UPDATE | SYSTEMS INTEGRATION ▪ SINGAPORE

CSE GLOBAL LTD.

(CSE SP / 544.SI)

Backlog-rich; margin recovery and Jefferies optionality decide the rerating

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Investment Highlights

- **Revenue visibility remains the strongest part of the story.** 1H26 revenue rose 27.4% and the S$620.4m order book was 8.1% higher y/y. Our model reaches S$1.13bn FY26E revenue and S$1.60bn by FY30E, with Electrification providing about 65% of the FY25-FY30 increment.
- **Value conversion is the near-term debate.** Gross margin fell 410bp and adjusted PATMI declined 12.4% despite the revenue surge. The base DCF requires a 13.0% 2H26 adjusted EBITDA margin versus 7.4% in 1H26, leaving execution as the principal forecast risk.
- **Jefferies makes the review credible, not certain.** Heliconia requested the process and an EOI preceded it, but no price, scope or substantive progress had been disclosed. We keep review optionality outside our DCF and frame S$1.51-S$1.89 as a 20%-50% event-premium reference to the S$1.18 unaffected price.
- **Medium-term estimates rise even as the target falls.** FY27E/FY28E EBIT increases 13%/26% versus our FY25 note. The TP moves to S$1.70 from S$1.79 because we raise WACC to 9.0%, use current net debt and standardise the enterprise-value bridge; the prior note's S$1.79 was not a clean like-for-like base.

Valuation & Action.

We *reiterate* our **OUTPERFORM** rating on CSE GLOBAL LTD. with a 12-month target price of **S$1.70** (previously S$1.79), based on our DCF using a 9.0% WACC and 2.0% terminal growth. A full-vesting/cash-exercise Amazon-warrant cross-check is S$1.61.

Risks.

A slower H2 margin recovery; unawarded data-centre pipeline not converting; greenfield execution losses; working-capital and refinancing pressure; SEI integration/PPA; strategic-review delay or an unattractive/no-deal outcome; and Amazon warrant dilution.

OUTPERFORM	
Last close (S$)	1.18
12M Target Price (S$)	1.70
Previous TP (S$)	1.79
Upside / (Downside) (%)	44.0%
TRADING DATA	
Market Cap (S$mn)	867.80
Issued Shares (mn)	729.24
3M Avg Daily Vol (mn)	11.46
3M Avg Daily Val (S$mn)	15.05
Free Float (%)	82.32
MAJOR SHAREHOLDERS (%)	
Temasek Holdings Pte Ltd	13.9%
Lim Boon Kheng	3.7%
Oversea-Chinese Banking Corp	1.6%

Financials & Key Operating Statistics

YE Dec (S$'000)	2024	2025	2026F	2027F	2028F
Revenue	861,173	968,919	1,133,547	1,283,850	1,406,101
Net Profit	26,345	37,492	65,145	90,806	111,959
EPS (adj. S$ cents)	3.63	5.15	8.93	12.45	15.35
EPS growth (%)	17.7%	41.9%	73.6%	39.4%	23.3%
DPS (S$ cents)	2.40	2.60	2.23	2.49	3.07
Div Yield (%)	2.0%	2.2%	1.9%	2.1%	2.6%
Net Profit Margin (%)	3.1%	3.9%	5.7%	7.1%	8.0%
P/E (x)	33.1x	23.3x	13.4x	9.6x	7.8x
EV/EBITDA (x)	10.6x	10.5x	7.6x	6.0x	5.2x

Source: Company data, KGI Research estimates

Business Updates

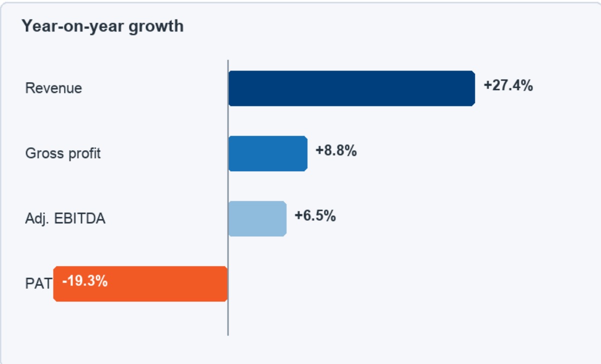
1H26: scale up, returns down

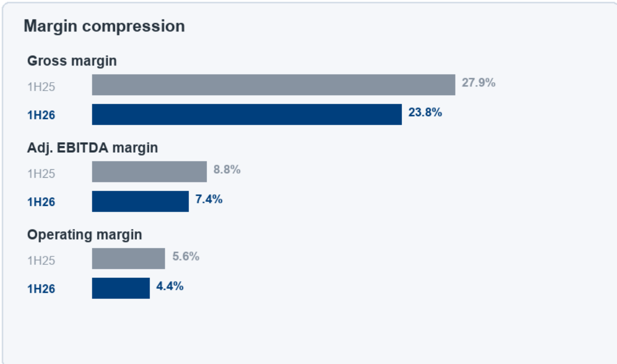
The headline beat was revenue, not earnings. Revenue grew 27.4% to S$561.5m, but gross profit rose only 8.8%, adjusted EBITDA 6.5% and reported PATMI fell 19.3%. The S$120.6m revenue increment generated only S$10.8m of incremental gross profit and S$2.5m of incremental adjusted EBITDA, equivalent to 8.9% and 2.1% incremental margins. We view the growth engine is working, but the current datacentre/greenfield mix is not yet converting scale into returns. We therefore distinguish order-driven revenue visibility from margin and cash-conversion confidence.

Adjusted does not mean unaffected. The adjusted numbers remove a S$1.3m irrecoverable payroll-related tax and offset this with S$0.5m of disposal gains. The S$5.3m Automation wind-down cost remains inside adjusted EBITDA, while the S$6.7m greenfield item is a margin shortfall rather than a separately booked expense; neither should be mechanically added back to profit.

Figure 1: CSE Global 1H26 financial results

S$m unless stated	1H25	1H26	YoY / Δ
Revenue	440.876	561.472	+27.4%
Gross profit	122.972	133.741	+8.8%
Gross margin	27.9%	23.8%	-4.1ppt
Adjusted EBITDA	38.929	41.446	+6.5%
Adjusted EBITDA margin	8.8%	7.4%	-1.4ppt
Reported PATMI	16.296	13.159	-19.3%
Adjusted PATMI	15.877	13.904	-12.4%
Basic / diluted EPS	2.31c	1.82c	-21.2%





Source: Company data

Order book is healthy, but absorption outruns replenishment

Backlog remains high in absolute terms, but the direction has turned. The 1H order book of S$620.4m was 8.1% above 1H25, yet 12.6% below FY25 as a 0.84x 1H book-to-bill and strong execution drew down the opening balance. Our base case keeps quarterly revenue around S$285m in 2H but closes FY26 at S$562.6m.

Figure 2: CSE Global 1H26 financial results and KGI's forecast

Metric	1Q26A	2Q26A	3Q26E	4Q26E	FY2026E	Evidence / treatment
Opening order book	709,520	716,023	620,407	600,114	709,520	Q1/Q2 reported; Q3/Q4 roll from the segment engine
Core order intake	271,173	199,070	200,000	250,000	920,243	Q1/Q2 reported; Q3/Q4 KGI estimates
Named-award order intake	-	-	64,300	-	64,300	Cheyenne is entered once in 3Q26
Total order intake	**271,173**	**199,070**	**264,300**	**250,000**	**984,543**	
FX / other	579	1,537	-	-	2,116	Q1/Q2 reported FX
Revenue from opening / prior backlog	265,249	296,223	248,163	237,122	1,046,757	Actual quarterly cohort split not disclosed; H2 uses explicit June-OB cohorts
Revenue from current core intake	-	-	30,000	37,500	67,500	New-order conversion included in H2
Named-award revenue	-	-	6,430	12,860	19,290	Cheyenne only
Total revenue	**265,249**	**296,223**	**284,593**	**287,482**	**1,133,547**	
Closing order book	**716,023**	**620,407**	**600,114**	**562,632**	**562,632**	
Book-to-bill	1.02x	0.67x	0.93x	0.87x	0.87x	
Total absorption	27.0%	32.3%	32.2%	33.8%	66.8%	

Source: Company data

What changed from FY25 to now

Operating momentum improved before margins deteriorated, the review became institutionally credible after Jefferies' appointment, and governance volatility then weakened confidence. The review and the fundamental model are now separate debates: the market no longer appears to capitalise a meaningful deal premium at S$1.18.

Figure 3: CSE Global 1H26 financial results

Date	Event	KGI's read-through
5 Mar	Strategic review launched	Heliconia requested the review; CSE had a preliminary EOI with no scope or price. Market closed S$1.26 before the news.
6 Mar	Initial market reaction	Shares rose 12.7% intraday and closed 4.0% higher at S$1.31.
10 Mar	FY25 KGI report	TP raised to S$1.79.
4 Apr	No EOI discussions	CSE still had no discussions with the EOI party; adviser appointment remained in progress.
5-11 May	1Q orders / Jefferies	1Q intake reached S$271.2m; Jefferies Singapore was appointed on 11 May. Shares rose and top out at S$1.91
2-5 Jun	Governance rupture	Lead independent director resigned citing differing views on working with controlling shareholders; CSE said the review continued with Jefferies.
Jun	Champion / ICL	Champion facility started operations; UK rural-broadband operator ICL acquired for about S$0.3m.
3 Jul	Review update	Ongoing; no outcome disclosed.
21-22 Jul	SEI completed	S$10.3m debt-funded Communications acquisition at about 4.7x FY25 EBITDA.
5 Aug	2Q orders / review	2Q intake fell 5.8%; 1H order book S$620.4m; review still ongoing.
10 Aug	Independent oversight	Amitava Guharoy became lead independent director and audit/risk chair.
13-14 Aug	1H results / Cheyenne	PATMI fell 19.3%; next day CSE announced a S$64.3m FY26-FY27 Electrification award.
26 Aug	Current posture	Current share price S$1.18: the initial review premium has disappeared; no transaction terms are public.

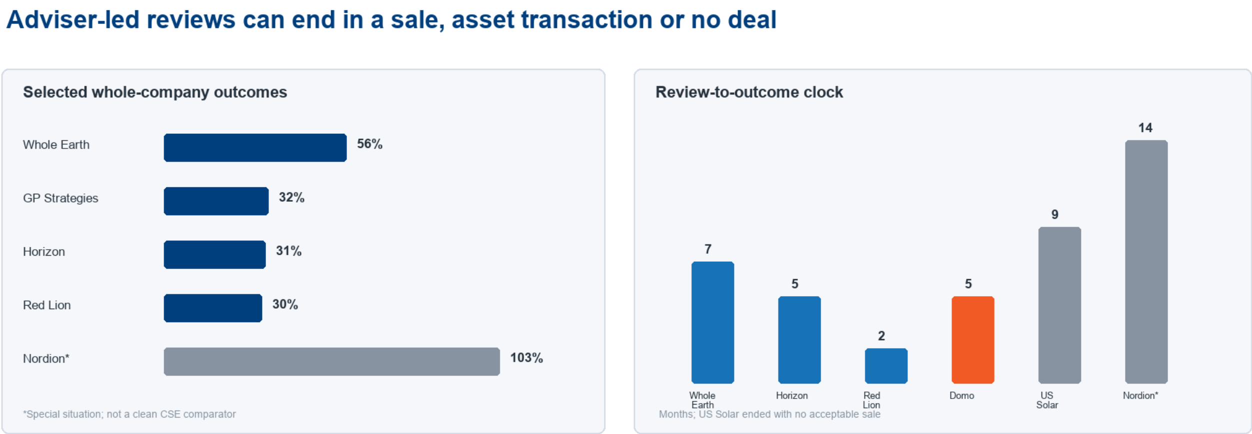
Source: Company data

Jefferies review: credible process, sparse evidence

The appointment changes the process, not the probability. The strategic review was initiated at the request of Heliconia, CSE's 23.8% shareholder, following receipt of a preliminary expression of interest. Its mandate is broad and may encompass a transaction involving CSE's shares, the entire company, individual businesses or selected assets. The appointment of Jefferies Singapore on 11 May gives the process a credible independent adviser, but the available disclosures remain limited. The preliminary expression of interest contained neither an indicative price nor a defined transaction scope, and CSE stated that no discussions had taken place with the interested party as of 4 April. The company has also not disclosed the number of potential bidders, due-diligence status, timetable, exclusivity arrangements, valuation parameters or intended use of any proceeds. We would place greater weight on the review if CSE confirms credible bidders, commencement of due diligence or a clearly defined set of strategic options, supported by an independent Board recommendation and valuation evidence. Any proposal would also need to clarify the treatment of CSE's debt, Amazon warrants and segment or customer-specific obligations. Ultimately, the relevant measure is the executable cash value available to minority shareholders, rather than a headline enterprise value that may not reflect these deductions and structural considerations.

The clock is neither early nor conclusive. The review has run about 6 months since 5 March and 3.5 months since Jefferies' appointment. That is within the five-to-nine-month window seen in several selected precedents. However, CSE's repeated monthly statements were procedural rather than substantive. Time elapsed alone cannot be converted into a transaction probability.

Figure 4: Other companies' outcome after Jefferies' strategic review



Company	Clock	Outcome	Premium	Notes
Whole Earth	~7 months	Whole-company cash sale	+56%	Clear bid; special committee; value crystallised
Horizon Global	~5 months	Whole-company cash sale	+31%	Distressed; 237% 30-day VWAP is misleading
Red Lion	~2 months	Whole-company cash sale	+30%	88% to earlier update, 30% to pre-deal close
GP Strategies	n.c.	Whole-company cash sale	+32%	Mostly private, long-running process
Domo	~5 months	Substantially all assets sold	n.m.	Listed shell/NOLs retained; leverage shaped structure
US Solar Fund	~9 months	No acceptable sale	n.a.	Manager changed after offers proved unattractive
Nordion	~14 months	Divestiture, then full sale	+103%	Cash/divestiture special situation; poor clean comp

Source: Company data

Outlook

Electrification: the growth engine has a margin bill

Data centres are expanding the addressable market and diluting percentage margins. Electrification accounted for 50.4% of 1H revenue. Management attributes the gross-margin pressure to material procurement for a hyperscaler customer, lower margins on large greenfield projects and S$1.1m of under-absorbed labour during the Champion facility ramp. Revenue visibility is strong, but revenue is not an adequate proxy for value creation when pass-through content rises.

Champion and Cheyenne. Champion's US facility commenced operations in June. Management is exploring further capacity, but utilisation and returns are not yet disclosed. The S$64.3m Cheyenne Power Hub award is tangible evidence of demand; it should enter intake once, with our 30%/70% FY26/FY27 revenue phasing treated as an assumption. Our base model assumes S$200m of unawarded Tier 1/2 data-centre pipeline intake in FY27 and S$250m annually thereafter. At a 55% same-year conversion, the FY27 assumption contributes about S$110m of revenue before any follow-on opening-book effect; slippage is therefore a material forecast risk.

Figure 5: Electrification Order Book to revenue conversion

Metric	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E	Notes
Electrification									
Opening core order book	217,263	433,525	394,929	461,577	286,441	425,466	486,820	518,523	FY22 segment opening was disclosed rounded; S$37k rounding allocated to Electrification so the FY23 group opening ties exactly.
Opening named-award order book	-	-	-	-	45,010	-	-	-	
Field Services reclassification	-	-	-	(22,953)	-	-	-	-	S$22.953m moved from Electrification to Automation in 1H26; total group order book is unchanged.
Total opening order book	**217,263**	**433,525**	**394,929**	**438,624**	**331,451**	**425,466**	**486,820**	**518,523**	
Core order intake	561,053	383,788	593,353	455,903	650,000	690,000	740,000	790,000	FY27–FY30 intake KGI estimates
Named-award order intake	-	-	-	64,300	-	-	-	-	Cheyenne S$64.3m enters once as named intake in 3Q26; 30% is recognised in FY26 and 70% in FY27.
Tier 1 / Tier 2 data-centre pipeline					200,000	250,000	250,000	250,000	unawarded Tier 1/2 projects forecast
Total order intake	**561,053**	**383,788**	**593,353**	**520,203**	**850,000**	**940,000**	**990,000**	**1,040,000**	
FX / reclassification / other	(10,243)	12,394	(19,674)	3,061	-	-	-	-	
Revenue from opening / prior core backlog	152,084	303,468	276,450	555,722	243,475	361,646	413,797	440,745	FY23–FY25 cohorts are derived using a 70% opening-backlog calibration; CSE does not disclose actual cohort splits.
Revenue from current-year core intake	182,464	131,311	230,581	55,425	467,500	517,000	544,500	572,000	
Named-award revenue	-	-	-	19,290	45,010	-	-	-	
Total revenue	**334,548**	**434,778**	**507,031**	**630,437**	**755,985**	**878,646**	**958,297**	**1,012,745**	
Closing core order book	433,525	394,929	461,577	286,441	425,466	486,820	518,523	545,778	
Closing named-award order book	-	-	-	45,010	-	-	-	-	
Total closing order book	**433,525**	**394,929**	**461,577**	**331,451**	**425,466**	**486,820**	**518,523**	**545,778**	
Reported closing order book	433,525	394,929	461,577						
Bridge check	-	-	-	-	-	-	-	-	
Opening-backlog conversion	70.0%	70.0%	70.0%	70.0%	85.0%	85.0%	85.0%	85.0%	
Same-year core-intake conversion	32.5%	34.2%	38.9%	24.6%	55.0%	55.0%	55.0%	55.0%	
Book-to-bill	1.68x	0.88x	1.17x	0.83x	1.12x	1.07x	1.03x	1.03x	
Total absorption	43.6%	52.4%	52.3%	65.5%	64.0%	64.3%	64.9%	65.0%	

Source: KGI Research

Communications: resilient core, SEI adds a debt-funded option

Communications provides the cleanest near-term operating profile. Australia/New Zealand drove 1H growth and backlog increased. The 50bp margin decline mainly reflected personnel costs for a new Australian distribution business. Unlike Electrification, the segment does not carry the same disclosed pass-through procurement burden; unlike Automation, it is not absorbing a project wind-down.

Our forecast path. Communications revenue grows only 1.9% to S$266.6m in FY26E before rising 32.9% to S$354.5m in FY27E as SEI annualises and order conversion strengthens. That FY27 step-up is an estimate, not management guidance. The segment remains a plausible strategic-review asset because it combines recurring critical-communications demand with a history of bolt-on acquisitions. We phase SEI from completion, use incremental acquisition interest, and leave purchase-price allocation/amortisation as an open estimate. The deal improves capability and customer access, but it also raises leverage during a strategic review.

Figure 6: Communications Order Book to revenue conversion

Metric	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E	Notes
					Communications				
Opening core order book	78,000	104,739	99,862	105,038	137,222	112,722	120,772	132,077	
Opening named-award order book	-	-	-	-	-	-	-	-	
Field Services reclassification	-	-	-	-	-	-	-	-	
Total opening order book	**78,000**	**104,739**	**99,862**	**105,038**	**137,222**	**112,722**	**120,772**	**132,077**	FY26 starts from CSE's restated 1H26 classification; no segment-level 1Q restated close was published.
Core order intake	247,711	230,701	266,439	295,813	330,000	365,000	400,000	425,000	
Named-award order intake	-	-	-	-	-	-	-	-	
Total order intake	**247,711**	**230,701**	**266,439**	**295,813**	**330,000**	**365,000**	**400,000**	**425,000**	
FX / reclassification / other	(440)	(3,542)	416	3,018	-	-	-	-	
Revenue from opening / prior core backlog	54,600	73,317	69,903	226,522	123,500	101,450	108,695	118,870	
Revenue from current-year core intake	165,932	158,719	191,776	40,125	231,000	255,500	280,000	297,500	Communications has historically shown faster same-year conversion than project-heavy Electrification.
Named-award revenue	-	-	-	-	-	-	-	-	
Total revenue	**220,532**	**232,036**	**261,679**	**266,647**	**354,500**	**356,950**	**388,695**	**416,370**	
Closing core order book	104,739	99,862	105,038	137,222	112,722	120,772	132,077	140,708	
Closing named-award order book	-	-	-	-	-	-	-	-	
Total closing order book	**104,739**	**99,862**	**105,038**	**137,222**	**112,722**	**120,772**	**132,077**	**140,708**	
Reported closing order book	104,739	99,862	105,038						
Opening-backlog conversion	70.0%	70.0%	70.0%	70.0%	90.0%	90.0%	90.0%	90.0%	
Same-year core-intake conversion	67.0%	68.8%	72.0%	28.7%	70.0%	70.0%	70.0%	70.0%	FY27–FY30 use a 90% opening-backlog and 70% same-year intake conversion assumption.
Book-to-bill	1.12x	0.99x	1.02x	1.11x	0.93x	1.02x	1.03x	1.02x	
Total absorption	67.8%	69.9%	71.4%	66.0%	75.9%	74.7%	74.6%	74.7%	

Source: KGI Research

Automation: a restructuring case, not a growth engine

The segment is working through two distortions. Field Services moved from Electrification into Automation in 1H26, while S$5.3m of water/wastewater wind-down costs compressed adjusted EBITDA. CSE recast 1H25 comparatives but did not publish a recast full-FY25 segment history, so the FY25/FY26 annual revenue comparison is only partially comparable.

Strategic-review relevance. Automation's weak returns and separate operating identity make portfolio simplification conceivable. We view a **divestment of this business pillar a plausible scenario** and remain constructive should CSE market the segment.

Figure 7: Automation Order Book to revenue conversion

Metric	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E	Notes
					Automation				
Opening core order book	184,800	192,333	177,796	142,905	93,959	90,594	90,089	90,013	
Opening named-award order book	-	-	-	-	-	-	-	-	
Field Services reclassification	-	-	-	22,953	-	-	-	-	S$22.953m of FY25 closing order book was re-presented into Automation for the FY26 opening basis.
Total opening order book	**184,800**	**192,333**	**177,796**	**165,858**	**93,959**	**90,594**	**90,089**	**90,013**	
Core order intake	181,470	186,224	167,680	168,527	170,000	170,000	170,000	170,000	
Named-award order intake	-	-	-	-	-	-	-	-	
Total order intake	**181,470**	**186,224**	**167,680**	**168,527**	**170,000**	**170,000**	**170,000**	**170,000**	
FX / reclassification / other	(3,966)	(6,402)	(2,362)	(3,963)	-	-	-	-	
Revenue from opening / prior core backlog	129,360	134,633	124,457	213,513	79,865	77,005	76,576	76,511	
Revenue from current-year core intake	40,611	59,726	75,752	22,950	93,500	93,500	93,500	93,500	
Named-award revenue	-	-	-	-	-	-	-	-	
Total revenue	**169,971**	**194,359**	**200,209**	**236,463**	**173,365**	**170,505**	**170,076**	**170,011**	
Closing core order book	192,333	177,796	142,905	93,959	90,594	90,089	90,013	90,002	
Closing named-award order book	-	-	-	-	-	-	-	-	
Total closing order book	**192,333**	**177,796**	**142,905**	**93,959**	**90,594**	**90,089**	**90,013**	**90,002**	
Reported closing order book	192,333	177,796	142,905						
Bridge check	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Opening-backlog conversion	70.0%	70.0%	70.0%	70.0%	85.0%	85.0%	85.0%	85.0%	
Same-year core-intake conversion	22.4%	32.1%	45.2%	27.0%	55.0%	55.0%	55.0%	55.0%	FY27–FY30 use separate Automation intake and conversion assumptions.
Book-to-bill	1.07x	0.96x	0.84x	0.71x	0.98x	1.00x	1.00x	1.00x	
Total absorption	46.9%	52.2%	58.4%	71.6%	65.7%	65.4%	65.4%	65.4%	

Source: KGI Research

Valuation

We reiterate our OUTPERFORM recommendation while lowering our 12-month target price to **S$1.70** from S$1.79. Our target price is derived using a discounted cash flow valuation based on a 9.0% WACC and 2.0% terminal growth rate. This implies approximately 44% upside from the share price of S$1.18.

Valuation summary

Our FY26 revenue and EBIT estimates have been trimmed following the 1H26 results. Although revenue growth was strong, the contribution from low-value procurement activities and elevated project costs means the earlier expectation of an EBITDA margin above 10% is not yet supported by reported performance. Our FY26 EBIT forecast remains broadly unchanged only because the model assumes a sharp improvement in profitability during 2H26. This required normalisation represents the principal near-term forecast risk.

From FY27 to FY30, we raise revenue forecasts to reflect stronger contributions from Electrification and Communications. The Cheyenne contract begins to annualise, Champion supports higher production throughput and SEI contributes for a full year. The model also includes an unawarded data-centre project pipeline, which is treated as an estimate and remains the largest source of upside and downside risk. Medium-term EBIT increases faster than revenue because we assume that greenfield under-absorption and Automation wind-down costs progressively recede. Consequently, our FY27 and FY28 EBIT forecasts are 13% and 26% above those in the FY25 report, respectively, despite weaker near-term evidence on margins.

Figure 8: DCF Model

DCF VALUATION			Projected		
All amounts in S$'000 unless otherwise stated					
Year ended 31 Dec	**2026**	**2027**	**2028**	**2029**	**2030**
EBIT	90,127	121,072	146,472	157,875	174,303
Tax rate	18.3%	18.3%	18.3%	18.3%	18.3%
EBIT (1-T)	**73,640**	**98,924**	**119,678**	**128,994**	**142,417**
(+) D&A	25,597	24,238	23,370	22,885	22,543
(-) Change in NWC	(26,752)	(38,359)	(31,784)	(27,443)	(20,294)
(-) Capex	22,796	24,758	26,353	27,802	28,873
Free Cash Flow	**49,689**	**60,046**	**84,910**	**96,635**	**115,794**
Free Cash Flow to Firm	49,689	60,046	84,910	96,635	115,794
Terminal Value					1,687,278
Total FCFF to be Discounted	**49,689**	**60,046**	**84,910**	**96,635**	**1,803,072**
PV of Free Cash Flow	**45,586**	**50,540**	**65,566**	**68,459**	**1,171,873**
Enterprise Value	**1,402,024**				
(-) Debt	209,201				
(+) Cash	46,177				
Equity Value	**1,239,000**				
Diluted Shares Outstanding ('000)	729,243				
Fair Value / Share (S$)	**1.70**				
Current Share Price (S$)	1.18				
Upside / (Downside)	**44.0%**				

Source: KGI Research

Financial Summary

INCOME STATEMENT (S$'000)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	861,173	968,919	1,133,547	1,283,850	1,406,101
Cost of sales	(620,014)	(707,006)	(816,154)	(911,533)	(984,271)
Gross profit	**241,159**	**261,913**	**317,393**	**372,316**	**421,830**
Selling and distribution expenses	(11,344)	(11,199)	(13,102)	(14,839)	(16,252)
Administrative expenses	(168,938)	(194,839)	(209,706)	(231,093)	(253,098)
EBITDA	**82,182**	**83,481**	**115,723**	**145,310**	**169,842**
Depreciation & amortisation	27,707	28,911	25,597	24,238	23,370
Operating profit (EBIT)	**54,475**	**54,570**	**90,127**	**121,072**	**146,472**
Net finance income / (cost)	(8,360)	(8,620)	(10,396)	(9,935)	(9,447)
Other gains / (losses)	(10,432)	(15)	-	-	-
Profit before tax	**35,683**	**45,935**	**79,730**	**111,137**	**137,025**
Tax expense	(9,237)	(8,403)	(14,585)	(20,331)	(25,066)
Minority interests	101	40	-	-	-
Net profit (PATMI)	**26,345**	**37,492**	**65,145**	**90,806**	**111,959**
EPS (adj. S$ cents)	3.63	5.15	8.93	12.45	15.35
DPS (adj. S$ cents)	2.40	2.60	2.23	2.49	3.07

CASH FLOW STATEMENT (S$'000)	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before tax	35,683	45,935	79,730	111,137	137,025
Depreciation & amortisation	27,707	28,911	25,597	24,238	23,370
Working capital changes	(24,302)	(130,373)	(26,752)	(38,359)	(31,784)
Tax paid	(7,194)	(14,058)	(14,585)	(20,331)	(25,066)
Other operating items	1,205	2,368	-	-	-
Operating cash flow	**33,099**	**(67,217)**	**63,990**	**76,686**	**103,545**
Capex	(20,657)	(28,525)	(22,736)	(24,690)	(26,279)
Acquisition of businesses, net of	(18,711)	(11,255)	-	-	-
Other investing items	6,089	39,539	(60)	(68)	(74)
Investing cash flow	**(33,279)**	**(241)**	**(22,796)**	**(24,758)**	**(26,353)**
Dividends paid to owners of the Company	(7,554)	(7,506)	(16,286)	(18,161)	(22,392)
Payment of lease liabilities	(10,967)	(14,303)	-	-	-
Repayment of borrowings	14,623	-	10,000	(11,500)	(11,500)
Other financing items	23,209	79,154	-	-	-
Financing cash flow	**19,311**	**57,345**	**(6,286)**	**(29,661)**	**(33,892)**
Forex gains/(loss)	**(110)**	**(1,111)**	**-**	**-**	**-**
Net change in cash	**19,131**	**(10,113)**	**34,908**	**22,267**	**43,300**
Beginning cash	**38,380**	**57,401**	**46,177**	**81,085**	**103,352**
Ending cash	**57,401**	**46,177**	**81,085**	**103,352**	**146,652**

BALANCE SHEET (S$'000)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash and bank balances	57,401	46,177	81,085	103,352	146,652
Trade and other receivables	167,290	165,793	194,838	220,673	241,686
Inventories	58,722	92,768	92,796	103,640	111,910
Contract Assets	121,160	188,792	181,308	205,348	224,902
Other current assets	35,169	11,456	12,944	14,451	15,601
Current assets	**439,742**	**504,986**	**562,970**	**647,465**	**740,751**
Property, plant & equipment	54,057	67,188	75,328	84,548	94,645
Right-of-use assets	23,529	46,047	39,543	35,088	32,036
Other non-current assets	115,303	139,316	134,879	130,634	126,571
Non-current assets	**192,889**	**252,551**	**249,750**	**250,269**	**253,253**
Total assets	**632,631**	**757,537**	**812,721**	**897,734**	**994,004**
Trade payables	119,480	176,265	170,701	190,650	205,863
Contract liabilities	85,686	31,652	33,541	37,460	40,449
Other current liabilities	127,733	218,484	208,484	198,484	188,484
Current liabilities	**332,899**	**426,401**	**412,726**	**426,594**	**434,797**
Lease liabilities	14,950	44,831	44,831	44,831	44,831
Other non-current liabilities	28,754	10,771	30,771	29,271	27,771
Non-current liabilities	**43,704**	**55,602**	**75,602**	**74,102**	**72,602**
Total liabilities	**376,603.0**	**482,003.0**	**488,327.7**	**500,696.3**	**507,398.8**
Retained earnings	89,599	100,295	149,154	221,799	311,366
Minority interests	39	71	71	71	71
Share capital	166,390	175,168	175,168	175,168	175,168
Total equity	**256,028**	**275,534**	**324,393**	**397,038**	**486,605**

KEY RATIOS & VALUATION	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue growth (%)	18.8%	12.5%	17.0%	13.3%	9.5%
Gross margin (%)	28.0%	27.0%	28.0%	29.0%	30.0%
EBITDA margin (%)	9.5%	8.6%	10.2%	11.3%	12.1%
Net profit margin (%)	3.1%	3.9%	5.7%	7.1%	8.0%
ROE (%)	10.3%	13.6%	20.1%	22.9%	23.0%
ROA (%)	4.2%	4.9%	8.0%	10.1%	11.3%
Net debt / equity (x)	0.3x	0.6x	0.4x	0.3x	0.1x
Net debt / EBITDA (x)	0.9x	2.0x	1.2x	0.7x	0.3x
Dividend payout (%)	28.6%	20.0%	25.0%	20.0%	20.0%
P/E (x)	33.1x	23.3x	13.4x	9.6x	7.8x
EV/EBITDA (x)	10.6x	10.5x	7.6x	6.0x	5.2x
Dividend yield (%)	2.0%	2.2%	1.9%	2.1%	2.6%

Source: Company, KGI Research estimates

KGI's Ratings

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