

Singapore



Tiong Woon Corporation Holdings Ltd

NON RATED

Current price:	S\$0.54
Consensus Tgt Price:	N/A
Up/downside:	N/A
Reuters:	TION.SI
Bloomberg:	TWC SP
Market cap:	US\$92.89m S\$125.4m
Average daily turnover:	US\$0.09m S\$0.12m
Current shares o/s:	232.2m
Free float:	59.2%

Heavy lifting specialist

- Listed in 1999, Tiong Woon Corporation (TWC SP, Not Rated) is a one-stop integrated heavy lift specialist and service provider.
- The group returned to profitability in 2Q18.
- Currently trades at a historical FY19 P/BV of 0.50x.

Listed since 1999

Listed in 1999, TWC is a one-stop integrated heavy lift specialist and service provider, supporting mainly the oil and gas, petrochemical, infrastructure and construction sectors. The group manages turnkey projects for engineering, procurement and construction contractors and project owners, from the planning and design of heavy lifting and haulage requirements to the execution stage, in which heavy equipment is transported, lifted and installed at customers' facilities.

Strong regional presence

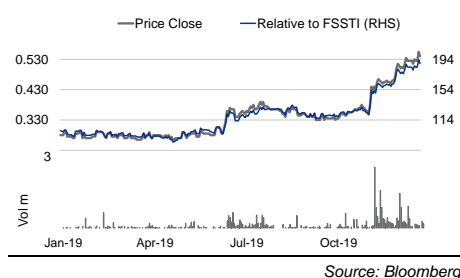
Headquartered in Singapore, TWC has a presence in Singapore, Malaysia, Brunei, India, Bangladesh, Indonesia, Philippines, China, Thailand, Vietnam, Saudi Arabia, Myanmar and Sri Lanka. Based on its 2018 Annual Report, TWC has been appointed as the sole distributor of IHI crawler cranes in ASEAN (Association of Southeast Asian Nation) except Indonesia, and is the authorised dealer of all XCMG (Xuzhou Construction Machinery Group, 000425 CH, Not Rated) products in Southeast Asia and exclusive distributor for Zoomlion (1157 HK, Not Rated) tower cranes in Singapore.

Back to profitability

TWC returned to the black at the net profit level in 2Q18 after three consecutive quarters of losses. In the past three quarters, net profit rose from S\$1.0m in 3Q19 to S\$5.0m in 1Q20. According to management, the recovery was driven by more projects executed in Singapore as well as more chartering jobs. Management guided that competition remained keen but major infrastructure projects and the pipeline of building projects in Singapore will bring more business opportunities.

Historical valuations

TWC trades at a historical FY19 P/BV of 0.50x. As at end Sep 2019, Tiong Woon's book value per share was S\$1.11. Property, plant and equipment as at end Sep 2019 accounted for 79.1% of its total assets.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	18.7	61.2	89.5
Relative (%)	16.6	56.3	82

Major shareholders	% held
Ang Choo Kim & Sons (Pte) Ltd	39.0

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Caleb PANG Huan Zhong

Financial Summary	Jun-15A	Jun-16A	Jun-17A	Jun-18A	Jun-19A
(S\$ m)					
Revenue	145.7	139.4	114.8	97.7	117.2
Gross profit	40.6	33.2	26.6	25.4	35.2
Gross profit margin	27.8%	23.8%	23.2%	26.0%	30.0%
Net profit	11.2	(10.0)	(9.9)	0.9	2.9
EPS (S cts)	5.15	(4.16)	(4.15)	0.51	1.27
EPS growth	-36.7%	na	na	na	149.0%
P/E (x)	10.5	loss	loss	105.9	42.5
DPS (S cts)	0.80	0.20	0.00	0.00	0.20
Dividend yield	1.48%	0.37%	0.00%	0.00%	0.37%
BVPS (S cts)	116.50	110.69	106.23	107.45	108.65
P/BV (x)	0.46	0.49	0.51	0.50	0.50
ROE	4.51%	loss	loss	0.48%	1.18%
Net gearing (x)	0.43	0.47	0.46	0.39	0.35

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Heavy lifting specialist

Company description

Listed on the Singapore Exchange Securities Trading Limited Mainboard since 1999, TWC is an integrated heavy lift specialist and service provider, supporting the oil and gas, petrochemical, infrastructure and construction sectors.

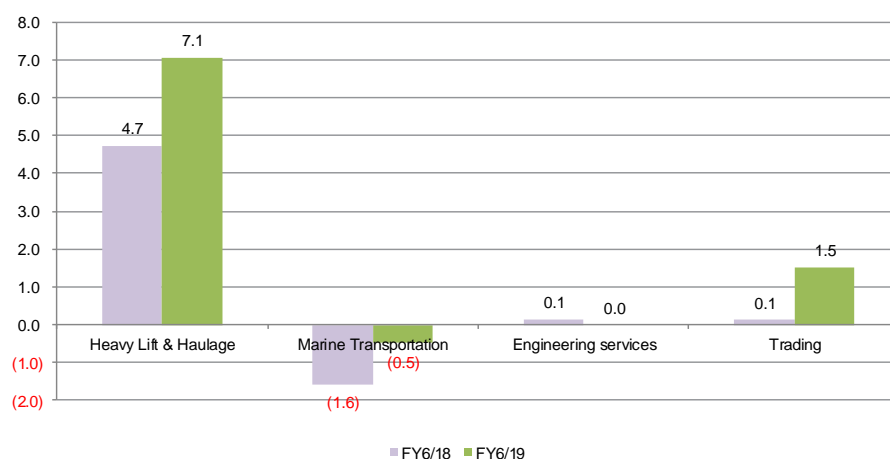
Focusing its business in the heavy lifting and haulage segment, the group possesses its own heavy lifting and haulage equipment, tugboats and barges and is therefore able to offer integrated services to its clients.

Historical segmentals

In FY6/19, the heavy lift and haulage segment was the main revenue contributor, accounting for 90% of sales. The second-largest revenue contributor was the trading segment, at 6% of sales. The marine transportation segment accounted for the remaining 4% share of sales. In FY6/19m in terms of geographical exposure, Singapore accounted for the bulk at 75% of sales, followed by Brunei at 8% of sales. In FY6/19, one single customer accounted for 16% of total sales.

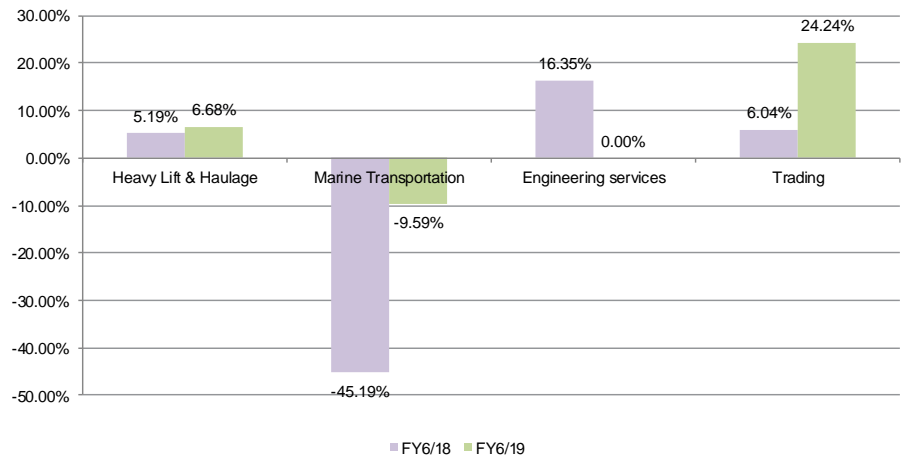
TWC reported an operating profit of S\$8.1m in FY6/19 versus S\$3.4m in FY6/18. The better performance was due to the heavy lift and haulage segment, which contributed an operating profit of S\$7.1m as at FY6/19. The trading segment's operating profit improved to S\$1.5m as at FY6/19 versus S\$0.1m in FY6/18. Losses in the marine transportation segment were reduced to S\$0.5m as at FY6/19 versus S\$1.6m in FY6/18.

Figure 1: Segmental operating profit (S\$ m) trend



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 2: Operating profit margin (%) trend



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Board of Directors as at June 2019

Figure 3: Board of Directors



Mr Ang Kah Hong is the Executive Chairman and Managing Director of Tiong Woon Corporation Holding Ltd. He joined the Board of Directors on 21 August 1997. Since its inception in 1980, he has been a Director of the Group's subsidiary, Tiong Woon Crane & Transport (Pte) Ltd. He has more than 40 years of experience in the management of heavy lift and haulage operations.

Mr Ang is mainly responsible for envisioning the Group as a regional integrated heavy lift, heavy haulage and marine transportation service provider. His key responsibilities include identifying, formulating, developing and implementing corporate objectives and business strategies for the Group. Mr Ang is also actively involved in the corporate development activities. His leadership has proven to be instrumental and invaluable to the growth of the Group's businesses.



Mr Ang Guan Hwa is an Executive Director and was appointed to the Board of Directors on 22 March 2013. He was re-designated to Deputy Chief Executive Officer from Group Chief Operating Officer on 13 May 2019.

Mr Ang is responsible for identifying, developing and formulation of our Group's business strategies and corporate objectives; and management of overall business and corporate development. Having been a senior management staff of Tiong Woon Group for over ten years, Mr Ang has accumulated considerable management skills and business know-how. He holds a Bachelor of Science in Computing with Management from University of Bradford (UK).



Mr Ang Kha King is an Executive Director and joined the Board of Directors on 21 August 1997. He is one of the founding members and a Director of the Group's subsidiary, Tiong Woon Crane & Transport (Pte) Ltd, since its inception in 1980. His key responsibilities include reviewing the internal decision-making processes of the Group's existing businesses and overseeing its external operations. He actively supervises its key Operations and Maintenance Division to ensure that there are adequate machines and equipment available for its heavy lift and haulage assignments.

SOURCES: COMPANY REPORTS

Figure 4: Board of Directors continued



Mr Wong King Kheng was appointed as an Independent Director on 23 August 1999. He is the Chairman of the Audit Committee and member of the Nominating and Remuneration Committees. Following the Company's Code of Corporate Governance 2012, he has been appointed as the Lead Independent Director on 27 August 2013. He is presently the Managing Partner of K K Wong and Associates, a public accounting firm in Singapore which he founded in 2000. He is also the Managing Director and a substantial shareholder of Soh & Wong Management Consultants Pte Ltd, which he founded in 1988.

From 1989 to 2000, Mr Wong was the Founder and Managing Partner of Soh, Wong & Partners, a public accounting firm. Prior to that, he was an Audit Manager in Deloitte Haskins & Sells, Singapore, an international accounting firm. He is a Member of the Malaysian Institute of Accountants, a Fellow Member of the Institute of Certified Public Accountants Australia and a Member of the Institute of Singapore Chartered Accountants. He also sits on the boards of a number of other listed companies as an Independent Director.



Mdm Luk Ka Lai Carrie (Mrs Carrie Cheong) was appointed as an Independent Director of the Company on 1 July 2009. She is the Chairperson of both the Nominating and Remuneration Committees and a member of the Audit Committee.

Mrs Cheong is a Director and Chief Executive Officer of Carrie Cheong & Ethel Low Consulting Pte Ltd, a company which provides business advisory services, financial management and corporate services. She has extensive experience relating to corporate planning and financial exercises including corporate restructuring, initial public offers, and mergers and acquisitions. Mrs Cheong holds a Master of Business Administration from the University of Brunel, United Kingdom. She is a Fellow of the Association of Chartered Certified Accountants, a Member of the Institute of Singapore Chartered Accountants, a Practising Chartered Secretary and an Associate of The Institute of Chartered Secretaries and Administrators. She also serves as an Independent Director and Chairperson of the Audit Committee on the board of another public-listed company in Singapore.

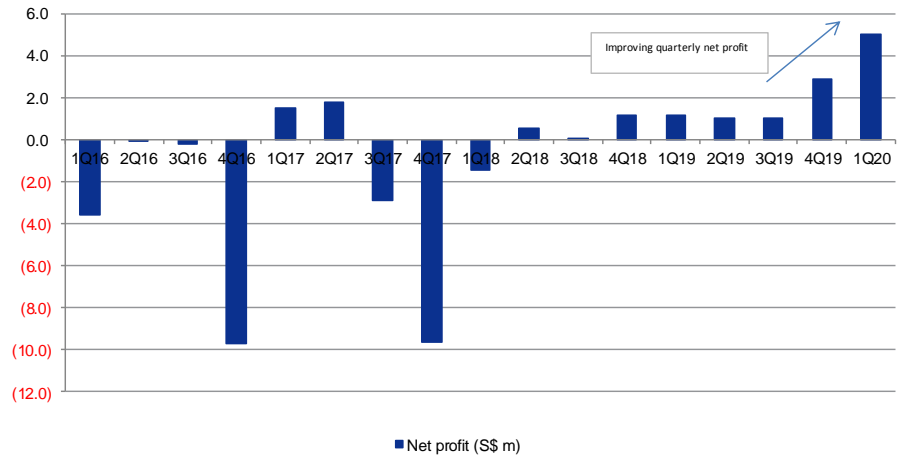
SOURCES: COMPANY REPORTS

Historical financials

Key observations of the past five years' historical financials are:

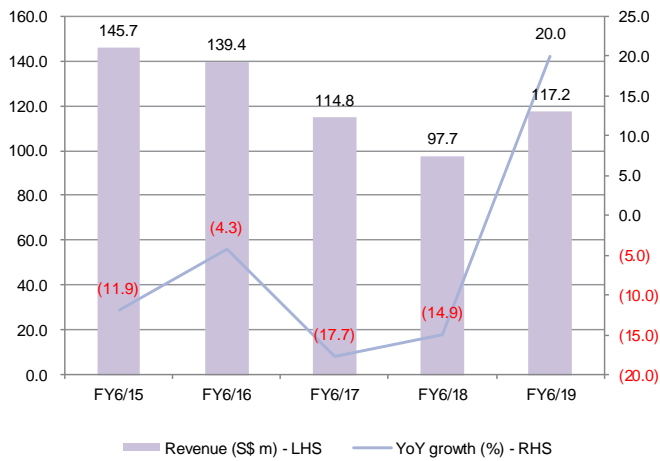
- TWC returned to profitability in 2Q18. For the past three quarters, the group reported consecutively higher qoq net profit (see Figure 5);
- BVPS (Book value per share) fell from S\$1.165 in FY6/15 to a low of S\$1.062 in FY6/17 before recovering to S\$1.087 in FY6/19 (see Figure 13);
- In the past five years, TWC paid dividends except for FY6/17-18. DPS was 0.80 Scts in FY6/15 versus 0.20 Scts in FY6/18-19 (see Figure 14);
- TWC has been free cash flow positive in the past three years (See Figure 16);
- Net gearing hit a high of 0.47x in FY6/16 but fell to 0.35x in FY6/19 (see Figure 17).

Figure 5: Net profit recovery evident since 3Q19



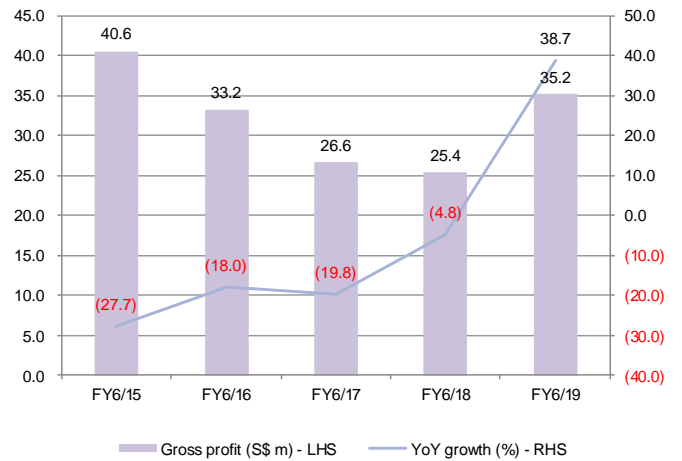
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 6: Revenue grew in FY19 after four years of consecutive decline



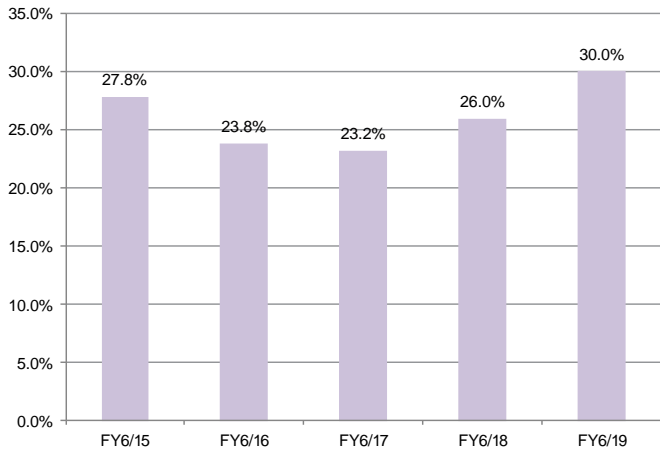
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 7: Gross profit grew in FY19 after four years of consecutive decline



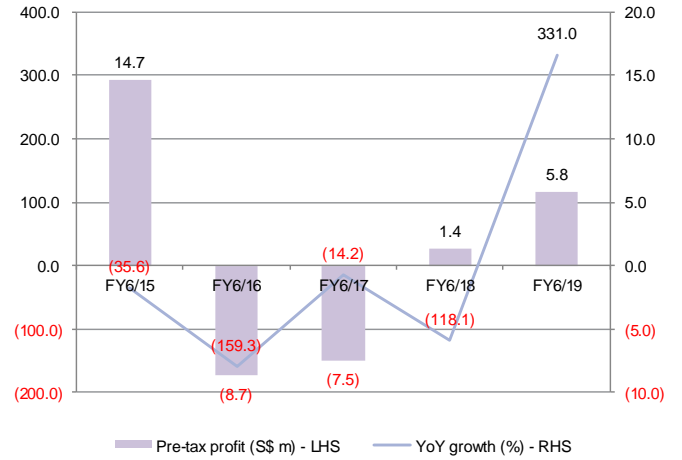
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 8: Gross profit margin reached a 5-year high in FY6/19



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 9: Second consecutive year of positive pre-tax profit in FY6/19



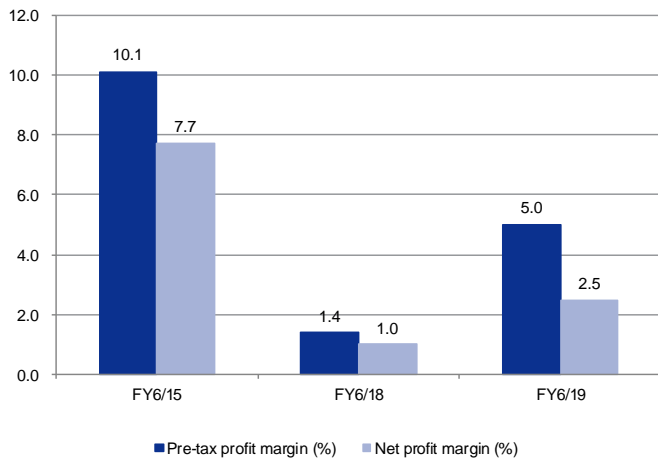
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 10: Profit after tax (\$\$ m) continued to grow in FY6/19



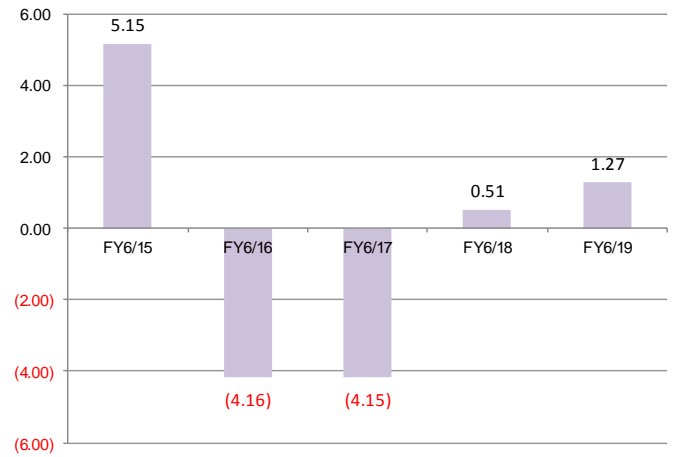
SOURCES: COMPANY REPORTS

Figure 11: PBT and NPM trend (loss-making in FY16-17)



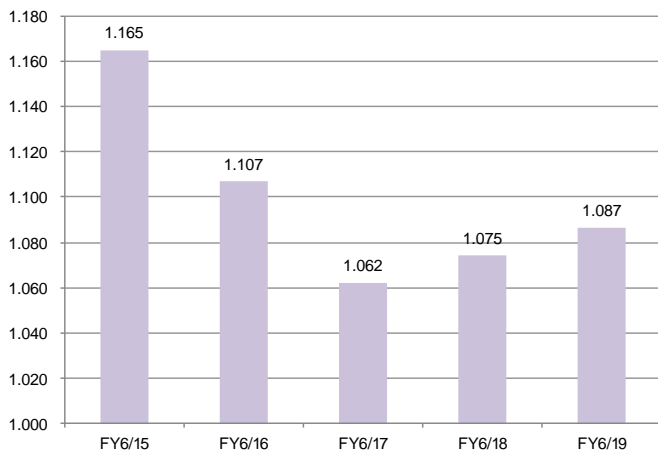
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 12: Historical EPS (Scts)



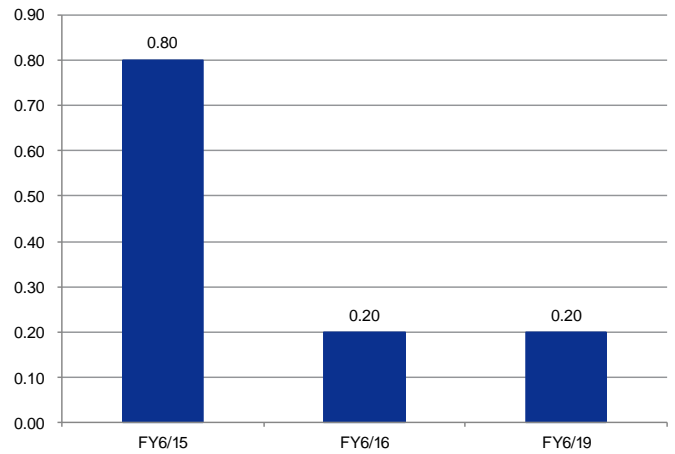
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 13: Historical BVPS (\$)



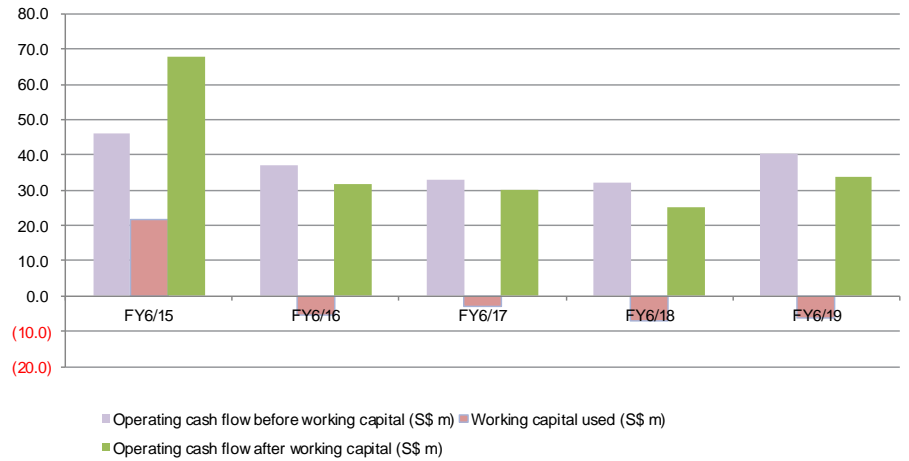
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 14: Historical DPS (Scts) - skipped dividends in FY6/17-18



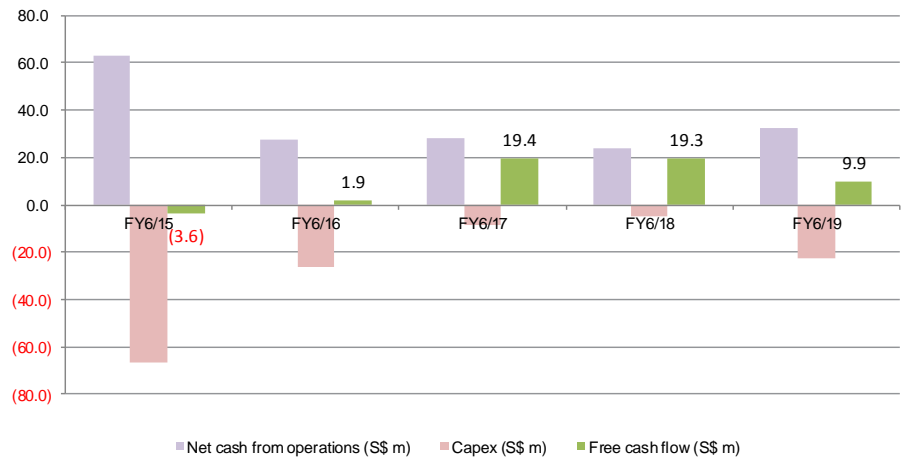
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 15: Operating cash flow trend



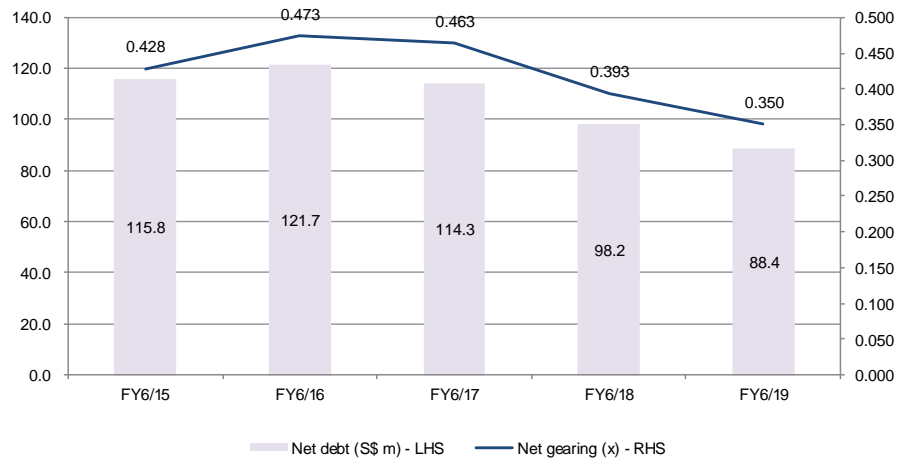
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 16: Free cash flow trend



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 17: Net gearing ratio (x) has declined over the years



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Management discussion on outlook

According to management, the group is cautious as the operating environment continues to be challenging and competitive. Amid an increasingly competitive and uncertain global outlook, the group believes that the major infrastructure projects and pipeline of building projects in the coming years will redefine Singapore's landscape and bring more business opportunities.

With its global network and business presence in Bangladesh, Brunei, China, India, Indonesia, Malaysia, Myanmar, Philippines, Saudi Arabia, Sri Lanka, Thailand and Vietnam, management thinks that the group is in a strategic position to explore new business opportunities and improve its competitiveness in the region.

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Score Range:	90 - 100	80 – 89	70 - 79	Below 70 or	No Survey Result
Description:	Excellent	Very Good	Good	N/A	

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777 companies under coverage for quarter ended on 30 September 2019		
	Rating Distribution (%)	Investment Banking clients (%)
Add	58.8%	0.9%
Hold	26.3%	0.0%
Reduce	14.9%	0.1%

Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2018, Anti-Corruption 2018

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Certified, **CPF** – Excellent, Certified, **CPN** - Excellent, Certified, **DELTA** - Excellent, n/a, **DEMCO** – Excellent, Certified, **DDD** – Very Good, Declared, **DIF** – not available, n/a, **DREIT** – not available, n/a, **DTAC** – Excellent, Certified, **EA** – Excellent, n/a, **ECL** – Very Good, Certified, **EGCO** - Excellent, Certified, **EPG** – Very Good, n/a, **ERW** – Very Good, n/a, **GFPT** - Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Very Good, n/a, **GLOW** – Very Good, Certified, **GPSC** – Excellent, Certified, **GULF** – Very Good, n/a, **GUNKUL** – Excellent, Certified, **HANA** - Excellent, Certified, **HMPRO** - Excellent, Certified, **HREIT** - Excellent, Certified **ICHI** – Excellent, Declared, **HUMAN** – not available, n/a, **III** – Good, n/a, **INTUCH** - Excellent, Certified, **IRPC** – Excellent, Certified, **ITD*** – Very Good, n/a, **IVL** - Excellent, Certified, **JASIF** – not available, n/a, **JWD** – Very Good, n/a, **KBANK** - Excellent, Certified, **KCE** - Excellent, Certified, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** - Excellent, Certified, **KTC** – Excellent, Certified, **LH** - Very Good, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MACO** – Very Good, n/a, **MAJOR** – Very Good, n/a, **MAKRO** – Excellent, Declared, **MALEE** – Very Good, Certified, **MC** – Very Good, Certified, **MCOT** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** - Excellent, Certified, **MTC** – Excellent, Declared, **NETBAY** – Good, n/a, **OSP** – not available, n/a, **PLANB** – Excellent, Declared, **PLAT** – Very Good, Certified, **PR9** – not available, n/a, **PSH** – Excellent, Certified, **PSTC** – Good, Certified, **PTT** - Excellent, Certified, **PTTEP** - Excellent, Certified, **PTTGC** - Excellent, Certified, **QH** – Excellent, Certified, **RATCH** – Excellent, Certified, **ROBINS** – Excellent, Certified, **RS** – Very Good, n/a, **RSP** – not available, n/a, **S** – Very Good, n/a, **SAMART** - Excellent, n/a, **SAPPE** – Very Good, Declared, **SAT** – Excellent, Certified, **SAWAD** – Very Good, n/a, **SC** – Excellent, Declared, **SCB** - Excellent, Certified, **SCC** – Excellent, Certified, **SCN** – Very Good, Certified, **SF** – Good, n/a, **SIRI** – Very Good, Certified, **SPA** - Good, n/a, **SPALI** - Excellent, n/a, **SPRC** – Excellent, Certified, **STA** – Very Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, Declared, **TASCO** – Excellent, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIPCO** – Very Good, Certified, **TISCO** - Excellent, Certified, **TKN** – Very Good, Declared, **TMB** - Excellent, Certified, **TNR** – Very Good, Declared, **TOP** - Excellent, Certified, **TPCH** – Good, n/a, **TPIPP** – Good, n/a, **TRUE** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Very Good, Declared, **UNIQ** – Good, n/a, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – not available, n/a, **WICE** – Very Good, Certified, **WORK** – Good, n/a.

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- Companies certified by CAC

* The company, its director or management had been reportedly accused for breaching proper corporate governance such as violation of the SEC's regulations or charged with corruption.

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Definition:

Add	The stock's total return is expected to exceed 10% over the next 12 months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
Reduce	The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.

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