



YONGNAM HOLDINGS LIMITED

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

NEWS RELEASE

YONGNAM REPORTS 3QFY2017 FINANCIAL RESULTS

- ***Order book of S\$208 million as at September 30, 2017***
- ***Actively pursuing S\$1.16 billion worth of new infrastructural developments and commercial projects in Singapore and regionally, with most of the potential projects, if awarded, commencing in 2018***

Singapore, November 14, 2017 – Yongnam Holdings Limited (“Yongnam” or the “Group”), a well-established structural steel contractor and specialist civil engineering solutions provider, reported a revenue of S\$68.4 million and net loss of S\$4.7 million for the three months ended September 30, 2017 (“3QFY2017”).

Mr Seow Soon Yong, Chief Executive Officer of Yongnam, said, “The losses were mainly due to lower margins from certain projects as well as an overall lower strutting and fabrication activity level, which resulted in overhead costs not fully absorbed.”

“While the business and operating environment remained challenging, Yongnam continues to actively participate in bidding for various major public sector infrastructure projects in Singapore, Hong Kong, Australia, Malaysia and the Middle East. If secured, the new contract wins will make a significant impact only from 2018 onwards,” added Mr Seow.

Performance Review

The Group recorded revenue of S\$68.4 million in 3QFY2017 as compared to S\$96.9 million in 3QFY2016. The 29.4% lower revenue was due mainly to lower contributions from the Group’s Structural Steelworks and Mechanical Engineering business segments.

Revenue from the Structural Steelworks segment came to S\$36.6 million in 3QFY2017, which was a decline of 47.1% from S\$69.2 million in 3QFY2016. The lower revenue was due largely to substantial completion of Marina One, Jewel Changi Airport and Senoko Food Hub projects. SGH Community Hospital and the remaining works in Senoko Food Hub and Jewel Changi Airport were the key contributors to the segment's revenue during the quarter under review.

The Group's Mechanical Engineering segment also saw its revenue fell from S\$9.6 million in 3QFY2016 to S\$0.1 million in 3QFY2017 as it completed the fabrication of Heat Recovery Steam Generator non-pressure parts for two power plants in Qatar and Egypt.

Revenue from the Specialist Civil Engineering increased by 56.8% to S\$25.6 million in 3QFY2017, due mainly to higher contribution from Woodlands Health Campus and Thomson-East Coast MRT projects.

Lower margins from certain projects as well as the overall lower level of strutting and fabrication activities resulted in overhead costs not being fully absorbed. The Group therefore incurred a gross loss of S\$1.7 million in 3QFY2017 as compared to gross profit of S\$4.8 million in 3QFY2016.

General and administrative expenses fell by 8.7% to S\$3.1 million in 3QFY2017, attributable mainly to lower professional fees and other general and administrative expenses.

Net asset value per share decreased from 62.94 Singapore cents as at December 31, 2016 to 60.21 Singapore cents as at September 30, 2017. As at September 30, 2017, the Group's net gearing remained at a healthy level of 0.30 times, improved from 0.33 times as at December 31, 2016.

Outlook

Year-to-date, Yongnam has secured contracts worth S\$106.2 million for projects in Singapore and Myanmar, with most of the projects to be completed between 2018 and 2019. As at September 30, 2017, the Group's order book stood at S\$208 million.

Backed by its strong track record and expertise as a steel specialist, Yongnam continues to pursue opportunities in the infrastructure sector in Singapore and the region. This year, the Group has participated in the bids for various mega public sector infrastructure projects in Singapore, which include various civil contracts for the North-South Corridor. The Group is also bidding for various infrastructure projects in Hong Kong and Australia. The Group expects most of the potential projects, if awarded, to commence only in 2018.

The Group is in active pursuit of S\$1.16 billion worth of new infrastructural and commercial projects in Singapore, Hong Kong, Malaysia, Australia and the Middle East.

In the medium term, public sector demand in Singapore is expected to be supported by various upcoming mega infrastructure projects such as the Jurong Regional Line, Cross Island Line, the Kuala Lumpur – Singapore High Speed Rail and many infrastructure developments for Changi Airport Terminal 5.

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 ("BCA"), 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. 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.

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

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