

AI and sustainability underpin new growth drivers for Swan & Maclaren

Executive chairman Robert Yap aims to push the 132-year-old architectural firm towards a billion-dollar valuation

By Genevieve Cua
gen@sph.com.sg

SWAN & Maclaren (S&M), widely regarded as Singapore's oldest architectural firm, counts iconic landmarks such as the Raffles Hotel and Victoria Concert Hall among its creations.

But can the 132-year-old company thrive in today's technology-driven era?

Thanks to a recharged management team, fading into obscurity is unlikely. S&M has mapped out new engines of growth to drive revenue and profits. It has assembled a fresh cohort of individual investors, and is also open to the prospect of a public listing at some point in the future.

The turning point was arguably the entry of veteran architect Lim Chai Boon, who joined the firm in 2011 and oversaw its corporatisation and regional expansion. Lim is group chief executive officer. S&M currently has 10 offices in the region; total staff strength is around 165.

Now the partners have roped in Robert Yap as executive chairman.

Yap was the former chairman of the Sunseap Group who helped to propel Sunseap to become Singapore's largest clean energy solutions provider. Sunseap is now called EDPR Sunseap following its sale to EDP Renewables for an enterprise value of S\$1.1 billion in 2022.

Yap aims to drive S&M towards a billion-dollar valuation.

With his corporate experience building up Sunseap, he said that he is convinced that Singapore companies with "good pedigree, good management structure, very good DNA and business proposition" can become unicorns.

"Swan & Maclaren stood out for



Robert Yap says that the group is already generating strong revenues and has profit margins that are in double digits. PHOTO: SWAN & MACLAREN

me as a company with the right formula and mix behind it – in terms of thought leadership, financial engineering and going to market to bring in the best-of-class investors, and then building the strategy to scale up and catch the waves or winds of change in the industry," he said. "It will be very interesting to unlock the value of the group."

Much potential

S&M's ambitions span architectural design, which includes the possibility of luxury senior-living projects in Singapore, drawing on its experience building healthcare facilities, as well as incorporating sustainability in the built environment for offices and the transformation of existing buildings.

There is also the potential of the illumination business, tapping on eco-lighting solutions.

S&M recently clinched a US\$28 million contract to illuminate the Six Flags Qiddiya theme park, its first for a mega theme park in the Middle East. Yap expects the next leap to be "immersive entertainment" which spans audio, content and user interaction.

"We realised that the business is going to grow dramatically as we step into the future," he noted. "Sustainability relates very well to what I was involved in at Sunseap. We look at sustainability solutions, smart buildings, energy management and storage systems. The integration of renewable energy with construction touches on the mate-

rials, such as lighting and paints."

The firm aims to monetise its intellectual property, which includes designs and schematics, and even data for carbon reporting.

It has partnered Johnson Controls, for example, a leader in smart buildings delivered through Johnson's "OpenBlue" artificial intelligence (AI)-driven platform. Other major partners include Microsoft and Huawei, the latter for battery storage systems.

S&M has formed a new unit to further develop the intellectual property that the partnerships could develop.

"SM CoLab is the unit we have built to harness intellectual property, and on top of it, build capabilities such as business, financial

and technological modelling," said Yap.

In May this year, Microsoft announced a collaboration with Enterprise Singapore to offer AI capabilities to small and medium-sized enterprises, where companies can tap Microsoft's generative AI tools such as Azure OpenAI and Copilot.

The tie-up with Microsoft would enable S&M to offer tools for prototyping for architectural design and construction, using its own proprietary data, schematics and design standards – neatly packaged into a revenue-generating software-as-a-service model.

"We are talking about 3D conceptualisation, rapid renderings integrated with the design platform, all on the cloud," he added.

"Using generative AI, the prototyping that normally takes months shrinks into a matter of days to produce a final draft or representation. It could be as simple as the design of a single villa or master planning for 600 villas or a commercial building. We see this as a major disruptor.

"We are not tool builders or platform builders. We are planners, architects, designers and project managers. The design data and schematics of our builds, the frameworks and how we do it – all that is proprietary."

For Yap, one of the biggest clinchers in his decision to join S&M was that the firm is already generating strong revenue and is profitable.

"S&M is a very profitable company, unlike Sunseap which was Ebitda-positive; but from an after-tax perspective, it was not profitable. But there was a lot of value in Sunseap in terms of growth," he said. Ebitda refers to earnings before interest, taxes, depreciation and amortisation.

"S&M is profitable from the get-go. Our financial numbers are healthy, and in 2022 there was a proposal to list on Catalist. We decided against that quite quickly – in favour of heading for the mainboard. Why not wait three more years and grow S&M into a group with a market capitalisation exceeding S\$350 million to S\$400 million?"

Strong figures

Revenues in 2022 exceeded S\$25 million, and surged to S\$40 million in 2023.

"This year, the (revenue) numbers are quite far north of that. Based on the business pipeline, we're quietly confident that revenues in 2025 will exceed S\$100 million," noted Yap.

Profit margins, he said, are in double digits. In addition to key individual investors, he believes S&M would benefit from a "strategic" investor who can offer patient, growth capital.

The firm is also open to acquisitions.

"Acquiring for growth's sake is a slippery path and can be dangerous for any business. But acquiring to strengthen the company's business strategy, and bring in new leadership and talent, while being financially accretive, is our ultimate goal and involves a lot of hard work," he said.

Due diligence for acquisitions is taken seriously and "it's not uncommon that we reject 99 per cent before spotting a real gem", he added.

"But I'm looking for that diamond in the rough that can fit into the company. Thankfully we've identified a handful that potentially can work with us and grow the company, and culturally fit into our narrative."

Singapore handled 16.9m TEUs in first 5 months of 2024: MPA

By Jessie Lim
ljessie@sph.com.sg

CONTAINER volumes continue to see strong growth, with Singapore handling 16.9 million 20-foot equivalent units (TEU) worth of container volumes in the first five months of 2024.

This was 7.7 per cent higher than in the same period last year, the Maritime and Port Authority of Singapore (MPA) said on Saturday (Jun 8).

Major container lines, including CMA CGM and ONE, have moved more container volumes through Singapore from January to May this year compared to the year-ago period, MPA added.

MPA's statement was made in response to media queries. *The Business Times* had earlier reported that port congestion in Singapore has forced some liners to skip the world's top transshipment hub, as delays in the city-state have reached "critical levels" of up to seven days. These included CMA CGM, which had omitted Singapore as a port of call. At least two of its vessels have done so on the grounds of "schedule recovery", according to industry intelligence website Linerlytica.

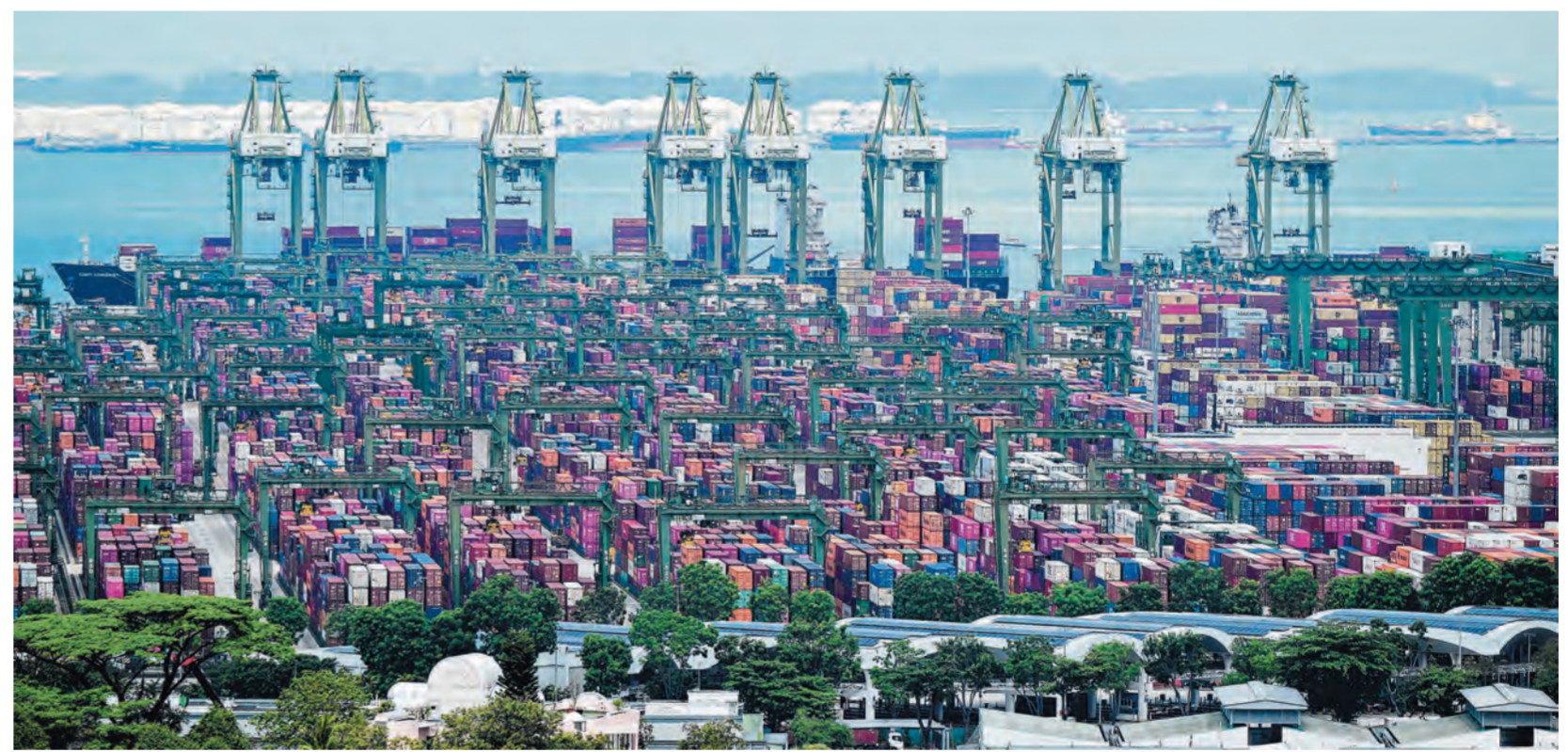
"The demand for capacity remains strong as container lines continue to collaborate closely with PSA, MPA, the Ministry of Transport, together with the unions, to grow their container volumes through Singapore," MPA said.

There has been a significant increase in vessels arriving at Singapore ports since the beginning of 2024 due to attacks by Yemen's Houthi rebels on merchant vessels near the Red Sea since last November.

This has forced major carriers plying between Asia and Europe to take an extended route around the Cape of Good Hope off South Africa, instead of the shorter one through the Red Sea.

"The diversion of vessels around the Cape of Good Hope has disrupted vessel arrival schedules at major ports around the world with off-schedule arrivals and has caused a vessels bunching effect," MPA said in an earlier statement in May.

The increased demand on container handling in Singapore is a result of several container lines discharging more containers in Singapore as they forgo subsequent voyages to catch up on their next



schedules. To address the situation, PSA has added more manpower and container handling capacity, by reactivating older berths and yards that were previously decanted at Keppel Terminal, and accelerating the commissioning of new berths.

The increased demand on container handling in Singapore is a result of several shipping lines discharging more containers in Singapore as they forgo subsequent voyages to catch up on their next schedules.

PHOTO: BT FILE

Tough stance on board renewal has helped to spur recruitment of more women directors

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Of the record 71 first-time directors appointed last year, there was one woman director for every two male directors.

The big question is whether this new generation of IDs, and the growing number of women among them, will necessarily lead to more independent and effective corporate boards.

Will benefits shine through?

As an investor, I am sceptical. IDs are essentially recruited by a company's controlling shareholders and management. They do not per-

sonally have any incentive to question the company's business strategies or push for the monetisation of its idle assets.

It seems unlikely to me that the growing number of first-time IDs and women IDs will necessarily result in locally listed companies garnering better market valuations, or staunch the flow of companies being taken private for much less than the value of their underlying assets – at least, not without other forms of regulatory action.

This column has previously argued that market regulators ought to adopt a more prescriptive stance on the manner in which companies

are valued in take-private transactions, especially when the company in question holds assets that have plainly visible private market valuations. For example, would it be fairer for minority investors if market regulators required real estate companies to be valued at a minimum of their net asset value when they are taken private?

This would reduce the incentive for controlling shareholders to attempt taking their companies private, versus enhancing the public market value and trading liquidity of those companies.

With the interests of controlling shareholders and minority inves-

tors brought into better alignment by such prescriptive rules, the full benefits of refreshed and more diverse boards might shine through.

Just as SGX RegCo's tough line on board renewal helped spur greater participation by women directors, a stricter approach in take-private deals could result in value-unlocking initiatives that benefit minority investors and lead to a more vibrant market.

'Mark to Market Live' will take place at Guoco Midtown Network Hub on Saturday, July 13 from 9.30 am to 12.30 pm. Tickets cost S\$25 (subscribers) and S\$45 (public). Register now at bt.sg/m2m24. BT Subscribers, look out for the special promo code sent to your email.

Stable teams could become greater differentiator in private markets

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performance," the researchers said.

They concluded that a comprehensive team assessment should emphasise a team's ability to adapt to different economic cycles and a changing market environment.

"Astute managers recognise the value of team evolution and that deep operational/industrial expertise is required to unlock value in a business and create subsequent value for investors."

Andrew Tan, Asia-Pacific chief executive and head of Asia-Pacific private debt at Muzinich & Co, said that team composition is a major differentiating factor for the credit-focused investment firm.

"We have backgrounds spanning both private financing as well as distressed debt; so when it comes to... working out situations that have not gone according to plan, we have the toolkit (and) ex-



Andrew Tan, Asia-Pacific chief executive and head of Asia-Pacific private debt at Muzinich & Co, notes that team composition is a major differentiating factor. PHOTO: MUZINICH & CO

perience to do that," he said.

Tan added, however, that what is most important is the retention of a strong core. "Even if the people at the periphery change, it won't have an impact on (performance) too much."