

## Tiong Woon (TWC SP)

Industrial - Transportation

Market Cap: USD129m

**Not Rated**

Target Price: -

Price: SGD0.35

### Poised To Turn Around This Year

Macro	◆◆◆
Risks	◆◆
Growth	◆◆
Value	◆◆◆



Source: Bloomberg

Avg Turnover (SGD/USD)	0.55m/0.44m
Cons. Upside (%)	14.3
Upside (%)	14.3
52-wk Price low/high (SGD)	0.23 - 0.42
Free float (%)	59

Shareholders (%)	
Ang family	41.4

TWC is an integrated services provider of cranes and other heavy lifting equipment supporting the O&G segment, as well as petrochemical, infrastructure and construction sectors. As exploration and production activities in the O&G segment heighten, we think TWC is in a good position to ride on the rising trend and return to the black this year. The sale of its fabrication yard will also contribute to earnings growth.

- ◆ **Buoyant O&G sector props up growth.** TWC intends to continue its focus on the O&G sector in the region's emerging markets of Myanmar, Vietnam and India. Management believes that opportunities still abound for TWC as these economies develop. It has established an office in Myanmar to further its presence in that country.
- ◆ **Government infrastructure plans to boost growth.** The construction sector in Singapore is expected to benefit from the Government's spending on planned infrastructure as the population continues to grow. The country's construction sector accounts for 10%-20% of TWC's revenue.
- ◆ **A turnaround expected.** TWC's 9MFY13 results showed great improvement on a y-o-y basis, with its 3QFY13 revenue surging 29% y-o-y to SGD45.3m. The company's higher business volumes and improved fleet utilization during the quarter boosted its heavy lift and haulage segment profit before tax four-fold, bringing TWC's total net profit to SGD3.9m, compared with a loss of SGD0.3m a year ago. As a result, its 9MFY13 PATMI rose to SGD13.1m versus SGD0.9m in the same period a year ago. Meanwhile, the company's expected turnaround in FY13 earnings will be further supported by an improving industry backdrop.
- ◆ **Hiving off fabrication yard.** TWC has entered into an agreement to sell its fabrication yard for SGD18.0m. Although Management did not provide any details, we do not discount the possibility of the company paying its shareholders a special dividend.

Forecasts and Valuations	Jun-10	Jun-11	Jun-12	Jun-13F	Jun-14F
Total turnover (SGDm)	148	107	151	0	0
Reported net profit (SGDm)	23.9	1.0	(4.8)	0.0	0.0
Recurring net profit (SGDm)	10.6	(1.3)	(3.2)		
Recurring net profit growth (%)	(70.2)	(112.6)	143.1	(100.0)	0.0
Core EPS (SGD)	0.03	(0.00)	(0.01)		
DPS (SGD)	0.00	0.00	0.01	0.00	0.00
Dividend Yield (%)	1.1	1.1	4.0	0.0	0.0
Core P/E (x)	12.0	na	na	na	na
Return on average equity (%)	12.0	0.4	(2.2)	0.0	0.0
P/B (x)	0.58	0.59	0.73	na	na
P/CF (x)	13.2	2.1	19.7	na	na
EV/EBITDA (x)	15.4	na	na	na	na
Net debt to equity (%)	43.4	32.1	29.0	0.0	0.0
Our vs consensus EPS (%)				(100.0)	(100.0)

Source: Company data, OSK-DMG Estimates

Lynette Tan 65 6232 3895  
[lynette.tan@sg.oskgroup.com](mailto:lynette.tan@sg.oskgroup.com)

## Financial Exhibits

Profit & Loss (SGDm)	Jun-10	Jun-11	Jun-12	Jun-13F	Jun-14F
Total turnover	148	107	151	-	-
Cost of sales	(105)	(82)	(119)	-	-
<b>Gross profit</b>	<b>43</b>	<b>25</b>	<b>32</b>	-	-
Gen & admin expenses	(2)	(1)	(1)	-	-
Other operating costs	(27)	(25)	(32)	-	-
<b>Operating profit</b>	<b>15</b>	<b>(1)</b>	<b>(1)</b>	-	-
Operating EBITDA	15	(1)	(1)	-	-
<b>Operating EBIT</b>	<b>15</b>	<b>(1)</b>	<b>(1)</b>	-	-
Net income from investments	(0)	(0)	1	-	-
Interest expense	(2)	(1)	(3)	-	-
Other non-recurring income	16	3	(1)	-	-
<b>Pre-tax profit</b>	<b>28</b>	<b>1</b>	<b>(4)</b>	-	-
Taxation	(4)	(0)	(2)	-	-
Minority interests	0	0	1	-	-
<b>Profit after tax &amp; minorities</b>	<b>24</b>	<b>1</b>	<b>(5)</b>	-	-
<b>Reported net profit</b>	<b>24</b>	<b>1</b>	<b>(5)</b>	-	-
<b>Recurring net profit</b>	<b>11</b>	<b>(1)</b>	<b>(3)</b>	-	-

Source: Company data, OSK-DMG Estimates

Balance Sheet (SGDm)	Jun-10	Jun-11	Jun-12	Jun-13F	Jun-14F
Total cash and equivalents	38	35	23	-	-
Inventories	3	3	3	-	-
Accounts receivable	119	49	60	-	-
Other current assets	3	4	4	-	-
<b>Total current assets</b>	<b>164</b>	<b>91</b>	<b>89</b>	-	-
Total investments	0	1	4	-	-
Tangible fixed assets	256	284	291	-	-
Total other assets	0	0	1	-	-
Total non-current assets	256	286	295	-	-
<b>Total assets</b>	<b>420</b>	<b>377</b>	<b>384</b>	-	-
Short-term debt	70	57	36	-	-
Accounts payable	24	19	41	-	-
Other current liabilities	3	2	2	-	-
<b>Total current liabilities</b>	<b>97</b>	<b>78</b>	<b>78</b>	-	-
Total long-term debt	68	50	53	-	-
Other liabilities	25	26	27	-	-
<b>Total non-current liabilities</b>	<b>93</b>	<b>76</b>	<b>80</b>	-	-
<b>Total liabilities</b>	<b>190</b>	<b>153</b>	<b>158</b>	-	-
Share capital	77	77	87	-	-
Retained earnings reserve	148	145	139	-	-
Other reserves	(1)	(4)	(4)	-	-
<b>Shareholders' equity</b>	<b>225</b>	<b>219</b>	<b>222</b>	-	-
Minority interests	5	5	4	-	-
Other equity	-	(0)	-	-	-
<b>Total equity</b>	<b>229</b>	<b>224</b>	<b>226</b>	-	-
<b>Total liabilities &amp; equity</b>	<b>420</b>	<b>377</b>	<b>384</b>	-	-

Source: Company data, OSK-DMG Estimates

## Company Profile

Tiong Woon, an integrated services provider for the oil & gas and petrochemicals industries, also specialises in the installation and of heavy lift and process equipment. In its IC50 2012 survey, International Cranes and Specialised Transport - a reputable trade magazine - ranked Tiong Woon as the 14th largest crane owning company worldwide. It is one of the top 10 global companies in terms of crawler crane ownership as well as among the world's top 10 to have the single largest crane of 1,600-tonne lift and above, namely, its *Terex Demag CC 8800-1* crane.