COMPANY UPDATE

Industrials ▪ Singapore

Ever Glory United Holdings Ltd

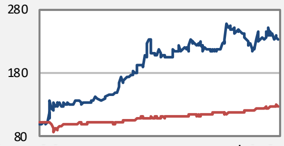
(EGUH SP/ZKX.SI)

Record order book supports multi-year earnings visibility

Alyssa Tee / 65 6202 1193 / alyssa.tee@kgi.com

- **FY25 earnings beat driven by Guthrie Engineering consolidation.** Revenue rose 43% YoY to S$106.7mn, while net profit surged 85% to S$16.6mn as Guthrie Engineering's results were consolidated from 1 July 2025. Gross profit margin expanded 380bps to 18.7%, reflecting a higher-margin project mix. Notably, 2H25 net profit of S$11.9mn alone surpassed the S$4.7mn from 1H25, highlighting the earnings accretion from the acquisition.
- **Record order book of S$732.8mn provides strong multi-year revenue visibility.** As of 31 December 2025, the Group's order book stood at ~6.9x FY25 revenue, supported by S$508.0mn of new contract wins secured during 2025. The portfolio remains well diversified across healthcare, hospitality developments, public infrastructure and utilities, supporting a stable project pipeline over the next few years.
- **Mainboard transfer broadens investor base and supports valuation re-rating.** Ever Glory completed its transfer to the SGX Mainboard on 29 December 2025, improving institutional accessibility and eliminating the liquidity discount often associated with Catalist-listed companies. Since its IPO at S$0.22 in May 2023, the stock has appreciated by approximately 245%, reflecting improving earnings visibility and investor recognition.
- **Capital actions enhance liquidity and shareholder returns.** The Group has proposed a 1-for-4 bonus issue (subject to AGM approval on 27 April 2026) aimed at improving trading liquidity. This follows a 300% increase in FY25 final DPS to 1.0 SG cent per share (FY24: 0.25 SG cents). In addition, the S$5mn convertible bond (8% coupon, conversion price S$0.29) enters its conversion window between 2-8 April 2026, with full conversion representing our base case.

Outperform - Maintained		Performance (Absolute)	
Price as of 16 Mar 26 (SGD)	0.75	1 Month (%)	0.7
12M TP ($)	1.28	3 Month (%)	8.6
Previous TP ($)	1.20	12 Month (%)	132.3
Upside (%)	71.7%		
Trading data		**Perf. vs STI Index (Red)**	
Mkt Cap ($mn)	284		
Issued Shares (mn)	382		
Vol - 3M Daily avg (mn)	0.7		
Val - 3M Daily avg ($mn)	0.5		
Free Float (%)	31.2%		
Major Shareholders		**Previous Recommendations**	
Ruibing Xu	34.4%	17-Dec-25	OP S$1.20
Renwang Sun	34.4%		



Financials & Key Operating Statistics

YE Dec (S$ 'mn)	2024	2025	2026F	2027F	2028F
Revenue	74.7	106.7	137.2	168.7	199.4
Net Profit	9.0	16.6	13.8	17.3	20.7
EPS (cents)	2.62	4.64	3.69	4.62	5.51
EPS growth (%)	(2.6%)	77.1%	(20.4%)	24.9%	19.5%
DPS (Sing cents)	0.8	1.0	–	–	–
Div Yield (Y%)	2.5%	1.2%	–	–	–
Net Profit Margin (%)	12.0%	15.5%	10.1%	10.3%	10.4%
Net Gearing (x)	0.2	0.4	0.3	0.3	0.2
Price P/B (x)	5.34	5.69	4.09	3.27	2.64
ROE (%)	47.1%	30.3%	19.9%	19.9%	19.2%

Source: Company data, KGI Research

Strong balance sheet and enhanced shareholder returns. The Group maintains a solid financial position following the acquisition. As of 31 December 2025, Ever Glory held cash and cash equivalents (including fixed deposits) of S$42.9mn, while net working capital improved to S$43.7mn from S$14.9mn in FY24. Net gearing remains manageable at approximately 0.5x, with the principal new liabilities comprising the S$25.1mn acquisition loan for Guthrie Engineering and the S$5.0mn convertible bond (8% coupon, conversion window 2-8 April 2026). Reflecting the Group's strengthened earnings profile, the Board has proposed a final tax-exempt dividend of 1.0 cent per share for FY25 (FY24: 0.25 cents), representing a 300% increase and reaffirming management's commitment to improving shareholder returns.

Structural tailwinds underpin order book growth. Ever Glory is well-positioned to benefit from Singapore's robust construction upcycle and sustained public infrastructure investment. Its integrated M&E capabilities align with large-scale institutional, healthcare, and mixed-use developments driving near-term tender activity. The Ministry of Health has committed to adding 13,600 hospital beds by 2030, with six to seven Integrated General Hospital contracts expected over the next two to three years. Meanwhile, the Building and Construction Authority (BCA) projects total construction demand at S$47-53bn in 2026, with medium-term demand forecast to average S$39-46bn annually through 2030.

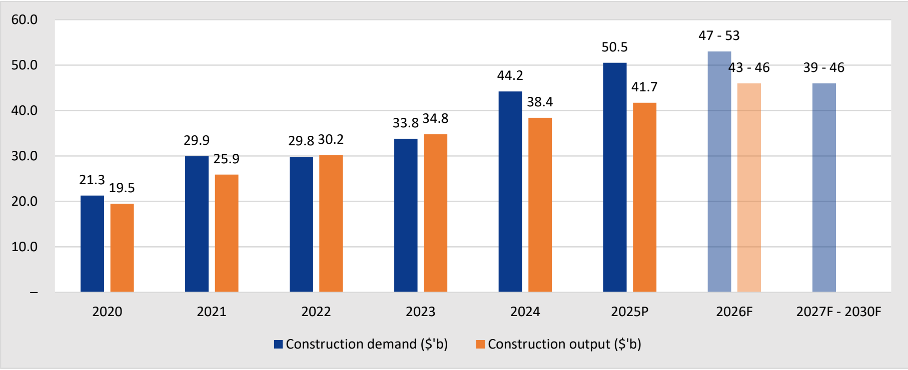
Valuation & Action: We raise our target price to **S$1.28 (prev. S$1.20),** based on DCF valuation (WACC: 6.91%, terminal growth: 1.5%), and maintain **OUTPERFORM.** The successful integration of Guthrie Engineering has structurally re-rated the Group's earnings profile in FY25. Backed by a record S$732.8mn order book diversified across healthcare, hospitality, and public infrastructure, EGU's revenue is highly visible through 2028. The Mainboard transfer completed in 2025 broadens EGU's investor base and underpins a re-rating of its valuation multiple. Over the medium term, we expect earnings growth to remain strong, supported by Singapore's strong construction demand pipeline of S$47-53bn in 2026. Our target price implies approximately 72% upside from current levels.

Risks: Challenges in project delivery, cost inflation eroding margins, intense tender competition affecting new order wins, regulatory changes and slowdown in project rollouts.

Outlook

Structural tailwinds: Singapore's construction upcycle continues. The Building and Construction Authority (BCA) projects total construction demand in 2026 at S$47-53bn in nominal terms, broadly in line with the S$50.5bn awarded in 2025, itself a near-decade high. Over the medium term, the BCA forecasts steady demand averaging S$39-46bn annually from 2027 to 2030.

Figure 1: BCA construction demand and output



Source: Building and Construction Authority, KGI Research

Broad-Based Project Pipeline Supports Multi-Year Demand.
EGU's addressable pipeline spans healthcare, rail, commercial real estate, and institutional development. The Ministry of Health (MOH) has committed to adding approximately 2,800 new public acute and community hospital beds by 2030, with a multi-year pipeline of major healthcare infrastructure projects, including the redevelopment of Alexandra Integrated Hospital, Eastern General Hospital and other public hospital expansions, a vertical where EGU already holds the NSC Electrical Contract for AIH. With MOH's new Healthcare Facility Design Standards framework, hospitals will be built faster and at lower cost, which could potentially accelerate contract award timelines for integrated M&E contractors. On the transit front, LTA has confirmed that Jurong Region Line Stage 1 will open around mid-2028, versus the earlier end-2027 timeline, while Circle Line Stage 6 remains on track for 2026 opening. In our view, the JRL delay may lengthen M&E installation timelines and order book visibility for specialist contractors. In commercial real estate, Singapore property investment activity reached a new eight-year high of S$40bn in 2025, surpassing Knight Frank's own forecast of S$27-30bn, driven by robust GLS participation and easing interest rates. Knight Frank expects total investment sales in 2026 to remain robust at approximately S$30bn. In our view, sustained land and asset transactions should continue to support a downstream pipeline of redevelopment, fit-out and M&E works over time. Key upcoming projects include:

- **Healthcare:** Tengah General & Community Hospital, Tan Tock Seng Hospital Medical Tower, Eastern General Hospital Campus (Bedok North), NUH Kent Ridge redevelopment – are all hospitals part of MOH's 13,600-bed expansion by 2030.
- **Hospitality & Mixed-Use:** Marina Bay Sands Integrated Resort expansion; CICT-led S$1.5bn Hougang Central GLS mixed-use development (~300,000 sq ft retail NLA, 830 residential units, new bus interchange) per CapitaLand; HarbourFront Centre redevelopment into a 33-storey mixed-use building (closure 2H26).
- **Rail & Infrastructure:** Jurong Region Line (25 stations, completion mid-2028, LTA); Cross-Island Line Phase 1 (2030); Changi Airport Terminal 5, where further construction packages are expected to be awarded over 2026-2027, supporting a sustained pipeline for engineering and specialist contractors.
- **Commercial Retail:** Northpoint City South Wing (S$1.13bn), Clementi Mall (S$809mn), PLQ Mall (S$619.5mn) – which may require M&E fit-out; Frasers Property repositioning nine malls under a people-first retail strategy.

Business Updates

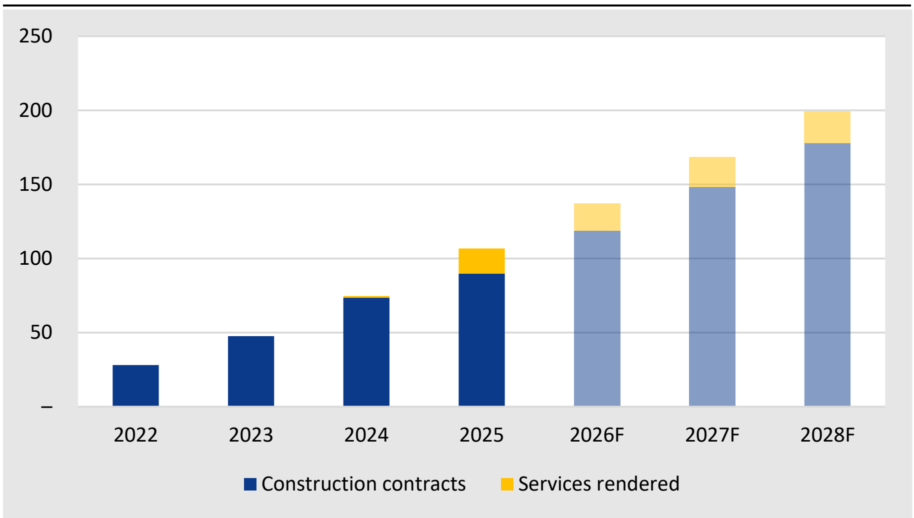
Record order book provides earnings visibility. Ever Glory reported a record order book of S$732.8mn as of 31 December 2025, representing nearly seven times FY25 revenue. The Group secured S$508.0mn in new contract wins during FY25, reflecting strong demand across multiple sectors including healthcare infrastructure, hospitality developments, public infrastructure projects and utilities engineering.

The diversified project portfolio helps reduce concentration risk while ensuring steady work progress across different segments of the construction industry. The order book includes projects across several key verticals:

- healthcare infrastructure and hospital developments
- hospitality and integrated resort projects
- mixed-use commercial developments
- public transport and infrastructure works

These projects typically span multiple years and involve progressive revenue recognition based on project completion milestones. Management expects the order book to be progressively recognised over the next five years, in line with typical project durations of approximately 3.5-4.5 years for infrastructure projects and 2.5-3.5 years for commercial and building developments, providing revenue visibility through FY27 and potentially beyond depending on project mix and tender wins.

Figure 2: Segmental revenue growth forecast (forecast figures from KGI)



Source: Company, KGI Research

Successful integration of Guthrie Engineering. The acquisition of Guthrie Engineering (S) Pte Ltd represents a transformational step in Ever Glory's growth strategy. The acquisition significantly expanded the Group's engineering capabilities, allowing the company to undertake larger and more complex engineering projects across both public and private sector developments. Guthrie Engineering specialises in mechanical and electrical engineering works, and its inclusion has strengthened Ever Glory's presence in key sectors including infrastructure projects and institutional developments.

GE contributed approximately S$78.2mn in revenue during 2H25, following the completion of the acquisition in mid-2025. The acquisition also generated a S$5.5mn bargain purchase gain, as the fair value of GE's net assets was estimated at S$51.0mn, compared with the S$45.5mn acquisition consideration. The integration of GE has also supported margin improvement, as the subsidiary's specialist engineering contracts generally command higher margins than traditional construction projects. We expect gross profit margins to moderate slightly to approximately 16.8% in FY26F as higher-volume infrastructure projects ramp up.

Corporate Developments

Mainboard transfer. Ever Glory successfully transferred its listing from the Catalist Board to the SGX Mainboard on 29 December 2025. The transfer represents an important milestone for the company and is expected to enhance the stock's profile among institutional investors. Mainboard companies typically attract broader investor coverage and may be eligible for inclusion in institutional investment portfolios that exclude Catalist-listed stocks. The Mainboard transfer also improves the company's credibility and signals management's confidence in the Group's long-term growth trajectory.

Capital structure. During FY25, Ever Glory strengthened its balance sheet through several capital market transactions. In September 2025, the company completed a placement of 31mn shares at S$0.55, followed by a public offer of 2mn shares at S$0.64 in December 2025. Together, these transactions raised approximately S$18.4mn in gross proceeds, which support working capital requirements and potential future expansion.

On 2 April 2025, the company also issued a S$5.0mn convertible bond with an 8% coupon and conversion price of S$0.29. The bond's conversion window runs from 2-8 April 2026. Given that Ever Glory is currently trading above $0.70, well above the conversion price, full conversion of the bonds into equity is our base case.

Bonus issuance. On 2 March 2026, Ever Glory announced a proposed 1-for-4 bonus issue, subject to SGX approval and shareholder approval at the company's AGM scheduled for 27 April 2026.

The bonus shares will not rank for the proposed FY25 final dividend of 1.0 cent per share. While a bonus issue does not change the underlying value of the company, we believe that the lowered share price and higher shares outstanding post-issue could potentially improve trading liquidity and broaden the shareholder base over time.

Strong financial position. Ever Glory maintains a strong balance sheet that supports its ongoing growth strategy. As of 31 December 2025, the Group held cash and cash equivalents of S$42.9mn, providing substantial liquidity to support project execution and working capital requirements. Net working capital increased significantly to S$43.7mn, compared with S$14.9mn in the previous year, reflecting the expansion of project activities. The Group's net gearing remains manageable at approximately 0.5x, indicating moderate leverage levels despite the acquisition financing. The main outstanding liabilities include:

- S$25.1mn acquisition bank loan used to finance the GE acquisition
- S$5.0mn convertible bond

The Board has proposed a final tax-exempt dividend of 1.0 cent per share for FY25, representing a 300% increase compared with FY24's dividend of 0.25 cents. This increase reflects management's confidence in the Group's strengthened earnings profile.

Valuation

We raise our target price to **S$1.28** from the previous S$1.20 and maintain our OUTPERFORM recommendation. Our valuation is based on a Discounted Cash Flow (DCF) model using a WACC of 6.91% and a terminal growth rate of 1.5%.

The successful integration of Guthrie Engineering has strengthened the Group's earnings base, while the record order book of S$732.8mn provides strong revenue visibility. We expect earnings growth to remain supported over the medium term by the Group's project pipeline and Singapore's stable construction demand outlook. Our target price implies meaningful upside from the current share price.

Figure 3: DCF Valuation

DCF Valuation All Amounts Denominated in SGD'000 unless otherwise stated Year ended 31 Dec	*Projected* 2026	2027	2028	2029	2030
EBIT	17,579	21,617	25,548	27,281	28,645
Tax Rate	17.0%	17.0%	17.0%	17.0%	17.0%
EBIT (1-T)	14,590	17,942	21,205	22,643	23,776
(+) D&A	1,684	1,789	1,902	2,019	2,140
(-) Change in NWC	(14,779)	16,345	126	3,263	539
(-) Capex	(686)	(843)	(997)	(1,065)	(1,118)
Free Cash Flow	**809**	**35,232**	**22,236**	**26,861**	**25,337**
Free Cash Flow to Firm	809	35,232	22,236	26,861	25,337
Terminal Value					475,251
Total FCFF to be Discounted	**809**	**35,232**	**22,236**	**26,861**	**500,588**
PV of Free Cash Flow	**766**	**31,216**	**18,424**	**20,818**	**362,886**
Enterprise Value	**434,110**				
(-) Debt	37,193				
(+) Cash	38,669				
Equity Value	**509,972**				
Diluted Shares Outstanding ('000)	398,784				
Fair Value / Share (SGD)*	**1.279**				
Current Share Price	0.745				
Upside / (Downside)	71.7%				

** Assuming full dilution from issuance of 17,241,362 new ordinary shares after full conversion of convertible bonds.*

Source: KGI Research

Financial Summary

FYE 31 Dec					
INCOME STATEMENT (SGD' 000)	**2024**	**2025**	**2026F**	**2027F**	**2028F**
Revenue	**74,672**	**106,738**	**137,184**	**168,698**	**199,379**
Cost of sales	**(63,511)**	**(86,819)**	**(114,132)**	**(140,350)**	**(165,875)**
Gross profit	**11,161**	**19,919**	**23,053**	**28,348**	**33,504**
Other income	1,838	6,898	6,121	7,527	8,896
Write back on financial assets	–	284	–	–	–
General and administrative expenses	(3,461)	(8,827)	(8,852)	(10,885)	(12,865)
Other expenses	–	(2,087)	(2,744)	(3,374)	(3,988)
Share of results of an associate, net of tax	(8)	(21)	–	–	–
Share of results of joint ventures, net of tax	1,010	3,283	–	–	–
Interest expense	(146)	(1,134)	(904)	(782)	(660)
Profit before tax	**10,394**	**18,315**	**16,674**	**20,834**	**24,888**
Income tax expense	(1,439)	(1,730)	(2,835)	(3,542)	(4,231)
Profit	**8,955**	**16,585**	**13,840**	**17,292**	**20,657**
BALANCE SHEET (SGD' 000)	**2024**	**2025**	**2026F**	**2027F**	**2028F**
Trade and other receivables	20,447	35,765	36,249	36,975	43,699
Cash and cash equivalents	7,177	23,026	14,353	46,885	66,212
Other current assets	15,938	64,258	56,440	57,017	62,050
Total current assets	**43,562**	**123,049**	**107,042**	**140,877**	**171,962**
Plant and equipment	251	19,655	19,485	19,439	19,506
Other non-current assets	4,342	22,760	21,074	19,703	18,576
Total non-current assets	**4,593**	**42,415**	**40,559**	**39,142**	**38,082**
Total assets	**48,155**	**165,464**	**147,601**	**180,019**	**210,044**
Trade and other payables	19,604	60,371	36,502	52,291	62,923
Contract liabilities	1,070	6,939	4,298	6,157	7,409
Other current liabilities	8,014	12,067	8,809	8,155	7,495
Total current liabilities	**28,688**	**79,377**	**49,609**	**66,603**	**77,827**
Lease liabilities	218	7,644	7,172	7,303	7,448
Other non-current liabilities	251	28,147	21,295	19,295	17,295
Total non-current liabilities	**469**	**35,791**	**28,467**	**26,598**	**24,743**
Total liabilities	**29,157**	**115,168**	**78,075**	**93,201**	**102,570**
Share capital	5,067	23,906	28,714	28,714	28,714
Treasury shares	(513)	(166)	(166)	(166)	(166)
Retained earnings/(Accumulated losses)	13,444	29,379	39,404	56,696	77,353
Other reserves	1,000	1,574	1,574	1,574	1,574
Total equity	**18,998**	**54,693**	**69,526**	**86,818**	**107,475**
Total liabilities and equity	**48,155**	**169,861**	**147,601**	**180,019**	**210,044**
CASH FLOW STATEMENT (SGD' 000)	**2024**	**2025**	**2026F**	**2027F**	**2028F**
Profit before tax	**10,394**	**18,315**	**16,674**	**20,834**	**24,888**
Adjustments	(993)	(7,196)	2,588	2,571	2,562
Operating cash flows before WC changes	**9,401**	**11,119**	**19,262**	**23,406**	**27,450**
Change in working capital	126	(205)	(14,779)	16,345	126
Interest received	2	40	(155)	363	354
Tax paid	(99)	(3,210)	(2,835)	(3,542)	(4,231)
Cash flows from operations	**9,430**	**7,744**	**1,493**	**36,572**	**23,699**
Capital expenditure	(195)	(109)	(686)	(843)	(997)
Others	(1,856)	2,967	1,740	1,368	1,068
Cash flows from investing	**(2,051)**	**2,858**	**1,054**	**524**	**71**
Interest paid	(98)	(421)	(904)	(782)	(660)
Dividends paid	(3,034)	(650)	(3,815)	–	–
Other financing cashflow	(624)	20,359	(6,501)	(3,782)	(3,782)
Cash flows from financing	**(3,756)**	**19,288**	**(11,220)**	**(4,564)**	**(4,442)**
Net increase/(decrease) in cash	**3,623**	**29,890**	**(8,673)**	**32,532**	**19,327**
Beginning Cash	5,156	8,779	38,669	29,996	62,528
Ending cash	**8,779**	**38,669**	**29,996**	**62,528**	**81,855**
KEY RATIOS	**2024**	**2025**	**2026F**	**2027F**	**2028F**
DPS (SGD cents)	0.75	1.00	–	–	–
Dividend yield (%)	2.54	1.23	–	–	–
NAV per share (SGD cents)	7.3	14.3	17.4	21.8	27.0
Price/NAV (x)	5.34	5.69	4.09	3.27	2.64
Profitability					
EBITDA Margin (%)	14.9	20.4	14.0	13.9	13.8
Net Margin (%)	12.0	15.5	10.1	10.3	10.4
ROE (%)	47.1	30.3	19.9	19.9	19.2
ROA (%)	18.6	9.8	9.4	9.6	9.8
Financial Structure					
Interest Coverage Ratio (x)	72.2	17.2	19.4	27.6	38.7
Gearing Ratio (x)	0.2	0.4	0.3	0.3	0.2

KGI's Ratings

Rating	Definition
Outperform (OP)	We take a positive view on the stock. The stock is expected to outperform the expected total return of the KGI coverage universe in the related market over a 12-month investment horizon.
Neutral (N)	We take a neutral view on the stock. The stock is expected to perform in line with the expected total return of the KGI coverage universe in the related market over a 12-month investment horizon.
Underperform (U)	We take a negative view on the stock. The stock is expected to underperform the expected total return of the KGI coverage universe in the related market over a 12-month investment horizon
Not Rated (NR)	The stock is not rated by KGI Securities.
Restricted (R)	KGI policy and/or applicable law regulations preclude certain types of communications, including an investment recommendation, during the course of KGI's engagement in an investment banking transaction and in certain other circumstances.