



YONGNAM HOLDINGS LIMITED

Corporate Presentation (FY2017)

March 1, 2018



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

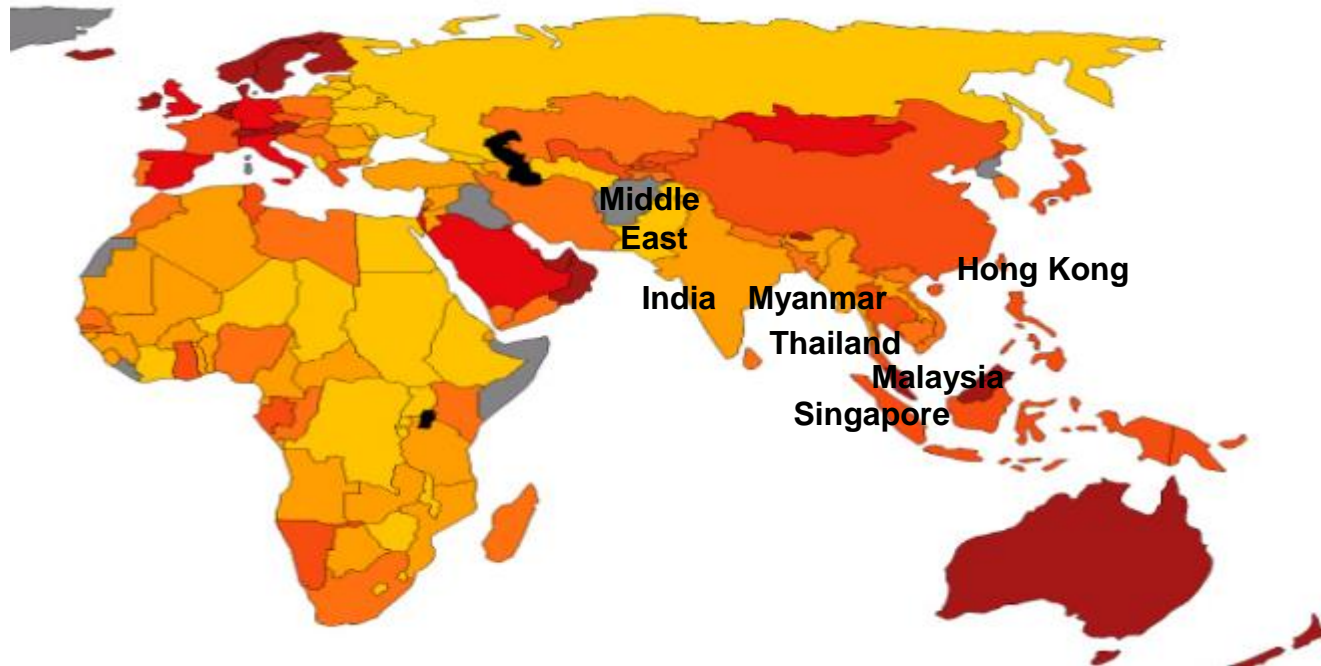
- Takenaka Corporation
- Taisei Corporation
- Obayashi Corporation
- Penta Ocean
- Shimizu Corporation
- Dragages Singapore
- Sembcorp Design & Construction Pte Ltd
- Samsung Corporation
- Ssangyong E&C Co. Ltd
- Hyundai E&C Ltd
- Daelim Industrial Co. Ltd
- Woh Hup Pte Ltd
- Larsen & Toubro Ltd



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
- Egypt



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 213,000 tonnes of strutting assets and pipe piles
- Strong track record and high replacement cost of struts creates a significant barrier to entry
- A2 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

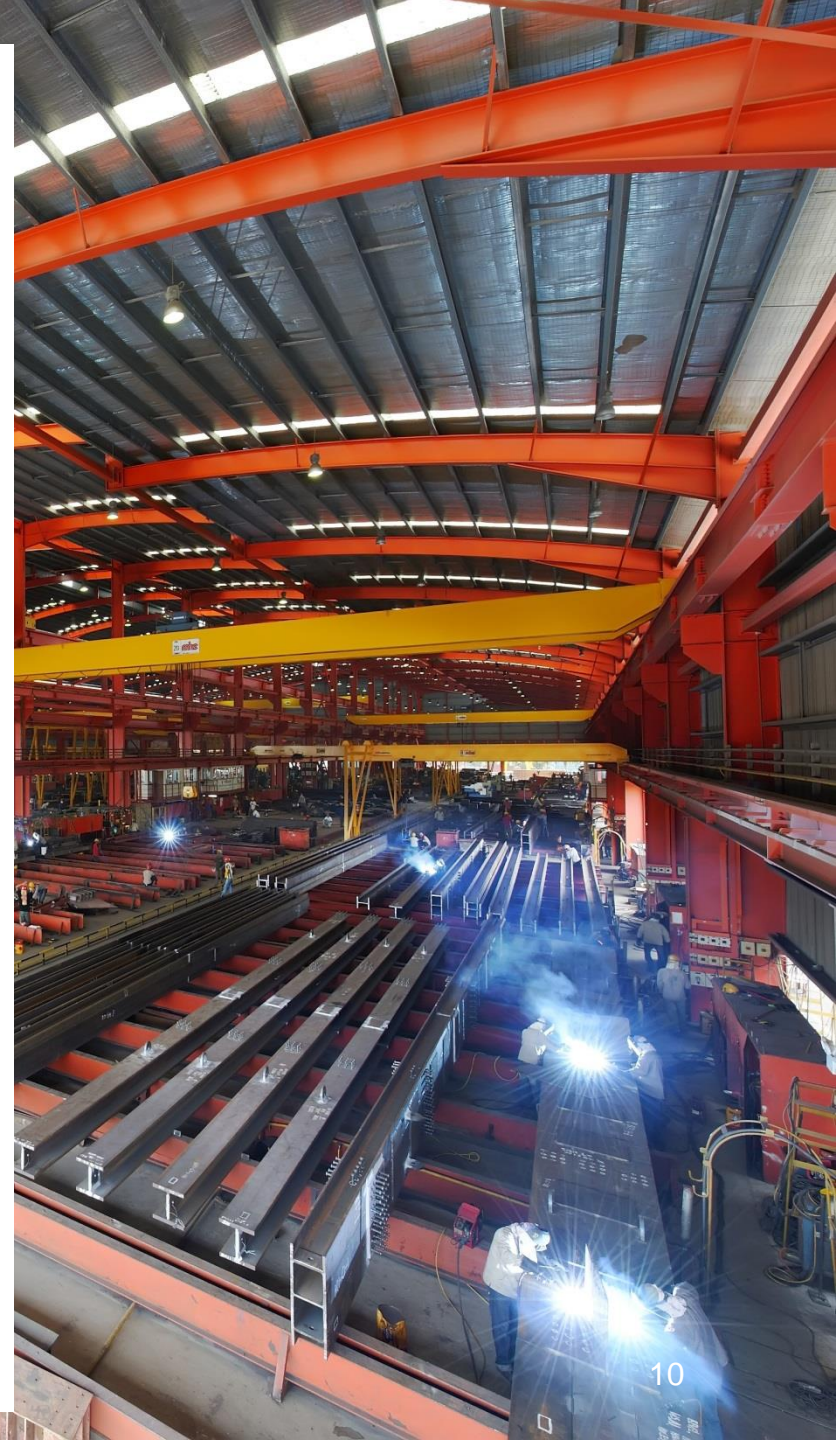
Mega complex in Tuas occupying a land area of 76,000 sq m

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
- National Gallery
- Capita Green

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



Current Portfolio

Key On-Going Projects

Jewel Changi Airport

Project Value: \$90.7 million

Date of Award: November 2014

Completion Date: Expected 2Q2018

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:	\$52.6 million
Date of Award:	January 2016
Completion Date:	Expected 2Q2018
Scope of Work:	Supply, fabricate and erect structural steelwork for glass dome



Current Portfolio

Key On-Going Projects

Senoko Food Hub

Project Value:	\$186 million
Date of Award:	March 2015, JV project
Completion Date:	Expected 1Q2018 (TOP July 2017)

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: \$46.9 million

Date of Award: January 2016

Completion Date: Expected 3Q2018

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

JTC Logistics Hub

Project Value:	\$54 million
Date of Award:	August 2017
Completion Date:	Expected 3Q2019

Scope of Work: Supply, fabricate and erect balance structural steelwork and install alternative steel system



Current Portfolio

Key On-Going Projects

MRT Thomson Line

Project Value: \$97.9 million (3 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



Current Portfolio

Key On-Going Projects

HK MTR Extension, Wan Chai Bypass Tunnel, NSL Cross Harbour Tunnel, Kai Tak Development Stage 3

Project Value: HK\$647 million (7contracts)

Completion Date: 2017 to 2020

Project Description:

- MTR Extension: Shatin-Central Link
- Wan Chai Bypass Tunnel : 4 km Trunk Road Tunnel
- NSL Cross Harbour Tunnels
- Kai Tak Development Stage 3

Scope of work:

- Design, supply, installation and removal of strut and walers
- Cofferdam excavation of cut and cover tunnels
- Construction of steel temporary bridge





Financial Performance (FY2017)



Key Financial Highlights

FY2017 Financial Performance

	FY2017	FY2016	Change (%)
Revenue (S\$'m)	306.7	321.4	(4.6)
Gross (Loss)/Profit (S\$'m)	(3.6)	(13.8)	73.5
Loss after Tax (S\$'m)	(20.2)	(32.8)	38.3
EPS (Basic) (Singapore cents) ⁽¹⁾	(3.25)	(6.66)	51.2
NAV per Share (Singapore cents) ⁽²⁾	55.91	63.05	(11.3)
<p>(1) EPS per share was computed based on the weighted average number of shares of 484,993,342 for FY2017 (FY2016: 475,102,931)</p> <p>(2) NAV per share as at December 31, 2017 and December 31, 2016 respectively</p>			



Key Financial Highlights

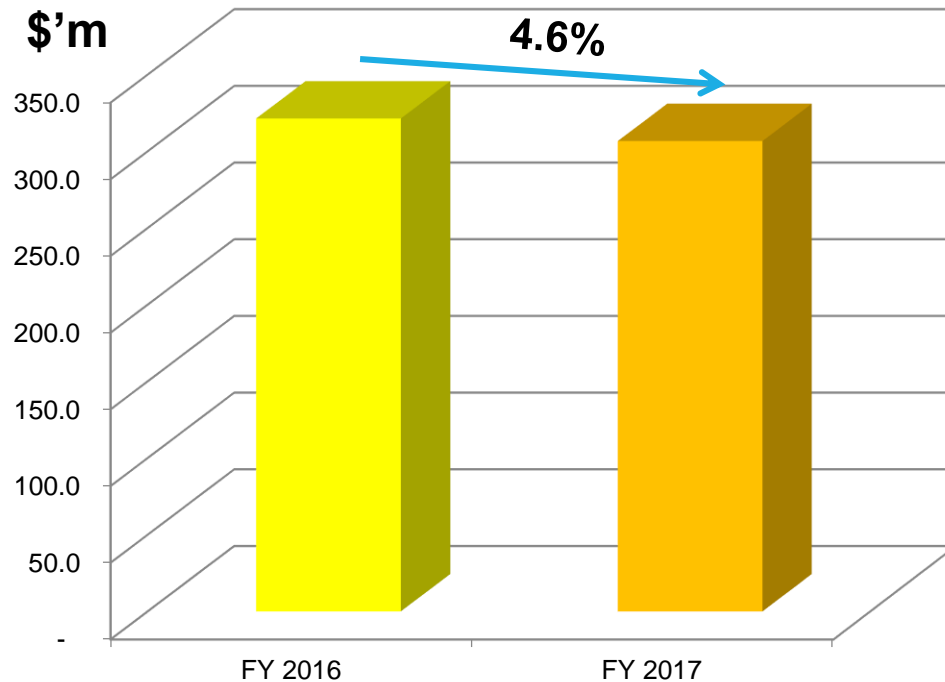
FY2017 Financial Performance

	FY2017	FY2016	Change (%)
Net Work-In-Progress (S\$m)	93.5	91.6	2.1
Debtors (S\$m)	22.0	36.0	(38.9)
Cash (S\$m)	10.2	15.9	(35.9)
Borrowings (S\$m)	96.4	114.1	(15.5)
Net Borrowings (S\$m)	86.2	98.2	(12.2)
Gearing (times)	0.30	0.33	(9.1)
Shareholders' Funds (S\$m)	287.2	299.0	(3.9)

Key Financial Highlights

FY2017 Financial Performance – Revenue Analysis

FY2017 Revenue down 4.6% mainly due to lower contribution from Structural Steelwork and Mechanical Engineering projects



Structural Steelwork

- Revenue contribution decreased from \$215.6 million in FY2016 to \$196.2 million in FY2017
- **Key contributing projects include:** SGH Community Hospital, Senoko Food Hub, Jewel Changi Airport

Mechanical Engineering

- Revenue contribution decreased from \$32.1 million in FY2016 to \$1.7 million in FY2017 due to completion of fabrication of HRSG for power plants in Qatar and Egypt

Specialist Civil Engineering

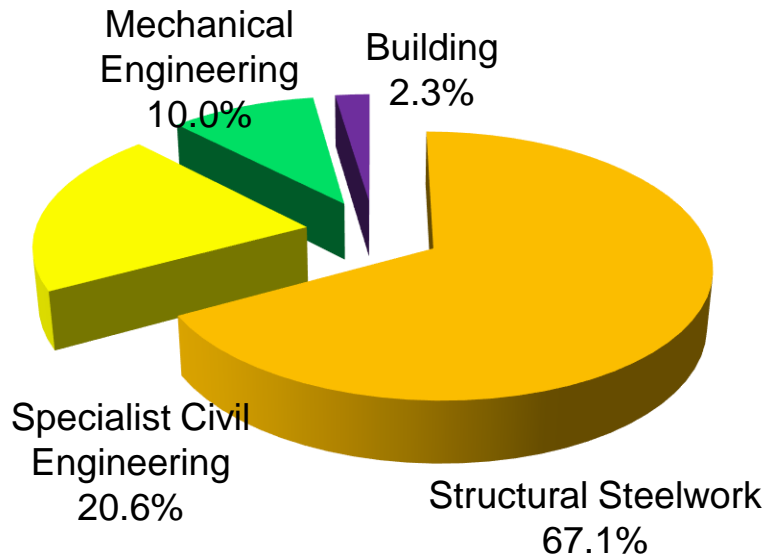
- Revenue contribution increased from \$66.2 million in FY2016 to \$89.0 million in FY2017
- **Key contributing projects include:** MRT Thomson Line and HK-MTR projects



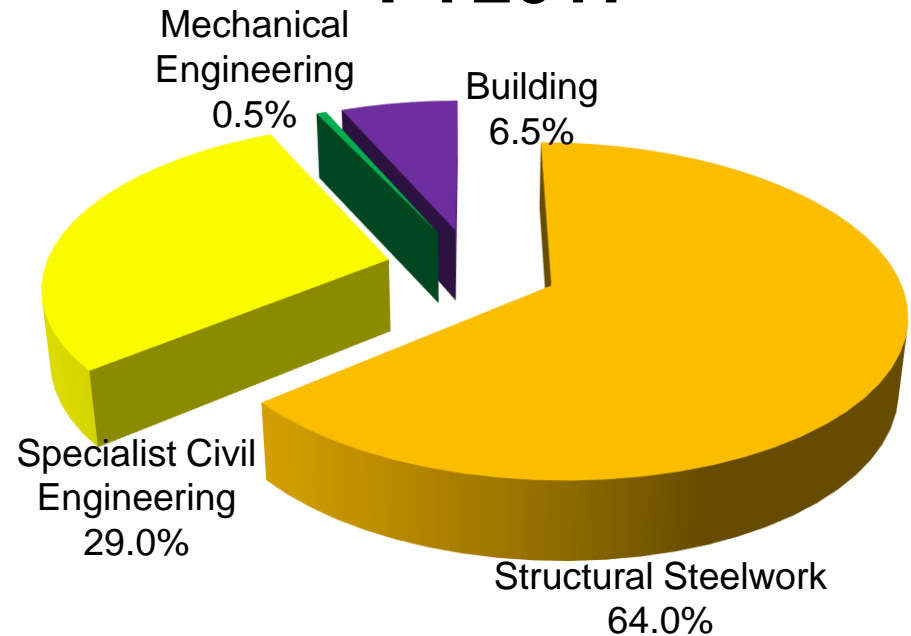
Key Financial Highlights

FY2017 Financial Performance – Breakdown by Business Segment

FY2016



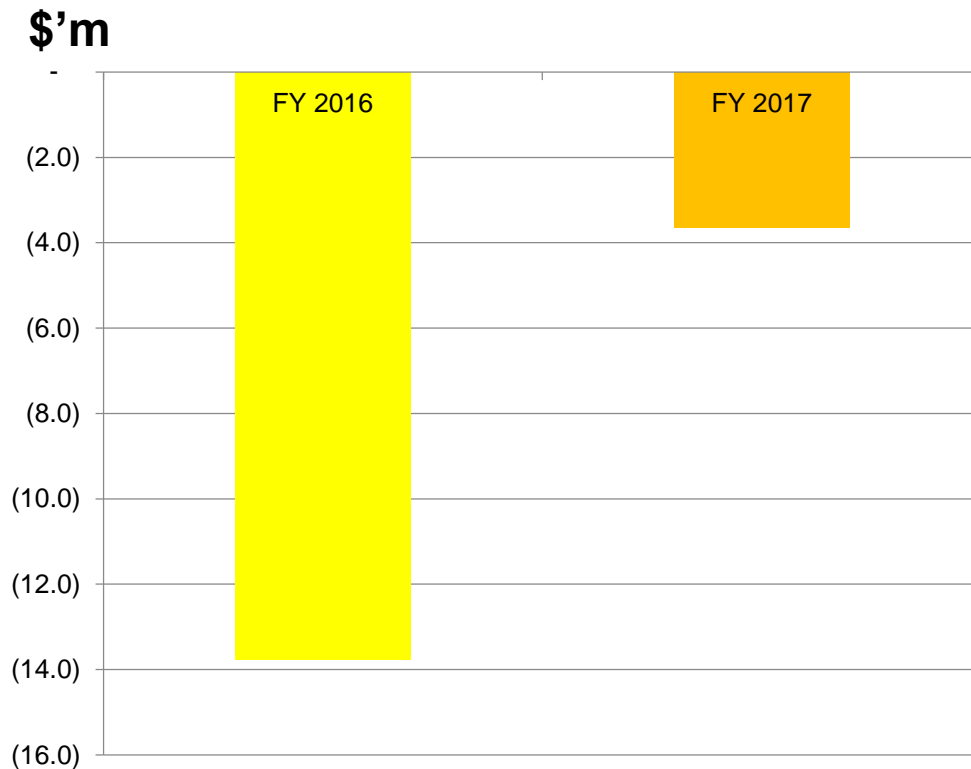
FY2017



Key Financial Highlights

FY2017 Financial Performance – Gross Loss

Gross loss of \$3.6 million for FY2017



Gross Loss

Gross Loss of \$3.6 million for FY2017 compared to \$13.8 million for FY2016 due to:

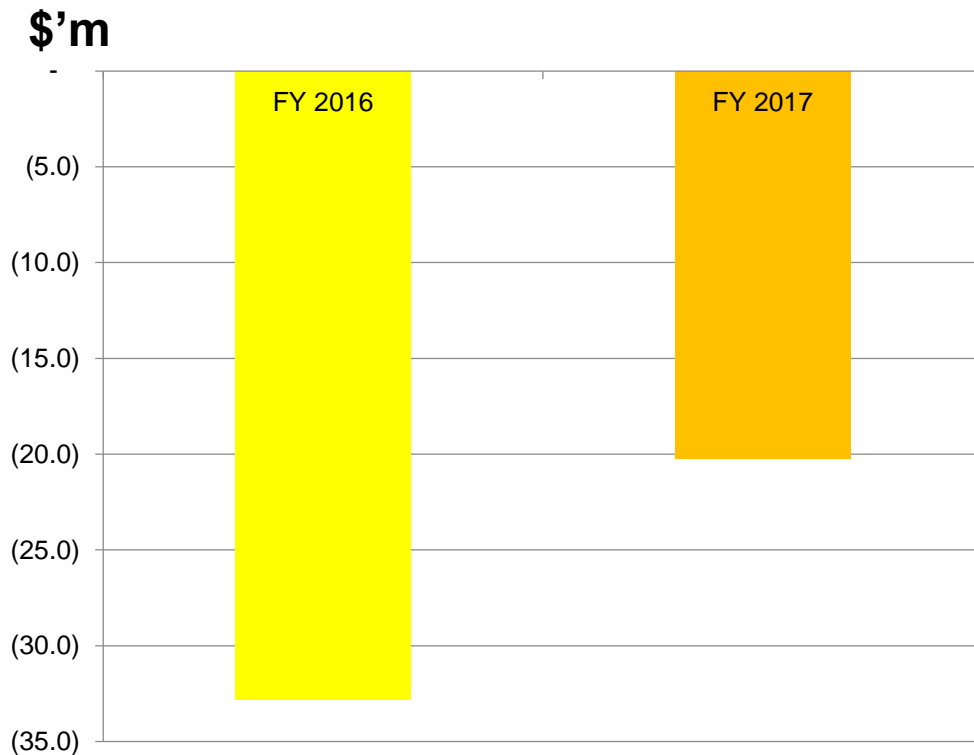
- Improved margins from certain projects
- Offset by:
 - Under-recovery of overheads from lower level of strutting and other activities
 - Provision in anticipation of lower value of variation orders from Senoko Food Hub



Key Financial Highlights

FY2017 Financial Performance – Loss after Tax

Loss after Tax of \$20.2 million for FY2017



Loss after tax

Loss after tax of \$20.2 million for FY2017 compared to \$32.8 million for FY2016 due to:

- Lower staff costs, professional fees, general and admin expenses
- No allowance for doubtful debts in FY2017
- Lower finance costs due to lower borrowings and bank charges



Key Financial Highlights

Order Book

As at 31 Dec 2017, the Group's order book stands at approximately \$152 million

- Structural Steelworks: 70.1%
- Specialist Civil Engineering: 25.6%
- Others (M&E, Building): 4.3%
- Approximately 89% of the Group's order book is slated for completion within FY2018



Growth Strategies and Plans



Strategies and Plans

- To enhance cost competitiveness and operational efficiency, the Group, where possible, will continue to relocate some of its factory operations in Singapore to a new site in Johor, Malaysia – the Group stands to benefit from reductions in manpower costs, fabrication costs and ancillary staff costs
- Continuous review of 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, GCC countries and Australia
- 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 2018, public sector demand for construction projects is projected to grow between S\$16 billion and \$19 billion - an increase from the \$15.5 billion in 2017
- Upcoming public sector infrastructure projects this year include major contracts for the North-South Corridor, new MRT works, Deep Tunnel Sewerage System (DTSS) phase 2 and the remaining package for Runway 3 by Changi Airport Group

Expects steady pick-up in construction demand from 2019 to 2022⁽¹⁾:

- Construction demand is projected to reach between \$26 billion and \$35 billion per annum for 2019 and 2020, and could increase to between \$28 billion and \$35 billion per annum for 2021 and 2022
- Public sector will continue to lead construction demand and is expected to contribute between \$16 billion to \$20 billion per annum in 2019 to 2022
- Projects supporting the public sector demand will include various developments for Changi Airport Terminal 5 and land transport projects such as the Cross Island Line, Jurong Regional Line and Rapid Transit System and Kuala Lumpur-Singapore High Speed Rail



Source:

(1) *Public sector construction demand is expected to strengthen this year, Building and Construction Authority, Jan 11, 2018*



Market Prospects

Singapore

Government stepping infrastructure spending:

- Singapore has allocated S\$20 billion for infrastructure spending under the Budget for 2018
Over the next 10 years:
 - Expand Singapore's rail network by over 100km
 - Redevelop different parts of the Singapore: Jurong Lake District, Punggol Digital District and Woodlands North Coast
 - Rejuvenate ageing infrastructure such as water pipes, and HDB flats and lifts
 - Build Changi Airport Terminal 5, Tuas Port, KL-Singapore High Speed Rail and JB-Singapore Rapid Transit System Link.

Government to help firms better tap infrastructure opportunities in Asia:

- Set up an Infrastructure Office in 2018 to bring together local and international firms from across the value chain to develop, finance and execute infrastructure projects in the region
- China's Belt and Road Initiative, Japan and India's Asia-Africa Growth Corridor, and the World Bank's Infrastructure and Urban Development Hub



Source:
(1) Singapore Budget 2018, Feb 19, 2018



Market Prospects

Regional

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

- China's 13th Five-Year plan (for 2017 – 2021) includes plans for infrastructure upgrades in Hong Kong, including trans-regional railways and highways systems
- Under Hong Kong's 2018-19 budget, the capital expenditure for infrastructure is projected to be HK\$85.6 billion
- Major capital projects estimated to begin in 2018-19 include Cross Bay Link, Tseung Kwan O and Kai Tak development (stage 4 & 5 infrastructure at the former runway and south apron)
- Under the Hong Kong government expenditure requirements for 2019-20 to 2022-23, annual expenditure on infrastructure will soon exceed HK\$100 billion, but this projection does not include spending by all the land development, highway and railway projects under planning
- The Macau S.A.R. Government released in September 2017 the final version of the official 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
- (2) 2018-19 Budget, Hong Kong Gov, Feb 28, 2018
- (3) Macao Tourism Industry Development Master Plan Comprehensive Report, Macau Government Tourism Office, Sep 2017



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
 - Expansion of HKIA to a three-runway system (HK\$141.5 billion)
 - 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)
 - Kai Tak Sports Hub (HK\$31.9 billion)
 - Tseung Kwan O-Lam Tin Tunnel
 - Cross Bay Link, Tseung Kwan O
 - Central Kowloon Route – Kai Tak West Development
 - Macau Light Rail Transit
 - Guangdong-Macao New Channel
 - The Fourth Cross-harbour Route
 - Expansion of Macau International Airport

Sources:

- (1) *East Lantau Metropolis as Long-Term Strategic Growth Area, Lantau Development Advisory Committee*
- (2) *Central-Highway Department*
- (3) *HK Civil Engineering and Development Department*
- (4) *2018-19 Budget, Hong Kong Gov, Feb 28, 2018*
- (5) *Macau Tourism Industry Development Master Plan Comprehensive Report, Macau Government Tourism Office, Sep 2017*



Market Prospects

Regional

India⁽¹⁾:

- The Indian government targets investments in excess of US\$786.02 billion in the country's infrastructure to increase GDP growth as well as connect and integrate the country's transport network within the period of 2018 – 2019
- For 2018-2019, the budget allocated for infrastructure is set at US\$93.85 billion, while capital expenditure in the railway sector is set at US\$23.35 billion
 - Around 35,000 km of road construction has been approved under the Phase-1 of the Bharatmala Pariyojana which is scheduled for completion in 2022
 - Construction of new tunnel in Sera Pass to promote tourism
 - 600 major railway stations will be redeveloped
 - 150km of additional suburban railway networks to be set up in Bengaluru



Sources:

(1) Union Budget of India (2018-19), ibef.org, Feb 2018



Market Prospects

Regional

Middle East:

- Spending on infrastructure in key Middle East countries to remain elevated
 - **Qatar:**
 - Qatar's budget for the fiscal 2018 include an allocation of QR42.0 billion (US\$11.5 billion) for transportation and other infrastructure projects which include the Metro, Lusail Light Train, and Al Bustan Highway, Orbiter Expressway, Al Rayyan/Dukhan Road and Al Khor Coastal Road
 - To complete expressway projects worth QR11.08 billion (US\$3.04 billion), infrastructure and local roads projects worth QR8.88 billion (US\$2.44 billion) and QR1.84 billion (US\$0.51 billion) sewage treatment projects in time for the World Cup 2022
 - **Kuwait:**
 - Kuwait's 2018-2019 development plan includes 20 large projects worth nearly US\$71.6 billion
 - Strategic projects include Kuwait Airport expansion, Al-Zour refinery, a rail network project, Al-Jahra city and Kabd solid waste management plant
 - **Dubai:**
 - Infrastructure spending is expected to rise by 46.5% in 2018 as the emirate continues to execute construction projects related to Expo 2020, representing 21% of 2018's total budget
 - 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.



Market Prospects

Regional

Myanmar^(1,2):

- As the new 2018-19 fiscal year will commence from October 1, 2018 to September 30, 2019, a budget of K212 billion (US\$159 million) has been proposed for Yangon for the period between April 1 and September 30, 2018
 - Myanmar's fiscal year had been from April 1 to March 30
- The US\$159 million budget will be used for the construction of roads and bridges, extension of electricity and distribution of drinking water
- The implementation of the new Myanmar Investment Law in April 2017 will result in changes for the country's businesses and investors, including speeding up the process of applying permissions to operate businesses in Myanmar
 - The new legislation could spell well for the infrastructure sector in which private investment is encouraged
- 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
 - The ADB has recently approved a new medium-term country partnership strategy for Myanmar to support the government's aim to improve economic growth and job creation
 - Under the 2017–2021 strategy, ADB's operations in Myanmar will focus on infrastructure – particularly energy transmission and distribution, transport upgrading and urban development
 - While ADB will expand sovereign concessional lending for projects from about US\$150 million to US\$350 million per year through 2021, the bank will also expand its lending, equity investment, and guarantees to the private sector to boost Myanmar's infrastructure and finance sectors



Sources:

(1) *Fiscal year 2017 – 18: a new dawn for economic policies, UTCC Asean Economic Community Strategy Center, Mar 24, 2017*

(2) *ADB partnership with Myanmar to support growth, job creation, Asian Development Bank, Mar 29, 2017*

Market Prospects

Potential Projects

Structural Steelwork:

- JTC Woodlands North Coast Development
- Civil & Community Development @ Punggol
- Other commercial developments and Industrial plants

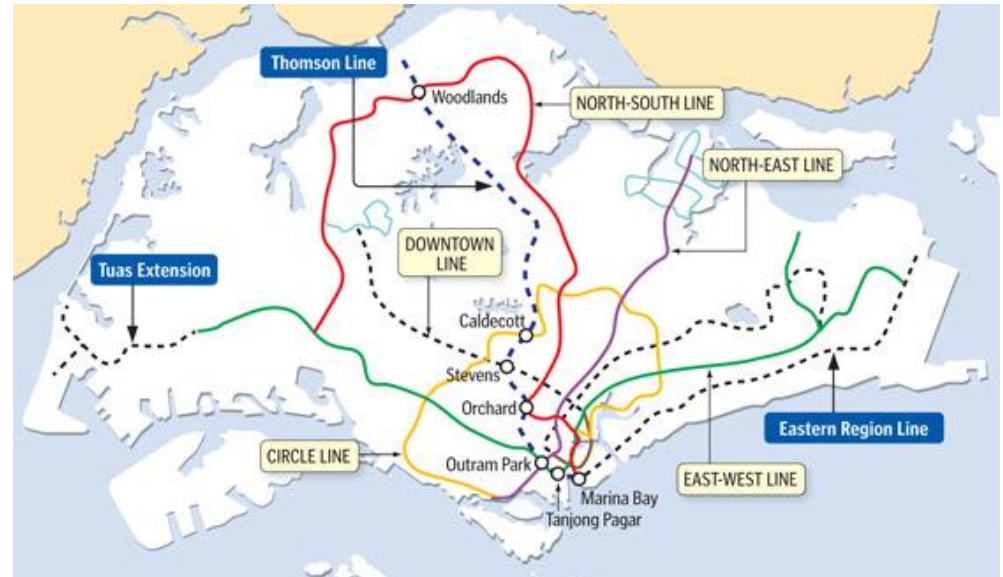


Market Prospects

Potential Projects

Specialist Civil Engineering:

- 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	2018	223.1	53.7	276.8
	2019	-	12.5	12.5
Overseas	2018	-	112.6	112.6
	2019	-	-	-
Total		223.1	178.8	401.9
Specialist Civil Engineering				
Singapore	2018	489.3	-	489.3
	2019	-	-	-
Overseas	2018	209.3	48.0	257.3
	2019	-	-	-
Total		698.6	48.0	746.6
Mechanical Engineering, Design & Build				
Singapore	2018	4.0	42.0	46.0
	2019	-	-	-
Overseas	2018	-	8.7	8.7
	2019	-	-	-
Total		4.0	50.7	54.7
Grand Total		925.7	277.5	1,203.2





Thank You!

