Fortress Minerals Ltd.

(FMIL SP/ OAJ.SI)

Resetting the Strip and Pushing Out Growth

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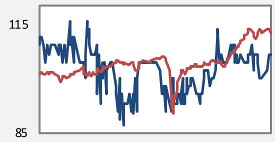
- **Reset of our iron ore assumptions.** We take a structurally softer IODEX CFR North China outlook for 2026 to 2030, which feeds directly into lower average selling prices for Fortress despite ongoing volume growth at Bukit Besi. The second anchor is timing. We push out the meaningful contribution from the Mengapur project to around FY2027, so the near-term story is primarily about defending margins rather than delivering a step change in output.
- **Rethinking the cyclical nature of IODEX.** Management has highlighted weaker benchmark prices as the key reason for the FY2025 ASP of US$88.88 per DMT, but our work also points to a steady erosion in price realisation. Fortress used to command a premium to the benchmark with ASP to IODEX realisation at roughly 110 %, but this has compressed towards about 80 % in recent quarters. We acknowledge that part of this is cycle driven. Even so, we forecast only a partial normalisation and assume an 83% realisation factor over the forecast period. That is still well below the historical peak and caps margin recovery even if the benchmark stabilises.
- Going forward, upside would come from a stronger-than-expected iron ore cycle or faster de-risking and ramp-up at Mengapur. Until there is clearer evidence on either front, we see the risk-reward profile as balanced and prefer to remain conservative**.** We maintain our **OUTPERFORM** recommendation but lower target price (TP) to **S$0.27.**

Financials & Key Operating Statistics

YE Feb (US$ m)	2024	2025	2026F	2027F	2028F
Revenue	53.9	56.3	58.2	62.3	60.1
PATMI	10.5	5.8	9.2	8.9	7.8
EPS (cents)	2.7	1.5	2.4	2.3	2.0
EPS growth (%)	-16.7%	-53.9%	-11.9%	-3.9%	-12.1%
DPS (Sing cents)	0.6	0.5	0.5	0.6	0.6
Div Yield (Y%)	2.7%	2.1%	2.3%	2.5%	2.8%
Net Profit Margin (%)	19.4%	10.3%	15.9%	14.2%	13.0%
Net Debt/ (Net Cash) Gearing (%)	3.7%	(2.4%)	(7.9%)	(11.1%)	(13.9%)
ROA (%)	10.8%	5.6%	8.8%	7.9%	6.7%
ROE (%)	14.5%	7.3%	10.7%	9.6%	7.9%

Source: KGI Research

Outperform - Company Update			
Price as of 2 Dec 25 (SGD)	0.24	**Performance (Absolute)**	
12M TP ($)	0.27	1 Month (%)	0.0
Previous TP ($)	0.40	3 Month (%)	9.3
Upside, incl div (%)	17.5%	12 Month (%)	9.1
Trading data		**Perf. vs STI Index (Red)**	
Mkt Cap ($mn)	123		
Issued Shares (mn)	523		
Vol - 3M Daily avg (mn)	0.1		
Val - 3M Daily avg ($mn)	0.0		
Free Float (%)	19.3%		
Major Shareholders		**Previous Recommendations**	
Y F Chee Holdings	41.4%	24-Oct-24	0.40
SDB Mining Sdn Bhd	29.6%	13-May-24	0.35
Greger International	7.2%	17-Nov-23	0.3

2Q26 results update. The company reported 2Q FY26 revenue of US$16.5m, up 6.4 % year on year, driven by an 8.6 % increase in iron ore concentrate sales to 190,066 DMT. The group continued to benefit from strong domestic offtake demand, supported by multiyear supply agreements with Malaysian steel mills. However, the average realised selling price slipped to US$86.3 per DMT from US$88.5 a year ago, tracking weaker iron ore benchmarks and a lower realisation factor against IODEX. Gross profit declined 11.8 % year on year to US$9.1m, with gross margin contracting to about 55 % as higher stripping costs, inflation in operating inputs and startup costs from capacity upgrades offset scale benefits. Other income also normalised from a high base. As a result, profit before tax fell 52.5 % year on year to US$2.9m and profit after tax dropped 56.7 % to US$2.0m. On a first half basis, revenue grew 28.2 % to US$32.4m on strong volume growth, but net profit for the period was still down 35.1 % as margins compressed. The balance sheet remains in a net cash position, which provides flexibility to continue funding expansion at Bukit Besi and the Mengapur pilot plant.

Valuation & Action: On valuation, our refreshed DCF comes in at S$0.21 per share while our EV per resource framework, after cutting the multiple from 3.8 times to 2.8 times, supports a higher value of S$0.32 per share. A simple 50-50 blend of these two approaches gives a new fair value of S$0.27. This implies a relatively modest upside (+17.5% with dividends) from current levels and still warrants an overweight call in our view. Hence, we maintain our **OUTPERFORM** recommendation but lower our target price (TP) to **S$0.27.**

Executive Summary

Fortress Minerals' 2Q FY2026 net profit after tax (NPAT) plunged 57% y/y to US$2.0 million amid a slight dip in average selling prices and higher operating costs. Revenue for the quarter rose 6.4% y/y to US$16.5m on an 8.6% increase in sales volume (190kt of iron ore concentrate), reflecting resilient demand from regional steel mills. However, gross profit fell 12% y/y as the average realised selling price (ASP) slipped ~2% to US$86.3/DMT and unit costs jumped 30% on inflationary pressures and expanded operations. Management attributed the lower ASP largely to weaker benchmark iron ore prices (Platts IODEX 62% Fe CFR North China).

While this is accurate, we also note Fortress' price realisation (achieved price vs. benchmark) has also deteriorated over time – from a premium in earlier years to a discount today. With iron ore fundamentals softening and cost headwinds persisting, we cut our FY2026-30 earnings forecasts and trim valuation multiples. Consequently, our blended fair value declines to S$0.27 (from S$0.40), and we view upside to be substantially lowered at the current S$0.22 share price. Key drivers of our updated view include: (1) a structurally softer iron ore price outlook through FY2030, leading to lower ASP assumptions, and (2) delayed contribution from the Mengapur project, which we expect only from FY2027.

Softer Iron Ore Outlook Weighs on ASP and Earnings

Global iron ore prices are entering a structurally weaker phase over the medium term. Industry forecasts (e.g. S&P Global) project benchmark 62% Fe prices declining from an average of ~$97/ton in 2025 to around $80 by 2029 amid a seaborne supply surplus. Reflecting this outlook, we lower our iron ore price deck for FY2026-2030 – now assuming mid-$90s in FY26 falling to mid-$80s by FY2030 (vs. ~$110 average previously). This softer price trajectory directly affects Fortress's ASP realisations, which are index-linked. The company's selling price formula in offtake agreements references benchmark indices (Platts 65% and 58% Fe) with adjustments for iron content, meaning benchmark moves flow through to realised prices. Thus, a secular downtrend in IODEX is expected to weigh on Fortress's revenue and margins over our forecast horizon.

Importantly, Fortress's ASP premium over the benchmark has eroded. Historically, the group sold high-grade concentrate at a premium – e.g. in FY2021, its realised prices significantly exceeded the 62% Fe benchmark (ASP spiked to ~US$143/DMT in 1QFY22 amid $120-$130/t IODEX, roughly ~110% realisation). However, this realisation factor has steadily declined to ~80% in recent quarters as market conditions and contract terms shifted. By 2QFY2026, the ASP of US$86 was at a discount to average spot prices, partly due to increased domestic sales at formula-based pricing. We believe this trend of lower realisation was a secondary factor in FY2025's ASP decline, beyond just the weaker IODEX (management had solely pointed to the latter). Going forward, we assume a modest improvement in realisation to ~83% of benchmark (vs ~80% now) as market premiums for higher-grade ore normalize. This still represents a much lower pricing power than a few years ago, and limits margin expansion even if iron ore prices stabilize. Figure 1 illustrates the declining ASP-to-IODEX relationship.

Figure 1: Fortress realized ASP against benchmark IODEX (62% Fe) price

Source: Bloomberg, KGI Research

Lower ASP assumptions translate directly to reduced earnings estimates. Even with volume growth and cost control, the margin compression from weaker pricing leads us to cut our FY2026-28 EBITDA and net profit forecasts down by 15-30% versus prior estimates. We now expect FY2026e EPS of ~2.4 SG cents, a recovery y/y on a much lower base in FY2025 and gradual improvement in FY2027-28 as volumes ramp up. This is substantially below earlier expectations which assumed stronger pricing. In short, the iron ore downcycle and reduced pricing premium create a structural headwind for Fortress's profitability in the coming years.

Mengapur Delays Push Out Growth Trajectory

Fortress's growth story had hinged on new production from its Mengapur asset (CASB mine in Pahang, Malaysia), but this is timeline has now been pushed back. Initially, management targeted first iron ore output from Mengapur by end-FY2022, which proved optimistic, before revising expectations to FY2025-26. However, a recent reorganization of mining leases in Pahang has introduced further delays. In May 2025, the Mengapur (CASB) mining lease was transferred to a stateowned entity (Pahang Mining Corp) as part of a state-wide restructuring. Fortress retains operational control via a two-year exclusive concession (to mid-2027) while it negotiates a longer-term mining concession. The upshot is that large-scale development is effectively on hold pending full license security. Although the Group has completed flowsheet and engineering designs for an integrated processing plant at Mengapur and is constructing a pilot plant for trial production, meaningful commercial output of iron ore concentrate is unlikely until FY2027 in our view. We accordingly push out Mengapur's volume contribution in our model to FY2027 (from prior FY2026). This delay removes a key growth catalyst for the next one to two years.

In the interim, Fortress is relying on its existing Bukit Besi mine to drive incremental growth. Bukit Besi's production capacity is being expanded – a new crushing plant was completed in 1QFY2026 and will be integrated into a fully upgraded processing facility by FY2027. This should increase throughput at Bukit Besi (management targets ~50-60k tonnes per month, ~20% higher than FY2024 levels). Indeed, sales volumes have been robust, rising 42% y/y in 1H FY2026 to 385k DMT as the mine ramps up. Two new 24-month offtake contracts with a domestic steel mill (covering ~1.2 million WMT over Sep 2025 – Aug 2027) further underpin volume uptake.

However, even with Bukit Besi's growth and near-full utilization under these offtakes, group volumes will only modestly exceed ~630k DMT per year (FY2025 baseline) until Mengapur comes online. We forecast ~650k DMT in FY2026 and ~700k DMT in FY2027, which is a far cry from the step-change that Mengapur's large resource could eventually provide. In essence, Fortress's production profile is flat-to-moderately growing over the next one to two years, absent Mengapur. This moderates the earnings outlook and was a key reason we tempered our growth expectations. Once Mengapur is operational (potentially adding several hundred thousand tonnes per year of output), Fortress's sales and earnings could inflect higher – but investors may only see this from FY2027 onward. The delay also raises execution risk, as additional regulatory or technical hurdles could emerge during pilot testing and the scale-up the new processing plant. We therefore factor in a conservative ramp-up for Mengapur starting late FY2027.

Valuation and Price Target

We derive our price target of **S$0.27** using a blended methodology, averaging an updated DCF valuation and an EV/resource multiple approach (each weighted at 50%). The significant cut from our prior S$0.40 TP is driven by lower cash flow forecasts (on weaker iron ore pricing) and a de-rating of our resource multiple to reflect execution delays.

DCF Analysis. Our DCF yields an equity value of ~S$0.21 per share. We assume a WACC of 8.8% (reflecting the higher risk premium for a single-mine junior miner) and a conservative terminal growth rate of 2%. The DCF model incorporates our revised assumptions of iron ore price trending to US$85-90/t over the next 5 years, annual sales volume gradually rising to ~1.0 Mt by FY2029 (with Mengapur's ramp-up), and EBITDA margins in the ~30% range (down from ~50% historically to capture lower ASP realization and higher costs). On these inputs, Fortress's projected free cash flows (FCF) are significantly lower than before – we expect FCF of ~US$5-8m p.a. through FY2028, versus ~US$10m+ in prior estimates. The resulting DCF valuation (enterprise value of ~US$83m) is roughly 30% below our previous figure. Notably, the DCF value of S$0.21 is ~7% below the current market price, indicating the stock is already pricing in some growth/option value beyond the base cash flows.

Table 1: Free Cash Flow Calculations (REVISED)

Free Cash Flow Calculation (US$)	FY 2024 02/28/2024	FY 2025 02/28/2025	FY 2026 02/28/2026	FY 2027 02/28/2027	FY 2028 02/28/2028	FY 2029 02/28/2029	FY 2030 02/28/2030
Earnings before Income Tax	13.9	10.5	12.3	12.6	11.2	11.3	11.3
Add: Interest	0.2	0.2	0.2	0.3	0.3	0.3	0.3
Operating Profit (EBIT)	14.1	10.6	12.5	12.9	11.5	11.6	11.6
Less: Tax	(3.4)	(4.7)	(3.1)	(3.7)	(3.4)	(3.5)	(3.3)
Add: Depreciation & Amortisation	6.4	5.3	4.9	5.3	5.1	5.1	5.1
Less: Changes in working capital	(2.4)	0.1	1.1	(1.3)	0.5	(0.0)	(0.0)
Less: Capital Expenditures	(5.3)	(3.4)	(7.2)	(7.7)	(7.4)	(7.4)	(7.4)
FCFF	9.4	7.9	8.3	5.4	6.3	5.7	6.0
Terminal Value	-	-	-	-	-	-	89.7
Total FCFF	9.4	7.9	8.3	5.4	6.3	5.7	95.6
Period		-	1.0	2.0	3.0	4.0	5.0
Discount Factor		-	0.9	0.8	0.8	0.7	0.7
PV FCFF (US$)		**-**	**7.7**	**4.6**	**4.9**	**4.1**	**62.7**

Source: KGI Research

Table 2: Free Cash Flow Calculations (OLD)

Free Cash Flow Calculation (US$)	FY 2023 02/28/23	FY 2024 02/28/24	FY 2025F 02/28/25	FY 2026F 02/28/26	FY 2027F 02/28/27	FY 2028F 02/28/28	FY 2029F 02/28/29
Earnings before Income Tax	17.6	13.9	16.1	17.5	18.8	17.4	17.6
Add: Interest	0.0	0.2	0.2	0.3	0.3	0.3	0.3
	-	-	-	-	-	-	-
Operating Profit (EBIT)	17.6	14.1	16.3	17.7	19.0	17.7	17.9
Less: Tax	(5.0)	(3.4)	(4.0)	(4.5)	(4.9)	(4.4)	(4.5)
Add: Depreciation & Amortisation	5.3	6.4	5.3	5.6	5.8	5.6	5.6
Less: Changes in working capital	1.6	(2.4)	(3.6)	(1.0)	(0.5)	0.5	(0.1)
Less: Capital Expenditures	(8.8)	(5.3)	(7.2)	(7.7)	(7.9)	(7.6)	(7.7)
	-	-	-	-	-	-	-
FCFF	10.8	9.4	6.7	10.2	11.6	11.7	11.3
Terminal Value	-	-	-	-	-	-	169.2
Total FCFF	10.8	9.4	6.7	10.2	11.6	11.7	180.5
Period		-	1.0	2.0	3.0	4.0	5.0
Discount Factor		-	0.9	0.8	0.8	0.7	0.7
PV FCFF (US$)		**-**	**6.2**	**8.6**	**9.0**	**8.4**	**118.3**

Source: KGI Research

EV/Resource Approach. As an asset-backed valuation cross-check, we value Fortress based on the in-situ iron ore resources of its mines. We cut our assumed EV/Resource multiple to 2.8× (from 3.8× prior) to align with peer valuations and to reflect delayed monetisation of resources. For context, regional iron ore developers and small producers have de-rated amid China's property downturn; a multiple under 3× is towards the low end of historical trading ranges. Applying a 2.8× multiple to Fortress's attributable iron ore resource base (which we estimate at ~46 Mt of high-grade iron ore across Bukit Besi and Mengapur) yields an implied enterprise value of ~US$130m. After adjusting for net cash, this translates to an equity value of roughly S$0.32 per share on an EV/Resource basis. This valuation captures the long-term potential of the substantial Mengapur resource, albeit at a discounted metric given the development lag. It is higher than the DCF value, indicating that a significant portion of Fortress's worth lies in its resource optionality. We note that our prior EV/Resource valuation was closer to S$0.45/share (using 3.8×), so the multiple compression materially reduces this component.

Combining the two methods equally, we arrive at our PT of **S$0.27.** At S$0.22, the stock trades at a discount to our blended fair value. In terms of earnings multiples, our PT implies ~11.3× FY2026F P/E and 8.0× EV/EBITDA, which we view as fair for a small-cap miner with moderate growth. We see balanced risk-reward profile at this juncture, with the upside from any iron ore price surprise or faster Mengapur ramp largely offset by execution and market risks.

Table 3: Our Blended Valuation (REVISED)

Valuations			
Discount Cash Flow (US$)		EV/Resource Valuation (US$)	
Terminal Growth Rate	2.0%	Industry Average EV/Resource	2.8
Expected Return/ WACC (%)	8.8%	Resource	45,780,000.0
Sum of PV FCFF	83,864,123.7	Implied Enterprise Value	128,184,000.0
Plus: Net Debt	(1,927,182.0)	Plus: Cash	7,850,163.0
Less: Interest*(1-Tax)	(89,998.1)	Less: Total Debt	(10,333,581.0)
Implied Equity Value	81,846,943.6	Implied Equity Value	125,700,582.0
Diluted Shares	523,316,100	Diluted Shares	523,316,100
Implied Share Price (US$)	0.16	Implied Share Price (US$)	0.24

Blended Valuation Approach (US$)	TP	Percentage (%)	Weighted TP
Discounted Cash Flow (DCF)	0.16	50%	0.16
EV/Resource Multiple	0.24	50%	0.24
Blended 12m-TP (US$)			0.20
FX Rate (USD to SGD)			1.35
Blended 12m-TP (S$)			0.27
Upside (Excluding Dividends)			13.9%

Source: KGI Research

Key Risks & Catalysts

Iron Ore Price Volatility. As a price taker, Fortress's fortunes are tightly linked to iron ore market prices. A faster recovery or unexpected spike in IODEX (e.g. from stronger China steel demand or supply disruptions) represents upside potential, boosting ASPs and earnings. Conversely, a steeper decline in iron ore (due to China slowdown or new supply gluts) is a major downside risk – every US$10/t change in realised price moves our EPS by an estimated ±15%. We have assumed a gradual price moderation; more severe weakness would further pressure our forecasts.

Project Execution and Regulatory Risk. There is inherent risk in developing the Mengapur (CASB) project. Any delays in securing a long-term mining concession from the state beyond the current 2-year arrangement, or unforeseen technical hurdles in building the new processing plant, could push out production even further or reduce eventual output. Successful pilot plant results and clarity on the concession by 2026 would be key positive catalysts. On the flip side, an adverse change in state policy or community/environmental opposition in Pahang could even jeopardize the project – a low-probability but high-impact risk to valuation.

Operational Risks. Fortress is expanding capacity at Bukit Besi and ramping up output, which carries execution risks such as equipment commissioning delays or mining challenges. Any operational disruption (e.g. weather-related stoppages, unforeseen grade variability, or accidents) could impact volumes and costs. Thus far, the company has executed well – achieving higher throughput and resilient margins – but maintaining ~55%+ gross margins will require diligent cost control as the mine deepens (stripping ratio changes) and inflation persists. We have built in some cost improvements (unit cost easing slightly in FY2026 vs 1H levels), but failure to realize these could mean earnings disappoint.

Customer Concentration. The new offtake agreements concentrate a significant portion of sales with one Malaysian steel mill. While this provides volume certainty, it introduces counterparty and negotiation risk. If the buyer were to renegotiate terms, default, or not renew after Aug 2027, Fortress might face a gap before finding alternative customers, potentially at less favorable pricing. Diversification of the customer base or additional offtakes (perhaps export contracts) would mitigate this risk.

Macro and FX. Broader macro factors, including global recession risk, trade policies, and currency fluctuations, also affect Fortress. A sharper global slowdown would dampen steel and iron ore demand beyond our base case. Fortress reports in USD; its costs are largely in Malaysian Ringgit (MYR) while its share price is in SGD – thus, FX movements (USD: MYR, USD: SGD) can impact reported results and investor perceptions. We assume relatively stable FX; significant MYR inflation or SGD appreciation could hurt reported profits or valuation respectively.

On the catalyst front, we look for the following events that could improve sentiment on the stock: **(1)** sustained iron ore price recovery above our forecasts (e.g. on China stimulus) lifting near-term earnings; **(2)** tangible progress at Mengapur – such as completion of the pilot plant, favorable metallurgical results, or extension of mining rights – which would de-risk the project; and **(3)** potential strategic moves like M&A or JVs that crystallize some resource value (for instance, partnering on Mengapur's development or monetising the copper/gold by-products). Absent these, the stock may remain range-bound, trading roughly in line with our DCF value until clearer growth is on the horizon.

Financial Summary (Revised)

Income Statement	2024	2025	2026F	2027F	2028F
Revenues	**53.9**	**56.3**	**58.2**	**62.3**	**60.1**
Cost Of Goods Sold	(20.7)	(23.0)	(24.8)	(27.2)	(27.3)
Gross Profit	**33.3**	**33.2**	**33.4**	**35.1**	**32.9**
Selling General & Admin Exp.	(8.4)	(7.7)	(9.6)	(10.3)	(9.9)
Other Operating Expense/(Income)	(9.5)	(11.8)	(11.3)	(12.0)	(11.6)
Interest Income and Others	(1.0)	(0.1)	(0.0)	0.1	0.1
Profit Before Income Tax	**14.4**	**13.7**	**12.5**	**12.8**	**11.5**
Income Tax Expense	(3.4)	(4.7)	(3.1)	(3.7)	(3.4)
Net Income	**11.0**	**9.0**	**9.4**	**9.1**	**8.1**

Balance Sheet	2024	2025	2026F	2027F	2028F
Cash and cash equivalents	7.7	7.9	9.2	12.1	14.8
Inventories	3.1	6.2	5.3	5.8	5.8
Trade receivables	7.2	6.2	5.8	6.2	5.9
Other receivables, deposits and prepayments	4.2	7.7	8.0	8.6	8.3
Other current assets	3.0	1.8	1.8	1.8	1.8
Total current assets	**25.2**	**29.8**	**30.1**	**34.4**	**36.6**
Property, plant and equipment	67.8	70.0	71.4	73.0	74.5
Other non-current assets	4.3	3.2	4.0	4.8	5.7
Total non-current assets	**72.1**	**73.1**	**75.4**	**77.8**	**80.2**
Total assets	**97.2**	**103.0**	**105.5**	**112.3**	**116.8**
Trade Payables	1.2	1.9	1.7	1.8	1.8
Other Payables and Accruals	7.6	10.3	10.3	10.3	10.3
Bank Borrowings & Lease Liabilities	8.2	3.5	0.7	0.7	0.7
Other current liabilities	0.0	0.1	0.1	0.1	0.1
Total current liabilities	**17.0**	**15.8**	**12.7**	**12.8**	**12.8**
Bank Borrowings & Lease Liabilities	2.1	2.4	1.7	1.1	0.4
Other non-current liabilities	5.9	5.9	4.9	5.4	5.1
Total non-current liabilities	**8.0**	**8.3**	**6.6**	**6.5**	**5.6**
Total liabilities	**25.0**	**24.0**	**19.3**	**19.3**	**18.4**
Share capital	29.0	29.0	29.0	29.0	29.0
Other Reserves	11.4	7.7	7.7	7.7	7.7
Retained Earnings	54.6	57.3	64.6	71.3	76.7
Equity Attributable to owners of the Company	**72.2**	**78.6**	**85.9**	**92.6**	**98.0**
Non-Controlling Interest	0.0	0.3	0.3	0.3	0.3
Total Equity	**72.2**	**78.9**	**86.2**	**92.9**	**98.4**
Total Liabilities and Equity	**97.2**	**103.0**	**105.5**	**112.3**	**116.8**

Cash Flow	2024	2025	2026F	2027F	2028F
Profit Before Income Tax	**13.9**	**10.5**	**12.3**	**12.6**	**11.2**
Depreciation & Amort.	6.4	5.3	4.9	5.3	5.1
Other Operating Cash Flows Adjustments	1.1	2.3	(0.1)	(0.1)	(0.2)
Operating cash flows before WC changes	**21.4**	**18.1**	**17.2**	**17.7**	**16.1**
Change in working capital	(2.4)	0.1	1.1	(1.3)	0.5
Cash Generated from Operations	**19.0**	**18.2**	**18.3**	**16.4**	**16.6**
Income tax paid	(4.6)	(4.4)	(3.1)	(3.7)	(3.4)
Income tax refunded	0.0	0.0	–	–	–
Cash flows from operations	**14.4**	**13.8**	**15.2**	**12.7**	**13.2**
Capital expenditure	(5.3)	(3.4)	(7.2)	(7.7)	(7.4)
Acquisition of a subsidiary	–	(0.3)	–	–	–
Proceeds from disposal of plant and equipment	0.3	0.5	–	–	–
Other investing cashflow	(0.5)	0.8	0.2	0.3	0.3
Cash flows from investing	**(5.5)**	**(2.5)**	**(7.0)**	**(7.4)**	**(7.1)**
Repayment of bank borrowings	(7.4)	(7.5)	(3.4)	(0.6)	(0.6)
Interest paid on bank borrowings	(0.9)	(0.6)	(0.2)	(0.1)	(0.1)
Repayment of principal portion of lease liabilities	(2.3)	(1.0)	(0.1)	(0.0)	(0.0)
Repayment of interest portion of lease liabilities	–	–	–	–	–
Dividends paid	(3.1)	(2.4)	(2.0)	(2.2)	(2.4)
Other financing cashflow	(0.0)	2.0	(1.3)	0.5	(0.3)
Cash flows from financing	**(13.7)**	**(9.4)**	**(6.9)**	**(2.4)**	**(3.4)**
Net increase in cash	**(4.8)**	**1.8**	**1.4**	**2.9**	**2.7**
Effect of Exchange Rate Changes	**0.2**	**0.3**	**–**	**–**	**–**
Cash and Cash Balance BOP	3.7	5.7	7.9	9.2	12.1
Cash and Cash Balance EOP	**5.7**	**7.9**	**9.2**	**12.1**	**14.8**

KEY RATIOS	2024	2025	2026F	2027F	2028F
DPS (SGD cents)	0.60	0.46	0.51	0.56	0.61
Dividend yield (%)	2.7%	2.1%	2.3%	2.5%	2.8%
NAV per share (SGD cents)	18.6	20.4	22.2	24.0	25.4
Price/NAV (x)	1.2	1.1	1.0	0.9	0.9
Profitability					
EBITDA Margin (%)	38.9%	28.7%	29.5%	28.5%	26.8%
Gross Profit Margin (%)	61.7%	59.0%	57.4%	56.3%	54.7%
Net Profit Margin (%)	19.4%	10.3%	15.9%	14.2%	13.0%
ROE (ex. Property FV gain) (%)	14.5%	7.3%	10.7%	9.6%	7.9%
ROA (ex. Property FV gain) (%)	10.8%	5.6%	8.8%	7.9%	6.7%
Financial Structure					
Interest Coverage Ratio (x)	15.4	18.5	80.0	112.1	159.0
Net Debt/ (Net Cash) Gearing Ratio (%)	3.7%	(2.4%)	(7.9%)	(11.1%)	(13.9%)

Figure 2: Old Estimates

YE Dec (US$ m)	2023	2024	2025F	2026F	2027F
Revenue	53.5	53.9	51.3	61.3	63.1
PATMI	12.6	10.5	9.7	12.6	13.5
EPS (cents)	3.2	2.7	2.5	3.3	3.5
EPS growth (%)	-13.3%	-16.7%	-7.9%	30.7%	6.8%
DPS (Sing cents)	0.8	0.6	0.8	0.9	1.0
Div Yield (Y%)	2.9%	2.2%	2.9%	3.2%	3.5%
Net Profit Margin (%)	23.5%	19.4%	18.8%	20.6%	21.4%
Net Debt/ (Net Cash) Gearing (%)	15.9%	3.7%	0.5%	(5.7%)	(12.8%)
ROA (%)	13.4%	10.8%	10.2%	12.1%	11.8%
ROE (%)	20.2%	14.5%	12.3%	14.3%	13.8%

Source: KGI Research

Figure 3: New Estimates

YE Dec (US$ m)	2024	2025	2026F	2027F	2028F
Revenue	53.9	56.3	58.2	62.3	60.1
PATMI	10.5	5.8	9.2	8.9	7.8
EPS (cents)	2.7	1.5	2.4	2.3	2.0
EPS growth (%)	-17%	-54%	-12%	-4%	-12%
DPS (Sing cents)	0.6	0.5	0.5	0.6	0.6
Div Yield (Y%)	2.7%	2.1%	2.3%	2.5%	2.8%
Net Profit Margin (%)	19.4%	10.3%	15.9%	14.2%	13.0%
Net Debt/ (Net Cash) Gearing (%)	3.7%	-2.4%	-7.9%	-11.1%	-13.9%
ROA (%)	10.8%	5.6%	8.8%	7.9%	6.7%
ROE (%)	14.5%	7.3%	10.7%	9.6%	7.9%

Source: KGI Research

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