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33 SEN TARGET PRICE

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KUALA LUMPUR: Siab Holdings Bhd's healthy order book of RM545 million up to Jan 28 should provide earnings visibility over three years, said Mercury Securities Sdn Bhd.

Analyst Ronnie Tan said the bulk of the construction company's order book comprised 79.1 per cent from non-residential construction and 20.9 per cent from residential construction.

"Siab also tendered RM1.5 billion with a success rate between 10 per cent and 15 per cent. If successful, this will increase the company's order book," he said in a research report yesterday.

He added Siab might have more opportunities to secure new contracts against the backdrop of a recovering construction sector, which could expand by 11.5 per cent this year.

Siab had completed more than RM1.5 billion worth of projects since 2013 and had won contracts from property developers even during the Covid-19 pandemic.

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

Siab has cash and equivalents of RM21.4 million, with a total borrowings of RM16.5 million post-listing.

Mercury Securities has given a "subscribe" call to Siab with a target price of 33 sen based on peers average price-earning-to-ratio of 13.9 times, with financial year 2022 earnings per share of 2.6 sen on the premise of a healthy order book and a proven track record.