

Issuer: MS Holdings Limited
Security: MS Holdings Limited

Meeting details:

Date: 29 August 2016
Time: 10:00AM
Venue: Raffles Marina, 10 Tuas West Drive, Singapore 638404

Company Description

MS Holdings Limited, an investment holding company, provides crane rental services in Singapore. It rents mobile cranes and lorry cranes; trades in mobile cranes and related equipment; and provides project logistics management and services. The company has a fleet of approximately 33 mobile cranes and lorry cranes with lifting capacities ranging from 25 tons to 750 tons. It serves customers in construction, marine, logistics, oil and gas, and infrastructure industries. The company was incorporated in 2014 and is headquartered in Singapore.

Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=40U

1. In the IPO offer document, \$2.4 million (or 48%) of the proceeds from the issue of new shares was earmarked for the “development of mobile crane trading business”. Since the IPO in November 2014, there has been no update on this initiative other than the exclusive distributorship from Cormach S.r.l. which was announced by the company in August 2015. In the annual report 2016, there was no further mention of the progress made in the trading business. However, the company did announce three other distribution agreements that it had entered into with Jekko S.r.l., Soosung Motors Technology Co., Ltd and JMG Cranes S.r.l. in August 2016. **Would management explain in detail the plans for the trading business and provide more details on the progress made? What kind of investments would be required and what are the targeted returns?**

2. Revenue for the group has been steady at about S\$17 million over the past 4 years. Given the headwinds in the various industries where the customers are in (construction, marine, logistics, oil & gas and infrastructure), this is fairly commendable. However, the gross profit margin has decreased steadily from 46.8% in FY2013 to 31.1% in FY2016. Profit net of tax, attributable to owners of the Company, was just \$407,000 in FY2016. **Could management share their views on the competitive landscape of crane rental business and if the gross profit margin could be further eroded? Specifically, the company has invested \$7.8 million in a 750 tonne mobile crane (Liebherr LTM 1750-9.1). What is the overall utilisation of the fleet and specifically of the 750 tonne mobile crane? Has the Liebherr 1750 met management’s expectations?**

3. In January 2016, the company entered into a binding conditional term sheet relating to the proposed investment into Murray Prince Pte Ltd. Had the investment proceeded, the group would have diversified into property development of residential towers (with ancillary commercial space) in Western Jakarta. The group does not appear to have no direct expertise in real estate development nor any local knowledge of real estate in Jakarta. **Although the term sheet expired in May 2016, shareholders would like the board to explain its rationale for approving the proposed investment.** This is not the ordinary course of the group’s business and would alter the risk profile of the group significantly.