



Yongnam Holdings Limited

FY2008 Results Presentation

February 27, 2009

- Our Business
- Corporate Updates
- FY2008 Financial Performance
- Prospects and Market Outlook
- Growth Strategies and Plans
- Key Highlights

We are...

A well-established structural steel contractor and specialist civil engineering solutions provider



Structural Steelworks

- One of the largest steel fabrication facilities in Southeast Asia
 - Nearest competitor is one fifth the size of Yongnam
- On time delivery and with quality
- S1 category accreditation from Singapore Structural Steel Society



Specialist Civil Engineering

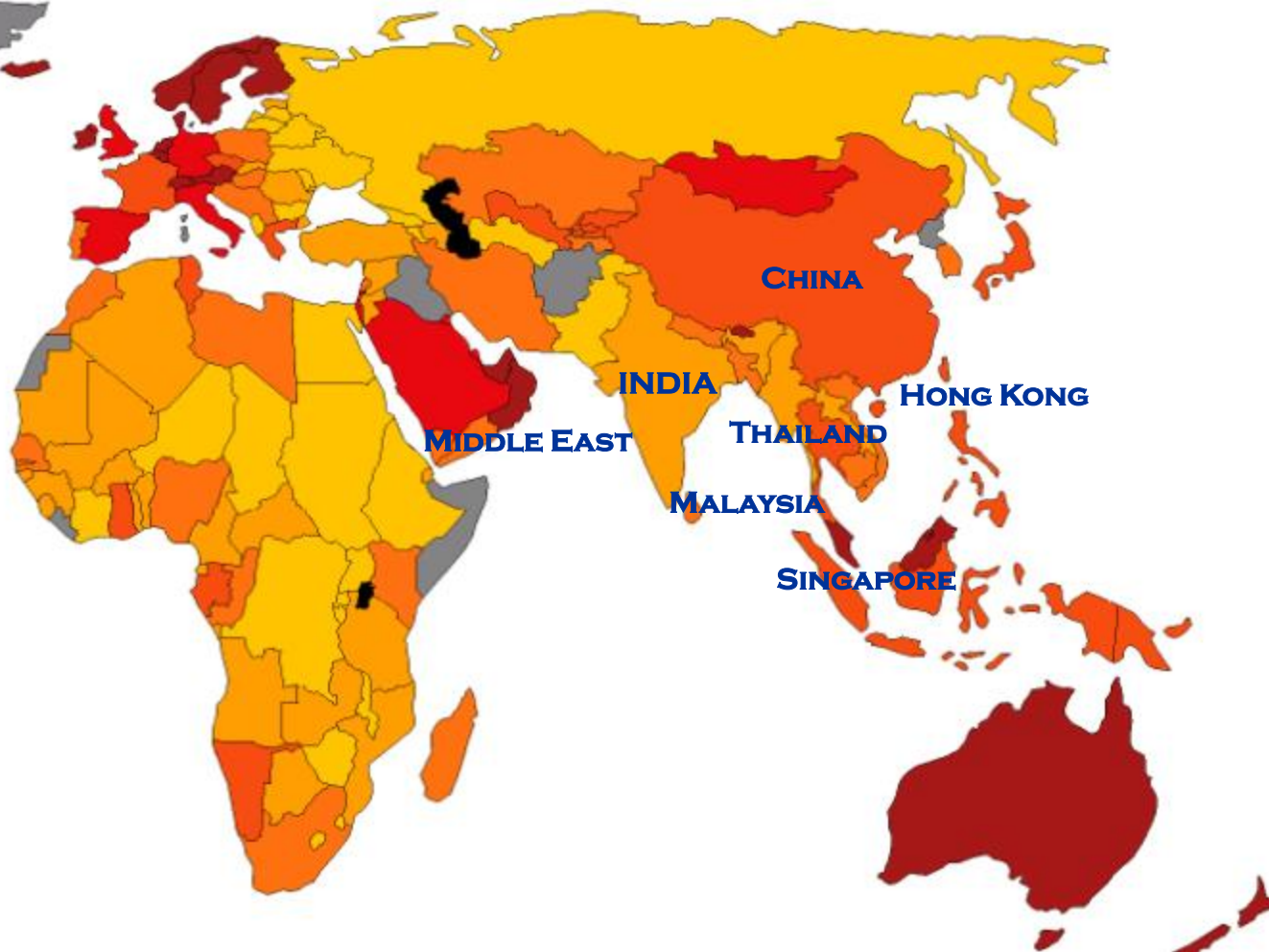
- Modular Strutting System meets increasingly stringent design and project requirements
- Approximately 80,000 tons of strutting assets
- High replacement cost of struts is a major barrier to entry

Our Business

- Over 30 years of experience in steel fabrication
- Long established relationships with major customers, who are reputable contractors:
 - **Takenaka Corporation**
 - **Taisei Corporation**
 - **Obayashi Corporation**
 - **Penta Ocean**
 - **Shimizu Corporation**
 - **Dragages Singapore**
 - **Samsung Corporation**
 - **Ssangyong Engineering & Construction Co Ltd**
 - **Hyundai Engineering & Construction Ltd**
 - **Aker Kvaerner**
 - **Sembawang Engineering & Construction Ltd**



Regional Offices



Singapore

- Yongnam Engineering & Construction (Pte) Ltd
- YNE Project Engineering Pte Ltd

Malaysia

- Yongnam Engineering Sdn Bhd
- Jiwa Harmoni Offshore Sdn Bhd

Hong Kong

- Yongnam Engineering (HK) Ltd

Thailand

- Yongnam Engineering & Construction (Thailand) Ltd

China

- Yongnam Steel Work System Engineering (Shanghai) Co., Ltd

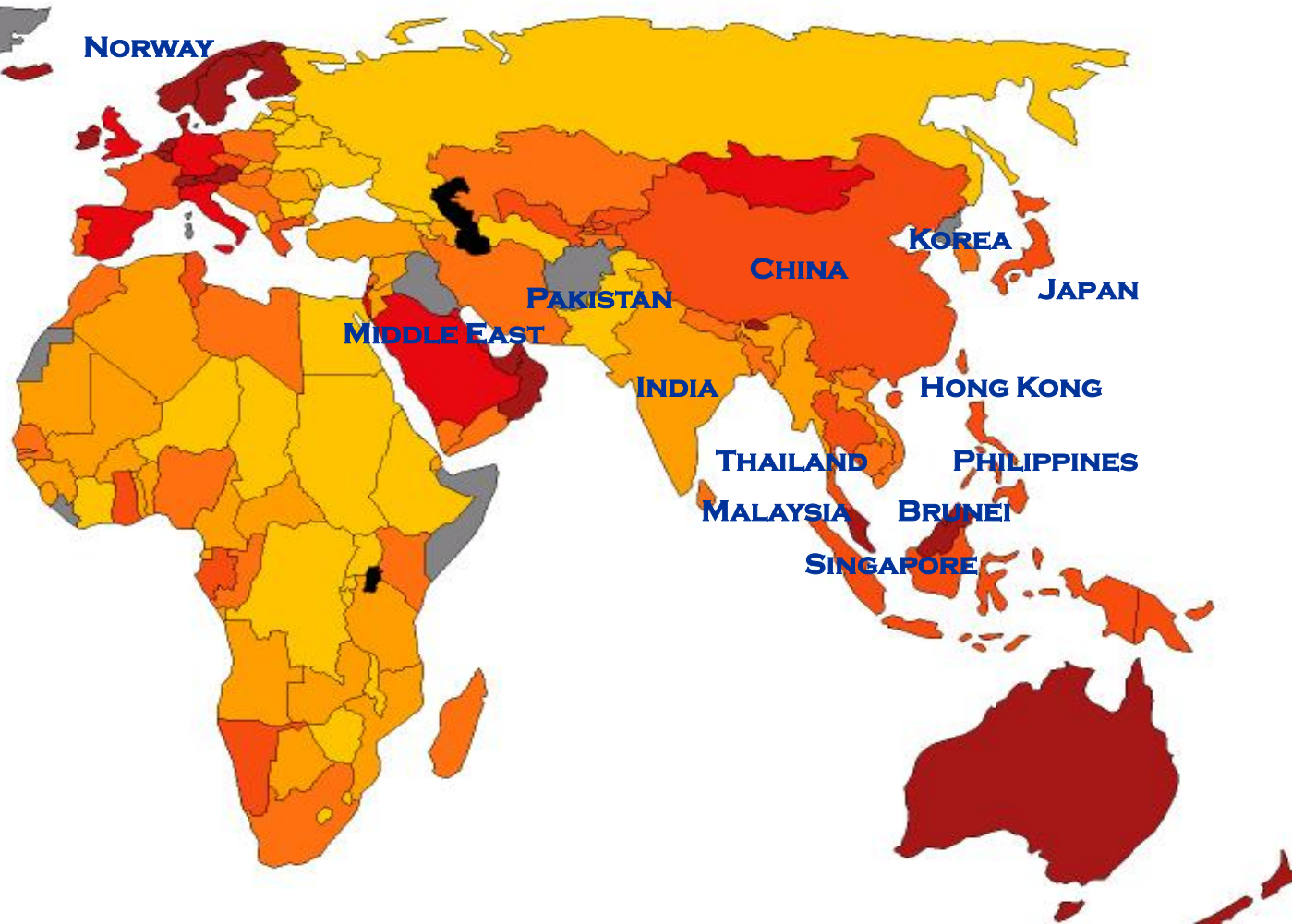
Middle East

- Yongnam Engineering & Construction (Pte) Ltd, Dubai Branch

India

- Project Office (Delhi)

Regional Projects



Projects undertaken across the region:

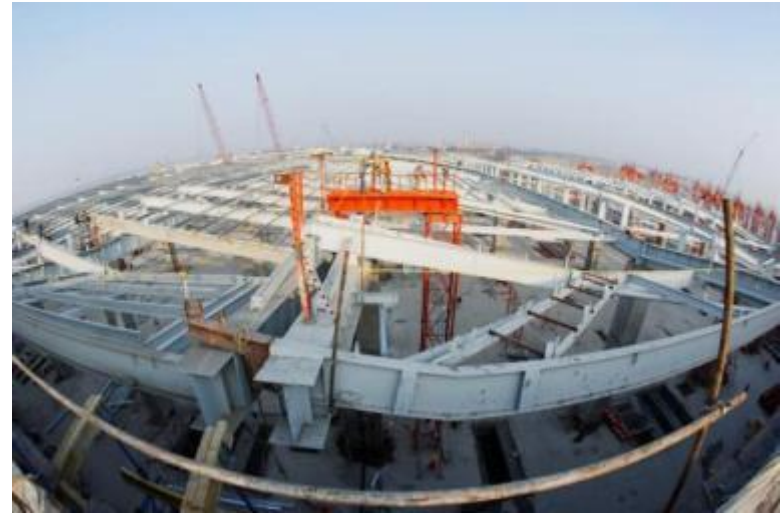
- Singapore
- Malaysia
- Middle East
- China
- Norway
- Brunei
- Philippines
- Thailand
- Japan
- Korea
- Hong Kong
- Pakistan
- India

Structural Steelworks – Track Record

**Marina Bay Sands Integrated Resort,
Singapore**



**New Delhi International Airport,
India**



**Orchard Turn,
Singapore**



**Dubai Metro Rail,
Dubai**

Structural Steelworks – Facilities

- **Singapore:**

Total Land Area:	Approximately 76,000 m ²
Workshop Covered Area:	20,250 m ²
Capacity (Normal Steel Structure):	3,000 Tons per month

- **Malaysia (Nusajaya, Johor)*:**

Total Land Area:	Approximately 109,103 m ²
Workshop Covered Area:	28,900 m ²
Capacity (Normal Steel Structure):	3,500 Tons per month

***New fabrication factory commenced operations in September 2008**

Total Staff Strength:	Approximately 1,450
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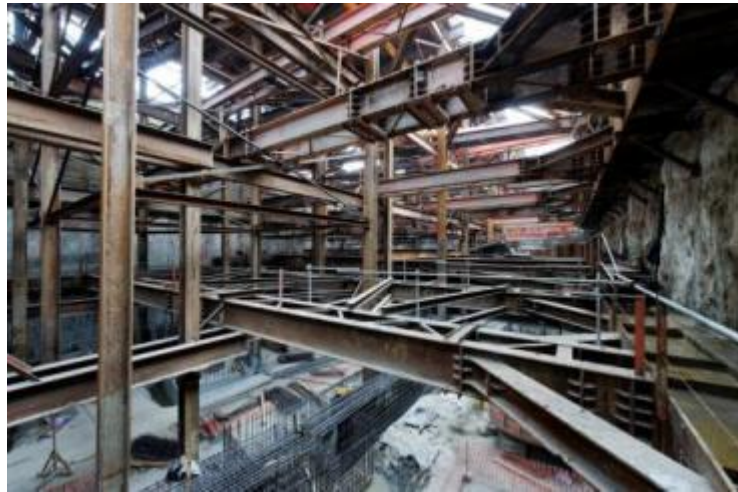


Specialist Civil Engineering – Track Record

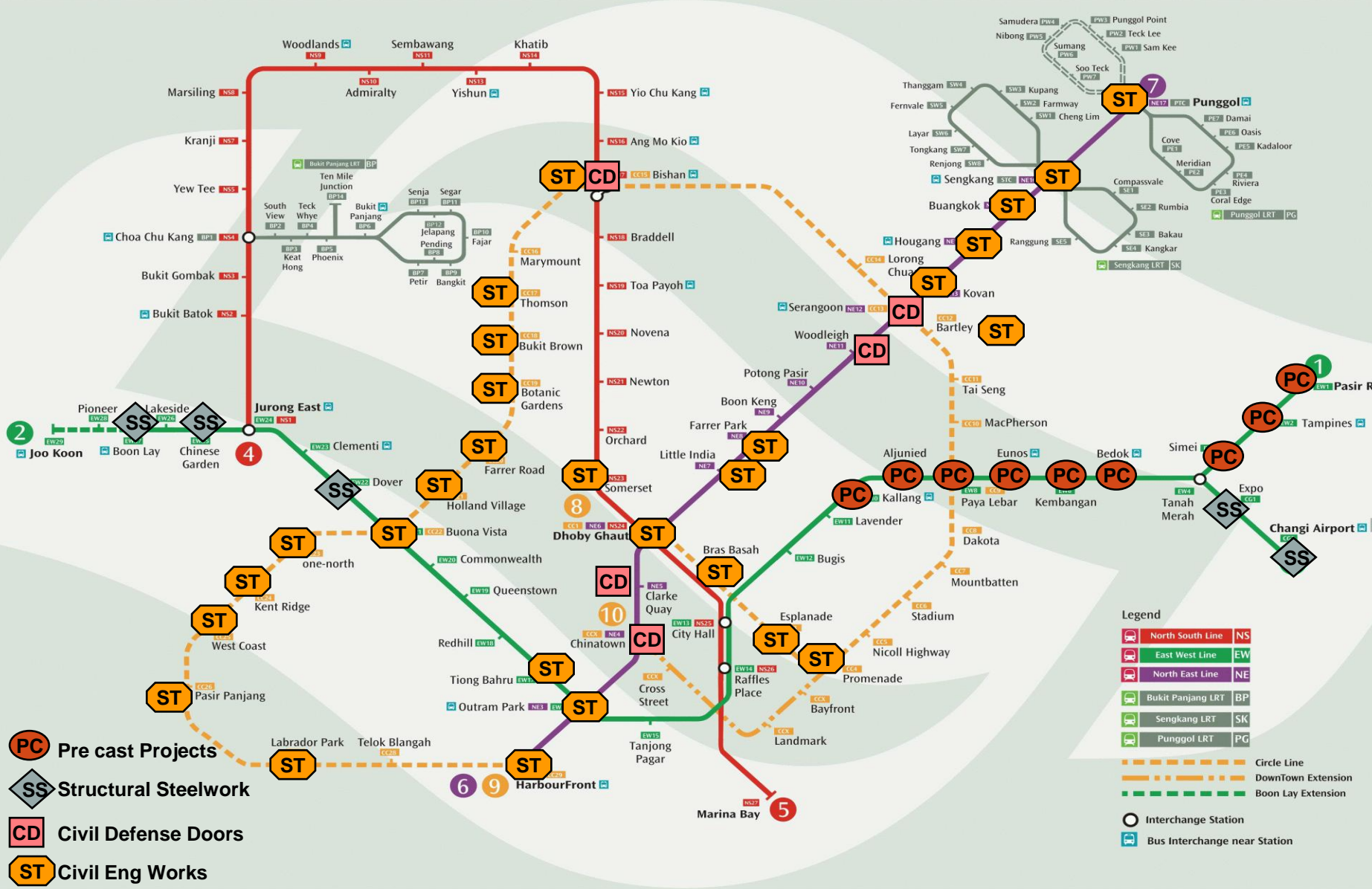
**Marina Bay Sands Integrated Resort,
Singapore**



**Farrer Station, Circle Line,
Singapore**



Completed/Ongoing Works



- PC Pre cast Projects
- Structural Steelwork
- CD Civil Defense Doors
- ST Civil Eng Works

- Legend**
- North South Line NS
 - East West Line EW
 - North East Line NE
 - Bukit Panjang LRT BP
 - Sengkang LRT SK
 - Punggol LRT PG
 - Circle Line
 - Downtown Extension
 - Boon Lay Extension
 - Interchange Station
 - Bus Interchange near Station



Corporate Updates



Marina Bay Sands™ Integrated Resort

- Total of 7 contracts worth S\$285 million
- First contract for Plunge-in Columns completed
- Remaining 6 contracts:

<u>Project</u>	<u>Expected Completion Date</u>
Hotel Tower	June 2009
South Podium	July 2009
North Podium	July 2009
ArtScience Museum	December 2009
View Corridors & Canopies	December 2009
SkyPark	1Q 2010



Dubai Metro Rail

- Red Line
 - 89% completed
 - Expected date of completion – March 2009



New Delhi International Airport

- 60% completed
- Expected date of completion – April 2009



Recent New Contracts

Vista Xchange

- Contract worth S\$88 million
- Construction of the Integrated Civic, Cultural, Retail and Entertainment Hub at Vista Xchange, located at one-north
- Construction commenced end of 2008; scheduled for completion by January 2011



Artist's Impression

Marina Coastal Expressway C485

- Contract worth S\$185.5 million – single largest contract won by Yongnam todate
- Temporary steel pipe pile coffer dam, steel waling and strutting works
- Project scheduled for completion by June 2013



Artist's Impression



FY2008 Financial Performance



Financial Highlights

FY2008 Highlights:

- **Record full year performance**
 - **Topline growth of 91.1% to S\$332.7 million**
 - **Net profit jumps 38.1% to S\$33.9 million**
- **Structural Steelworks remains as top revenue contributor and revenue gainer**
- **Net debt to equity ratio remains low at 0.56 as at end December 2008 (0.65 as at end December 2007)**
- **Shareholders' equity improves to S\$147.7 million as at end December 2008**
- **Highest order book of S\$504 million recorded in Group's history**

Financial Year ended December 31



Financial Highlights

	FY2007	FY2008	Change (%)
Revenue (S\$m)	174.1	332.7	91.1
Gross Profit (S\$m)	31.4	74.4	136.7
Gross Profit Margin (%)	18.1	22.4	23.8
Net Profit after MI (S\$m)	24.6	33.9	38.1
Net Profit after MI (S\$m) ⁽¹⁾	11.2	33.9	203.2
EPS (Basic)(Singapore cents)	2.14	2.79	30.4
EPS (Basic)(Singapore cents) ⁽¹⁾	0.97	2.79	187.6

⁽¹⁾ Excludes exceptional gain of S\$13.4 million on write-back of impairment on an investment property and a leasehold property in FY2007

Financial Year ended December 31



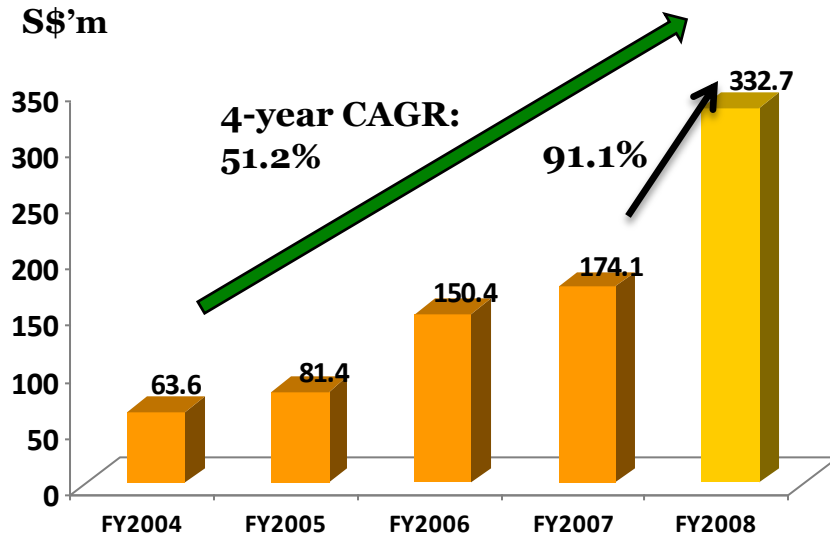
Balance Sheet Highlights

	Dec 31 2007	Dec 31 2008
Work-in-progress (S\$m)	102.7	116.0
Debtors (S\$m)	20.0	36.5
Cash & Bank Balances (S\$m)	22.4	40.5
Bank Borrowings (S\$m)	93.5	123.7
Shareholders' Funds (S\$m)	108.6	147.7
Order Book (S\$m)	162.0	504.0

Financial Year ended December 31



Revenue Growth



Record Revenue Growth

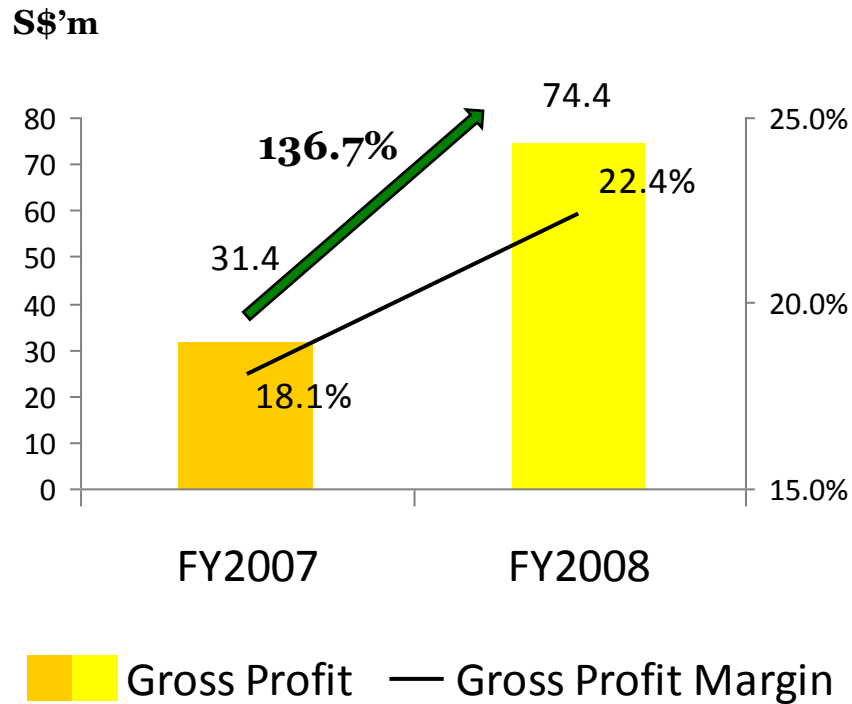
- FY2008 Revenue **↑ 91.1%**:

- **Structural Steelworks increased 107.9% to S\$254.9 million mainly due to:**
 - commencement of projects at:
 - Marina Bay Sands™ Integrated Resort; and
 - New Delhi International Airport.
 - increased contribution from the Dubai Metro Rail project
- **Specialist Civil Engineering increased 51.2% to S\$77.8 million mainly due to:**
 - commencement of projects at Marina Bay Sands™ Integrated Resort

Financial Year ended December 31



Gross Profit & Margin

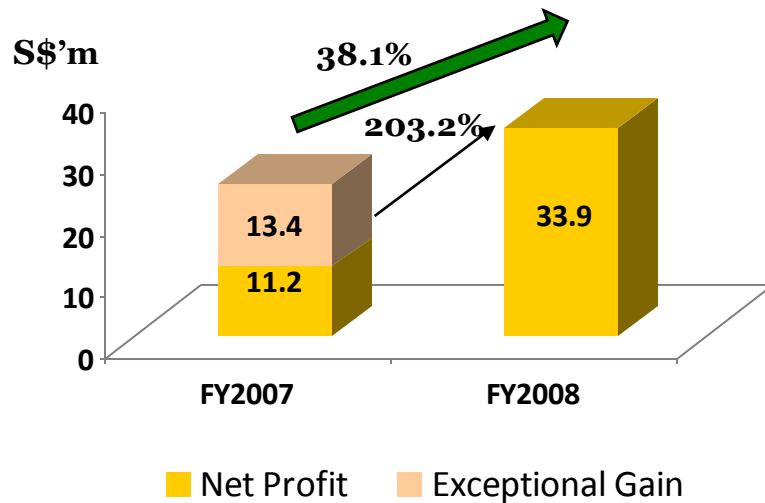


Gross Profit Surges

- FY2008 Gross Profit ↑ 136.7%, due to:

- Higher revenue;
- Improved gross margins:
 - 18.1% in FY2007 to 22.4% in FY2008

Net Profit



Net Profit increases more than three-fold

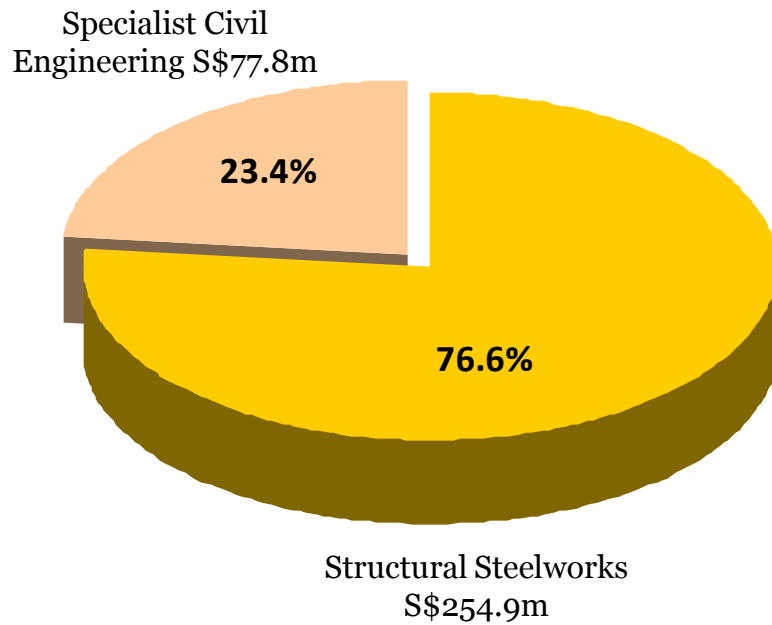
- ↑ 38.1%, due to:

- Higher revenue and margins

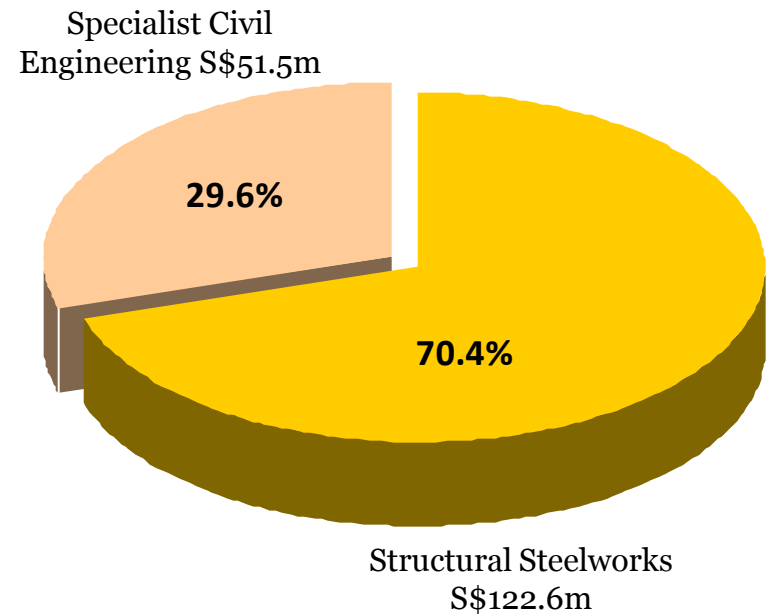
- ↑ 203.2%, excluding the S\$13.4 million write-back of impairment in respect of an investment property and leasehold property in FY2007

Revenue by Business Activity

FY2008



FY2007

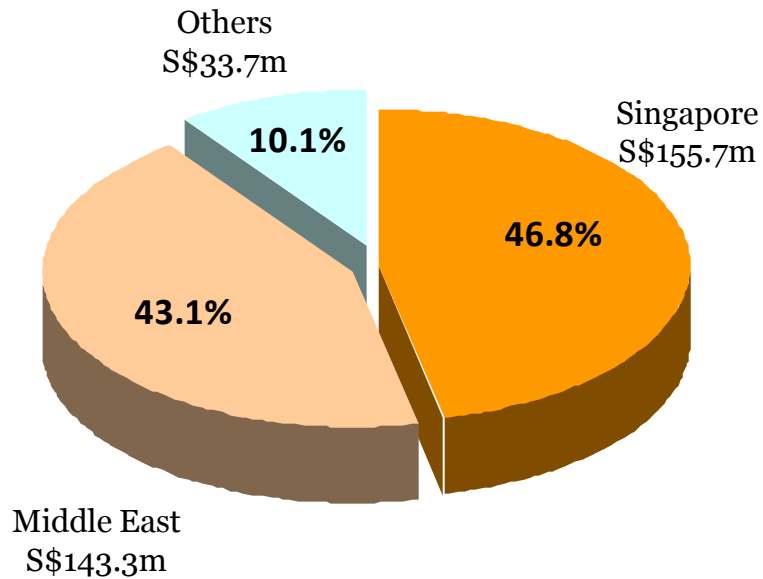


Financial Year ended December 31



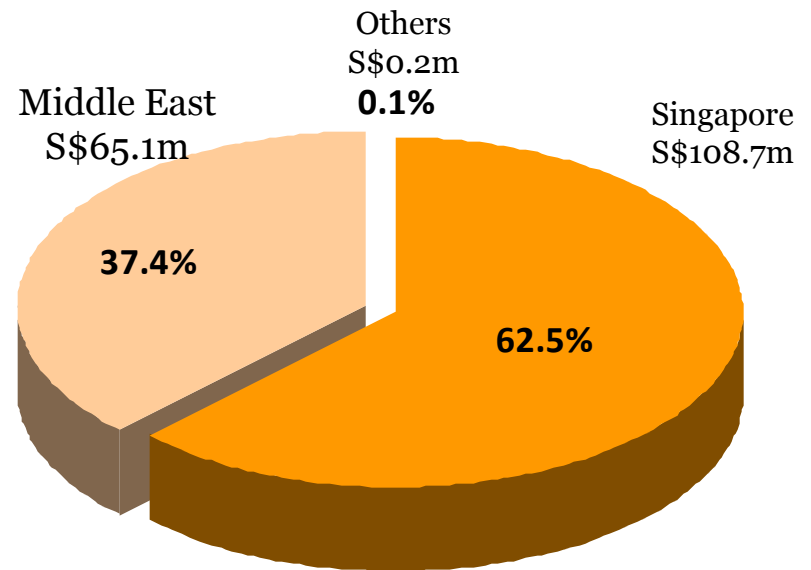
Revenue by Geographical Region

FY2008



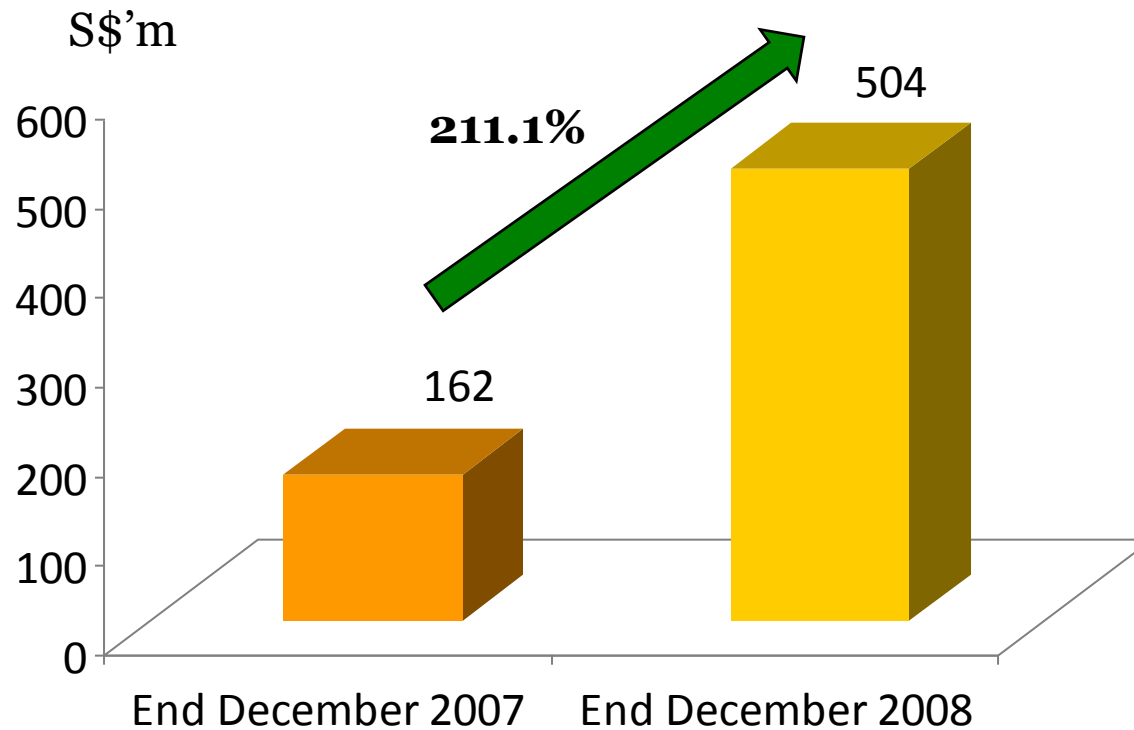
- Well-diversified
- Maiden contribution of S\$31.7 million from India (included under Others)

FY2007



Financial Year ended December 31





- Highest-ever order book recorded in the Group's history

Final Dividend of 0.4 Singapore cent per ordinary share

- One-tier, tax-exempt
- First-ever proposed dividend by the Group,
to reward loyal shareholders



Prospects and Market Outlook



Prospects in the Middle East

Civil construction projects still ongoing:

- Construction projects worth \$698 billion still continuing
- 52.8% of UAE's construction portfolio, worth \$582 billion, put on hold

Emirates Business 24/7,

February 22, 2009

Business247

Time to focus on infrastructure, utilities



By Sona Nambiar on Sunday, February 22, 2009

It is "a good time to redirect activities towards infrastructure and utilities using the current development hiatus as an enforced 'catch up' period", according to an invitation report by Nourura International on the Middle East real estate sector.

It also noted "government intervention may be required in the construction sector as well as the financial and real estate sectors" since the three sectors go hand in hand and rely on each other, sitting on the same value chain.

Logistics, road networks, utilities, sewage and electricity hubs are required to service new build accommodation. "Yet these essential services appear to have been subordinated to real estate activities," said the report. Admittedly, infrastructure and utilities come with "a lower return and consequently higher pay back period, but are essential to future development", it said.

According to the report, construction cost inflation (and now deflation) has been a global, rather than a local, phenomenon. "But the impact of rising raw materials and labour costs, coupled with shortages, had previously delayed the roll-out of many developments in the UAE, particularly the large-scale ones," it said.

Apart from rising input prices, there were fundamental factors behind the recent construction cost inflation, including supply bottlenecks and demand pressures in China, Asia and the Middle East.

"The majority predicted construction revenue to grow in 2009, and over 70% said the construction market would also show real growth in 2010... There will be big opportunities for developers and contractors who are solid and not highly leveraged."

New Civil Engineer,
February 13, 2009



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Gulf boom to return

Published: 12 February 2009 14:39 | Author: Antony Oliver reports from Abu Dhabi | [More by this Author](#) Last Updated: 13 February 2009 10:25 | [Reader Responses](#)

Economic growth could return to the Middle East as early as 2010, delegates at the Arabian World Construction Summit in Abu Dhabi were told this week.

According to a report in NCE's Dubai-based sister title MEED, the Gulf Cooperation Council (GCC) economy is likely to see a "short, sharp, shock!", with a recovery driven by an upturn in the oil price in 2010.

"We are forecasting a strong recovery from a comparatively short dip that will bounce back by 2010," explained MEED events chairman Edmund O'Sullivan. "With an average oil price of \$60 a barrel, governments in the region will avoid major budget deficits and should be able to lift capital spending on vital infrastructure project in 2009."

Delegates were also upbeat about prospects in the region. The majority predicted construction revenue to grow in 2009, and over 70% said the construction market would also show real growth in 2010.

Saudi Arabia was identified as a key region for construction activity going forward, followed by Abu Dhabi and Qatar. "The Kingdom [of Saudi Arabia] has announced its largest budget. Government will announce major infrastructure projects in the next few years," said developer Saudi Oger's vice president of corporate business development Ali Kologhassi. "There will be big opportunities for developers and contractors who are solid and not highly leveraged."

However, consultants and contractors highlighted that the region faced some difficult challenges in dealing with the fall out from the collapse of speculative property developments in Dubai. "We are faced with a dramatically different scenario and a whole set of new management challenges," said Dutco Balfour Beatty general manager Graham McCraig. "The reality is that there is not the volume of work. We have got to focus on quality turnover and quality clients – we have to take a reality pill and understand that the volume isn't there."

Late payment was also highlighted by delegates and speakers at the summit as a major and growing problem, with 85% reporting increased payment delays on last year. On major projects, with high turnovers, this could amount to hundreds of millions of dollars. "There is speculation over whether or not there will be a raft of arbitrations or claims launched," said Andrew Greaves, partner at lawyer Trowers and Hamlin.



Downturn doldrums: But rising oil prices should fuel a recovery

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Prospects in India

\$6.2 billion stimulus package by the Indian government:

- Includes measures to boost infrastructure spending
- Government expected to announce more pump-priming steps ahead of general elections
- 37 infrastructure projects worth 700 billion rupees approved by the Indian government between Aug 2008 – Jan 2009 ⁽¹⁾
- A further 54 infrastructure projects worth 677 billion rupees given in-principle approval ⁽¹⁾
- Stimulus packages over the last two months have provided for a cumulative spending translating into about 1 trillion rupees of infrastructure investment ⁽¹⁾

Straits Times, December 8, 2008



The stimulus package will help the labour-intensive textile industry. PHOTO: AGENCE FRANCE-PRESSE



Measures to boost infrastructure spending are also included in the package. PHOTO: REUTERS

India unveils \$6b stimulus package

MUMBAI: India yesterday announced an extra 200 billion rupees (\$6.2 billion) in spending to help shield its economy from the impact of the global financial crisis.

The government said it would also ensure a substantial increase in expenditure for next year's budget.

The authorities are pulling out all the stops to keep India's once-impressive pace of growth from braking too sharply.

The new measures follow a cut in interest rates by India's central bank last Saturday to stimulate the economy, which has been hit by the global recession. Confidence has been undermined further by the recent attacks in the financial capital Mumbai that killed more than 170 people.

"The government has decided to seek authorisation for additional planned expenditure of up to 200 billion rupees in the current (financial) year," Prime Minister Manmohan Singh's office said in a statement.

"The government is keeping a close watch on the evolving economic situation and will not hesitate to take any additional steps that may be needed to counter recessionary trends and maintain the pace of economic activity."

Under the package, various categories of value-added tax would be cut by 4 per cent to increase spending. To boost exports, the government announced an extra allocation of US\$70 million (\$106 million) for a host of incentive schemes.

Exports fell by 12 per cent in October, and the government has cut its export target for the year to US\$175 billion from US\$200 billion.

"The overall package is geared towards helping producers, especially the export sector, to tide over the difficult time of the global credit crunch," said Mr Indranil Pan, chief economist at Kotak Mahindra Bank in Mumbai.

The stimulus package also includes measures to boost infrastructure spending, small and medium businesses, and labour-intensive export sectors such as textiles and handicrafts.

The additional expenditure will further expand India's fiscal deficit, which widened 60 per cent to US\$73 billion between April and October from the same period a year earlier.

"The fiscal deficit will be worse. We don't have a number on what that it will

be," Mr Montek Singh Ahluwalia, deputy chairman of the government's planning commission, said after the announcement.

Last Saturday, the Reserve Bank of India cut its repo rate – the rate at which it lends to commercial banks – to 6.5 per cent, and its reverse repo rate – the rate at which it borrows overnight – to 5 per cent.

Mr Singh, who recently took control of the Finance Ministry, last week forecast growth of 7.5 per cent for the year to March 2009.

India had hoped to avoid the worst of the global financial crisis, with demand largely domestically driven and growth at an impressive 9 per cent in the fiscal year ended last March. But high borrowing costs, deteriorating demand abroad and paralysis of its lending markets as the credit crunch spread have taken their toll.

Economists say growth could be as low as 6.8 per cent this year, and 5.5 per cent the following year.

Yesterday's announcement falls far short of neighbouring China's US\$586 billion package unveiled last month.

But with a state and central government fiscal deficit set to top 7 per cent of gross domestic product in 2008/09, economists say India has limited options as far as public spending goes.

Mr Amit Mitra, secretary-general of industry body Federation of Indian Chambers of Commerce and Industry, welcomed the announcement, saying: "It should help in imparting some momentum to the economy to overcome the current slowdown."

AGENCE FRANCE-PRESSE, REUTERS

⁽¹⁾ Source: Business Line, India, February 22, 2009

Potential Projects

- Structural Steelworks**

Location	Expected Commencement	Government \$ Mil	Non-Government \$ Mil
Singapore	2009	Nil	166.4
	2010	150.0	Nil
Overseas	2009	80.0	85.7
	2010	Nil	35.0
Total		230.0	287.1

- Specialist Civil Engineering**

Location	Expected Commencement	Government \$ Mil	Non-Government \$ Mil
Singapore	2009	400.0	Nil
	2010	Nil	Nil
Total		400.0	Nil

- Contracts for infrastructural developments such as:**

Integrated Resort

Singapore Sports Hub

Marina Coastal Expressway

MRT Downtown Line

Dubai Metro-Rail

- Projects announced by Government (not included above):**

- **MRT Thomson Line**
- **MRT Eastern Line**
- **North-south Expressway**



Growth Strategies and Plans



Growth Strategies and Plans

- **Remain focused on the two core businesses – Structural Steelworks and Specialist Civil Engineering**
- **Leverage on established brand name and strong foothold in the Singapore market**
- **Continue to explore growth potential in Middle East and India opportunistically**
- **Laying groundwork in Malaysia to tap business opportunities coming on-stream in 2-3 years**



Key Highlights

Key Highlights

- **Strengthening order book boosted by high-value contracts secured in Singapore**
- **Continue to build on the Group's two core businesses and capitalise on the Group's market leadership in Singapore and the region**
- **Stimulus packages with committed budgets for infrastructure developments announced by governments in Asia-Pacific**
- **Maintain focus on Singapore market – strong government support through pump-priming measures**
- **Concurrent efforts to pursue more business opportunities in the Middle East and India**



Thank You