

## **BUSINESSMAN OF THE YEAR**

Roland Ng  
President/Group CEO  
Tat Hong Holdings

### **BACKGROUND**

Tat Hong was set up in Singapore in the 60s as a battery and tyre service shop. In the 70s it started trading in earth moving equipment and eventually into cranes. Over the years, it has grown into one of the biggest suppliers of cranes and heavy equipment in the region. Tat Hong is listed on the Singapore Exchange while its wholly owned subsidiary, Tutt Bryant Group, is listed on the Australian exchange.

In the annual survey conducted by UK-based publisher "International Cranes", Tat Hong was rated:

- The biggest crane company in Asia Pacific specialising in 70-800 ton cranes
- World's Number 1 in terms of quantity of crawler cranes
- Asia's Number 1 in terms of aggregate tonnage
- World's Number 7 in terms of aggregate tonnage, up from its previous ninth position.

Over the past three decades, Tat Hong has expanded its operations to Malaysia, Hong Kong, Thailand, Indonesia, China, Japan, Vietnam, Australia and Middle East, allowing the company to bring its services closer to its customers.

The company maintains a fleet of more than 600 cranes of lifting capacities ranging from 70 to 800 tonnes. In addition, through its Australian subsidiaries, the group also provides plant and equipment hire, general equipment and heavy haulage in the construction and mining industries.

Through constant upgrading of its workforce and machines, the company strives to maintain its market leader position, and continues to provide practical lifting solutions to its customers to provide effective solutions to contractors on their equipment requirement.

## **RECENT ACHIEVEMENTS**

Tat Hong is riding on the rising number of oil and gas and infrastructure projects in the Asia-Pacific, particularly in Australia's Northwest Shelf. Meanwhile, EQ Hire, one of its Australian subsidiaries, which has a strong general equipment rental business in Western Australia and New South Wales, will boost its profits going forward.

The company, which was first listed on the Australian Stock Exchange in September 1997, launched its secondary listing on the Singapore Exchange in 2000 with an IPO offer of 30 cents a share. In 2004, it delisted from the Australian Stock Exchange. In December 2005, it listed its Australian arm, Tutt Bryant Group, on ASX. Tat Hong still owns approximately 70% of Tutt Bryant Group.

In 2005, Tat Hong acquired a 23 per cent stake in Fushun Yongmao Construction Machinery Co in China, to make and sell cranes in the vast Chinese market. Through its subsidiary, Sunfield Investments, it bought a 30% stake Fushun Yongmao Construction Machinery Co Ltd (Yongmao). Yongmao whose principle business is the design, manufacture and sale of tower cranes and components and accessories, was recently listed on the Singapore Exchange. Tat Hong invested about \$3.5 million in Yongmao three years ago. Post IPO, its 15% stake in the company would be worth \$23.3 million (based on the IPO price).

After a pre-IPO restructuring, Tat Hong's stake in Yongmao is pared to 21.1%. Yongmao is selling 111.5 million shares at 35 cents each with a PE ratio of 9.9 times. The company expects to raise \$35.4 million of which \$31.6 million will be used for the construction of a new manufacturing facility and to acquire plant and machinery.

It secured a five-year contract worth RMB\$87.5 million from Sky China Petroleum Services and a four-year contract worth US\$10.8 million with a China National Oil Company - both contracts to be carried out through joint ventures with Singapore-listed KS Energy Services.

In Vietnam, it has incorporated a 70-per-cent-owned subsidiary to provide equipment sales, rental and services. The group is also the distributor for Hitachi construction equipment products in the country.

In Indonesia, the focus is on distribution of both new and used equipment. Another unit has also been incorporated in the archipelago where Tat Hong is distributor for Mitsubishi graders, Sumitomo excavators and Saki Rollers.

In December 2006, Tutt Bryant Group acquired a Queensland-based equipment hire company, North Sheridan, for A\$31.7 million along with A\$19 million in

finance liabilities. This acquisition strongly complements its general equipment hire business and it provides a platform for further expansion. Tutt Bryant currently has 500 employees and 35 operational locations.

In January 2007, Tat Hong announced a strategic joint venture with Beijing Zhongjian Zhenghe Construction Machinery, the largest tower crane rental company in China. This was followed in April by its acquisition of a 76.4 per cent stake in Jiangsu China Nuclear Industry Huaxing Construction Machinery, a provider of tower crane rental, heavy lifting equipment and related services with a special focus on the Chinese nuclear industry.

These new ventures will accelerate Tat Hong's penetration of the Chinese market. From a recent share exercise where \$256.7 million was raised, \$20 million has been earmarked for expansion of its business and operations in China.

The outlook for the group remains positive, spurred by the ongoing construction boom in the Middle East and the highly participated projects such as the two major integrated resorts, Jurong Island Helios Terminal Project, Bulk Liquid Storage and Blending Facility Projects and Shell Eastern Petrochemical Complex in Singapore. It hopes to garner new contracts in Singapore's future projects such as new MRT extension, Airport Terminal 4 and Kallang Sports Hub.

The company gets 70 per cent of its revenue from Australia, while the rest is from ASEAN. In short, Tat Hong is a true Singapore multinational. The company has also been enjoying robust growth quarter-on-quarter, year-on-year.

Tat Hong also has a 30.5% stake in SGX-listed CSC Holdings which does foundation work. Recently CSC clinched a foundation works contract for Phase Two of the Marina Bay Financial Center Commercial Tower taking its order book to \$447 million. The latest contract was one of four foundation works secured by CSC since the beginning of the year. The other three are Alexandra Industrial Park, Lonza Biologics Plant (Phase Three) at Tuas, and public housing projects at Choa Chu Kang/Yishun.

## **FINANCIAL PERFORMANCE**

Tat Hong's net profit soared 83 per cent to a record \$84.2 million in FY2007, which included non-recurring gains of \$32.6 million from the disposal of shares in CSC Holdings Ltd. The strong growth was buoyed by the region's fast growing oil and gas and infrastructure sectors.

It has delivered exceptional shareholder value for the sixth consecutive year, with earnings per share growing 77 per cent to 17.10 cents. As at March 31, 2007, the group maintained a healthy balance sheet and solid working capital with \$44.8 million cash on hand.

For the first six months of FY2008, Tat Hong reported yet another set of sterling results. The group's net profit surged 112 per cent to \$46.2 million, on the back of a 40 per cent increase in revenue to \$298.3 million. Revenue growth was recorded across all business segments, with the group's crane rental division registering the strongest growth of 119 per cent to \$45 million.

The group recorded its maiden contribution from the newly acquired Australian subsidiary, Muswellbrook Cranes Services, as well as ongoing projects in the Middle East like Palm Jumeirah and Steel Mill.

Strong demand from the industrial and infrastructure sectors, as well as non-residential and resource-related projects, both in the Asia Pacific and the Middle East, has led the group's equipment sales to increase by 34 per cent from \$55.4 million to \$74.2 million.

General equipment rental also contributed 18.5 per cent of the group's total revenue. This came mainly from the group's newly acquired North Sheridan Pty Ltd, Australia.

The group's parts and services division grew 14 per cent to \$11.5 million on the back of stronger demand for high value spare parts and load indicators, as well as load testing services.

Its training academy for crane operators and courses for forklift drivers contributed the balance 7.1 per cent to total revenue for 2QFY 2008.

Looking forward, Mr Ng remains optimistic about the industry, in view of better pricing for both sales and rental rates. The group is optimistic about performing well in China as the construction machinery rental market, at \$80 billion in 2006, is estimated to double by 2010.

## **SHARE PRICE PERFORMANCE**

At the close of trading on Dec 29, 2006, Tat Hong shares stood at \$1.18, up 76.1 per cent from \$0.67 as at Dec 30, 2005. Market capitalisation stood at \$533.4 million as at Dec 29, 2006, ranking it No 145 on the local bourse.

As at Dec 31 2007, Tat Hong jumped 66 positions to rank 79<sup>th</sup> with a market cap of \$1,732.7 billion, a change of 224.8% from a year ago. Its share price closed at \$3.42, up 289% from a year ago.

**FINANCIAL SUMMARY**  
**Tat Hong Holdings Ltd**

Million (S\$)	2004	2005	2006	2007	2008 (9 months)
Turnover	231.9	308.7	407.7	482.5	456.2
Pre-tax profit	18.3	27.4	57.7	97.4	95.2
Net Profit	14.1	20.8	46.1	84.2	70.7
EPS (cents)	3.43	4.52	9.66	17.10	12.13

**FINANCIAL SUMMARY**  
**Tutt Bryant Group (Australia)**

Millions (A\$)	2005	2006	2007
Turnover	152.3	201.8	231.1
Pre-tax profit	8.2	16.5	21.2
Net Profit	5.1	12.4	12.8
EPS (cents)	104.1	37.84	15.65

**FINANCIAL SUMMARY  
CSC HOLDINGS LTD**

Millions (S\$)	2004	2005	2006	2007	2008 (six months)
Turnover	93.1	76.9	107.3	126.7	185.0
Pre-tax profit	2.8	2.3	4.8	11.2	25.4
Net Profit	1.8	2.1	4.4	9.3	20.2
EPS (cents)	0.28	0.24	0.38	0.87	1.71
NAV (cents)	5.2	5.4	6.0	7.9	9.7

*As of 26 March 2008*