatar to spend \$13bn on 'mega projects' in 2017, *Al Arabiya*, 7 December 2016 ([Link](#))
- (2) Qatar's Economic Outlook- Fall 2016, *The World Bank* ([Link](#))
- (3) Qatar Economic Outlook 2016–2018, *Qatar Ministry of Planning Development and Statistics* ([Link](#))
- (4) Kuwait reveals \$11.3bn plan for infrastructure projects, *Arabian Business*, 23 March 2017 ([Link](#))
- (5) Expo 2020 Dubai announces 47 construction contracts for 2017, *CPI Financial*, 30 Jan 2017 ([Link](#))



Market Prospects

Regional

Myanmar^(1,2,3):

- According to the IMF and World Bank, growth for Myanmar in the next three years is projected to ease at 7.1%, as compared to 8.6% in 2016. Myanmar faces domestic and macro-economic risks to growth including:
 - concerns over policy clarity
 - financial sector vulnerability on the back of rapid credit growth in recent years
 - weak commodity prices and slow export demand
 - global financial market volatility
 - natural disasters
- Myanmar's construction sector experienced a gloomy 2016, with a political transition, a lack of financing in real estate and construction, a clampdown on high-rise construction in Yangon imposed by the new regional government and a slowing economy. This resulted in the number of new construction projects to fall by half in 2016
- However, new legislations to be introduced in 2017 could spell well for the construction industry. Along with the introduction of the Investment Law, the ruling National League for Democracy ("NLD") released a 12 point economic plan outlining the new regime's reform agenda – which includes measure enhancing education and infrastructure
- The increased presence of international organisations such as the World Bank, IMF and ADB in Myanmar is also expected to contribute significantly to the country's development, as strategic guidance and technical expertise are introduced to put in place the necessary infrastructure

Sources:

- (1) *Myanmar Growth Projected to Recover Following a Slowing Economy in 2016*, World Bank ([Link](#))
- (2) *Investing in Myanmar: Recent Developments and Future Outlook*, Asean Briefing ([Link](#))
- (3) *Construction and real estate sectors pin 2017 hopes on new legislation*, Myanmar Times ([Link](#))



Market Prospects

Potential Projects

Structural Steel:

- 79 Robinson Road Revelopment
- Dubai Metro Route 2020
- Golden Shoe Carpark Development
- Methionline Manufacturing Facility
- Other commercial developments and Industrial plants

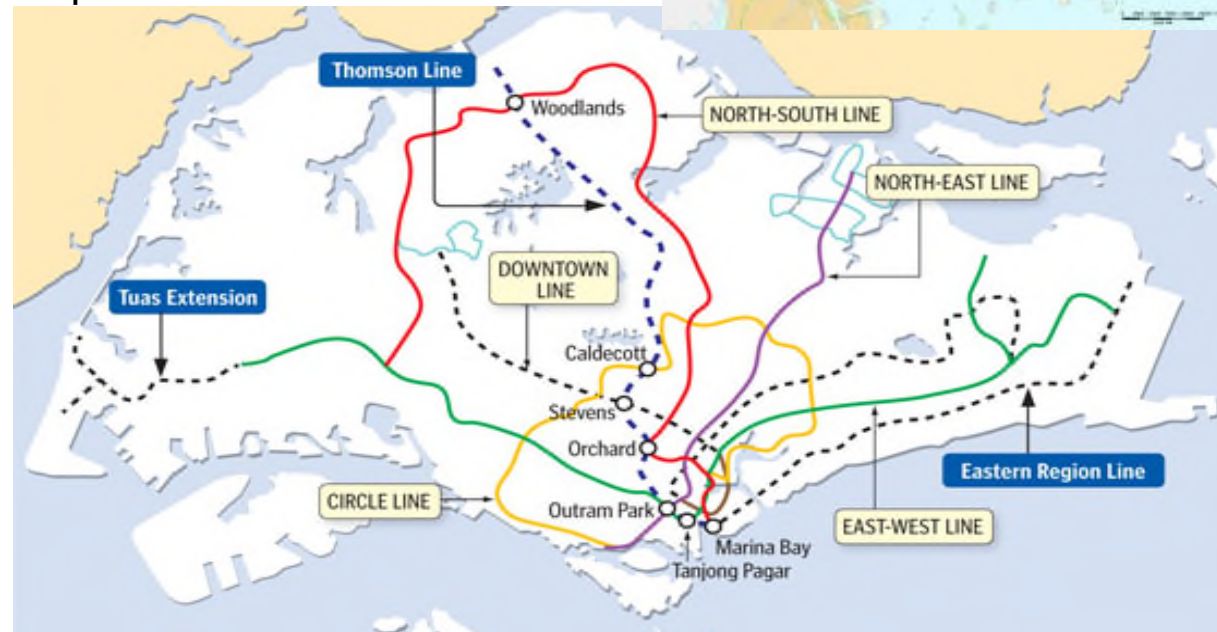


Market Prospects

Potential Projects

Specialist Civil Engineering:

- MRT Thomson-East Coast Line
- MRT Circle Line 6
- North-South Corridor
- HK MTR
- Tuen Mun – Chek Lap Kok Link



Market Prospects

Potential Projects

	Expected Commencement	Government S\$'mil	Non-Government S\$'mil	Total S\$'mil
Structural Steelwork				
Singapore	2017	111.3	169.3	280.6
	2018	146.5	-	146.5
Overseas	2017	114.0	136.4	250.4
	2018	-	-	-
Total		371.8	305.7	677.5
Specialist Civil Engineering				
Singapore	2017	147.0	4.5	151.5
	2018	365.8	-	365.8
Overseas	2017	60.9	-	60.9
	2018	-	-	-
Total		573.7	4.5	578.2
Mechanical Engineering, Design & Build				
Singapore	2017	-	31.0	31.0
	2018	-	-	-
Overseas	2017	-	198.6	198.6
	2018	-	-	-
Total		-	229.6	229.6
Grand Total		945.5	539.8	1,485.3





Thank You!

