

Newly listed Siab Holdings shows healthy orderbook, proven track record



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The firm has completed more than RM1.5b worth of project value since 2013 and won contracts from established property developers

by ANIS HAZIM / graphic by MZUKRI MOHAMAD

MERCURY Securities Sdn Bhd has recommended 'Subscribe' on Siab Holdings Bhd on the premise of a healthy orderbook and a proven track record.

Mercury's analyst Ronnie Tan said Siab's orderbook stood at RM545 million as of Jan 28, comprising 20.9% from non-residential construction, 79.1% from residential construction which should provide earnings visibility over a period of three years.

"The company also has a tender book of RM1.5 billion and a tender success rate of 10% to 15%, that if successful will increase the orderbook," Ronnie said in a note yesterday.

On top of that, Siab has completed more than RM1.5 billion worth of project value since 2013 and won contracts from established property developers even during the Covid-19 pandemic. "As of the latest practicable date (LPD), the company has completed several notable non-residential projects such as the Quayside Mall, Hospital Bentong, the Pines and the LGB Tower," he said.

The building construction company has an experienced management team led by its MD Ng Wai Hoe who has more than 24 years of experience in the construction industry.

Moreover, the analyst noted that Siab has cash and equivalents of RM21.4 million and total borrowings of RM16.5 million post listing, which allows the company the potential capacity to undertake more projects moving forward.

Besides providing building construction services, Siab also provides other complementary services such as the provision of ICT solutions and services.

He assigned a target price of 33 sen for Siab based on peers' average price-earnings of 13.9 times and the financial year of 2022 earnings per share of 2.6 sen.

"The target price represents a potential return of 20% over the IPO price," he added.

Meanwhile, he said Siab may have more opportunities to secure new contracts against the backdrop of a recovering construction sector which could expand by 11.5% in 2022 as forecasted by the Department of Statistics Malaysia.

Meanwhile, among the risk factors for Siab are failure to secure new projects, unexpected project cancellations, delays, or postponement of projects, unanticipated increases in construction costs for projects as well as prolonged Covid-19 pandemic.

On Jan 28, Siab was listed on the ACE Market of Bursa Malaysia with the issuance of 122.41 million new shares or 25% of its enlarged share capital at 30 sen per share.

Siab aim to raise RM36.72 million that will provide flexibility to support the future endeavour of the company.

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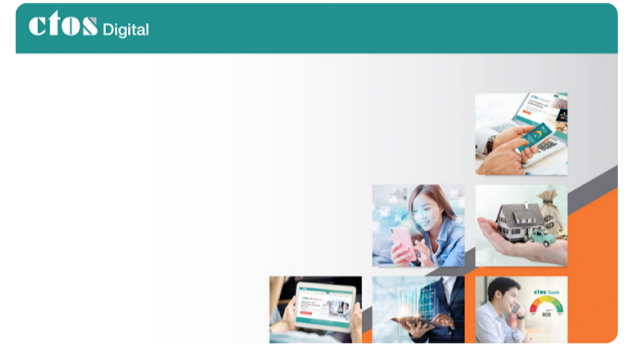
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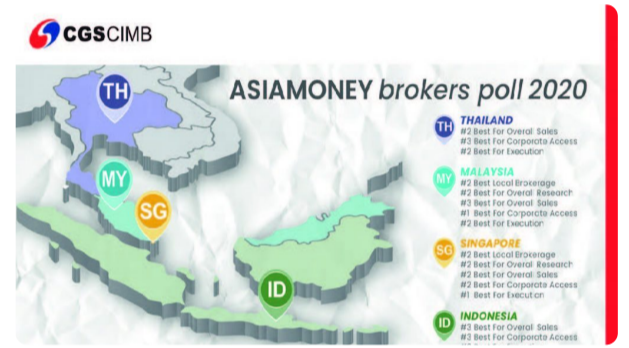
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