

BUSINESS

SIAB's prospects remain bright with growing order book - Public Investment Bank



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KUALA LUMPUR, Feb 16 – Public Investment Bank is optimistic on Siab Holdings Bhd's (SIAB) prospects moving forward, as the group strives to complete its on-going construction projects while growing its order book, besides expanding its technical expertise.

The research house said SIAB's growth would be dependent on construction of storage facilities following purchase of land, participation in tenders for higher value high-rise construction projects, and expansion into civil and engineering segments.

"The growth is also dependent on the purchase of new construction machinery and equipment, expansion of its technical team, and investment in building information modelling software.

"As such, we derive a fair value of RM0.33 for SIAB," it said in a note today.

On the order book, it said SIAB's unbilled order book of RM544.98 million as at Dec 31, 2021 represents 2.59 times of its average revenue of RM210.21 million that will be recognised progressively over the next 1.5 to three financial years.

Besides, it said the Initial Public Offering (IPO) is expected to raise approximately RM36.7 million from the issuance of 122.4 million new shares, with 16.6 per cent of the proceeds would be utilised to purchase land, and construct a storage facility, and 35.7 per cent and 25.3 per cent to purchase of machinery and equipment, and working capital, respectively.

SIAB is seeking a listing with an enlarged issued and paid-up share capital of 489,634,083 shares on Bursa Malaysia's ACE Market with an IPO price of RM0.30.

In addition, it said SIAB intends to invest in building information modelling (BIM) software to facilitate its future design and technical work.

"The application of BIM system software is expected to contribute to more efficient project management with the collaboration between various stakeholders in the construction industry value chain facilitates the design and construction process," it said.

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