

## TIONG SENG HOLDINGS: Record \$1.4 Billion Orderbook, Highest Among Listed Contractors



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**STATION AND alignment details of the upcoming Thomson MRT Line were unveiled recently, creating a buzz among stock investors over which companies could benefit from the S\$18-billion project.**

Among contractors, mainboard-listed Tiong Seng Holdings is expected to be a beneficiary. It will be bidding for jobs on the new MRT Line, said its CEO, Pek Lian Guan, during a recent meeting with NextInsight.

The company currently is working on a section of Downtown Line 2.

Its joint venture with GS Engineering and Construction (South Korea) clinched the contract to design and construct the Hillview and Cashew MRT stations and tunnels in the Upper Bukit Timah area.



Pek Lian Guan, CEO of Tiong Seng Holdings, with a model of a crane newly acquired by his company. Photo by Leong Chan Teik

Tiong Seng, which is not extensively covered by analysts, was listed on the Singapore Exchange in 2010.

It has a market cap of S\$165 million, based on a recent stock price of 21.5 cents (which is still below its IPO price of 28 cents).

The 12-month trailing PE looks rather low at just 6X. The recommendations of two analysts who cover Tiong Seng are as follows:

Research house	Analyst	Recommendation	Target Price	Date	1-year return
DBS Vickers	Derek Tan	Buy	0.25	6 March 2012	21.62%
Kim Eng Securities	Yi Tung Ooi	Buy	0.33	21 Feb 2012	21.62%

Aside from its potential to win Thomson MRT Line contracts, Tiong Seng is a company to take note of for reasons including:

> **Orderbook:** Its construction order book stands at S\$1.4 billion currently, the largest among contractors listed on SGX.

The order book is expected to be fulfilled in the next 12 – 30 months.

Tiong Seng's on-going projects include The Wharf Residences, Volari, Park Royal Hotel at Upper Pickering Street, Tree House, NUS Staff Housing at Kent Vale projects, HDB Waterway Terraces 1 and 2, Hundred Trees and The Glyndebourne.

Recently, Tiong Seng also clinched a \$137 million contract to build Phase 2 of Singapore Institute of Management's HQ campus extension, as well as a 16-storey warehouse development and bus interchange at Benoi Road and Joo Koon Circle worth S\$229 million from NTUC Fairprice Co-Operative Limited.

As the list indicates, Tiong Seng is a versatile contractor. It has undertaken construction for private and public sectors in different categories --- residential, commercial / hotel, institutional and civil engineering.

Tiong Seng	
Recent stock price	21.5cts
Market cap	S\$165m
PE	6.1 X
Dividend yield	4.7%
<i>Bloomberg data</i>	

> **Innovative:** Tiong Seng is a pioneer in a number of areas. For example, in May 2012, it officially opened its pre-fab hub, which is Singapore's first and only automated pre-cast manufacturing facility.

Costing S\$36 million, the facility in Tuas uses German automated technology. This will result in further production savings when the factory reaches its optimal utilisation rate, said Mr Pek.

Since 2005, Tiong Seng has been designing and producing pre-cast components for use in most of its projects, making it a standout among contractors in Singapore.

> **Established:** Tiong Seng is 53 years old this year, making it one of the most established construction contractors around.

Several of its major projects in recent years, both on its own or through joint ventures, have become icons in the Singapore landscape, including:

- \* St Regis Hotel;
- \* Marina Bay Financial Centre;
- \* Luxury hotel Capella Singapore;
- \* Resorts World Sentosa.



A 40-60 joint venture between Tiong Seng and Kajima (Japan) built the integrated resort on Sentosa within 20 months, using 900 skilled workers. The JV also invested \$40 million in advanced formwork to raise worksite productivity.

> **Leadership:** A market leader, Tiong Seng Holdings holds the highest A1 grading from the Building and Construction Authority (BCA) in both the civil engineering and general building categories. This grade is a prerequisite for undertaking construction projects of unlimited value in the public sector.

Tiong Seng's CEO, Pek Lian Guan, started his career at Tiong Seng Contractors after graduating with a Bachelor of Civil Engineering (First Class Hons) from Loughborough University of Technology, United Kingdom, in 1989.

His father, Pek Ah Tuan, is one of the founders of Tiong Seng.

*This article is the first of 2 on Tiong Seng. Part 2 elaborates on certain areas of business. Click: [TIONG SENG: Managing rising costs with productivity innovation](#)*