

OKP Holdings Limited

(OKP SP / 5CF.SI)

Growing order book amidst an infrastructure upcycle

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Investment Highlights

- Multi-year infrastructure upcycle supports orderbook replenishment.** OKP is well positioned to benefit from Singapore's sustained infrastructure investment cycle, supported by public-sector projects in civil engineering, transport connectivity, roads, drainage, commuter infrastructure and active-mobility networks. The structural nature of these projects provides a supportive tender pipeline and reinforces OKP's role as a niche public-infrastructure contractor.
- Enlarged orderbook provides strong earnings visibility through 2031.** OKP's net construction orderbook increased to S\$760.7m as at 28 May 2026, following recent LTA contract wins, with projects extending to 2031. This provides a multi-year contracted revenue base, reduces reliance on short-cycle tender wins, and strengthens visibility over medium-term revenue recognition.
- Strong balance sheet enhances resilience and bidding capacity.** OKP's sizeable cash position and conservative balance sheet provide an important buffer against project execution risks, cost inflation and working-capital volatility. The strong liquidity position also supports performance bonding, procurement flexibility and the ability to bid for larger government-backed infrastructure projects.
- Margin resilience supported by disciplined tendering and public-sector track record.** Although the construction sector faces higher labour, material and energy costs, OKP's established execution track record, public-sector focus and disciplined bidding approach should support margin stability. As industry requirements around manpower, productivity and compliance increase, stronger contractors such as OKP are better positioned to capture quality projects and convert backlog into sustainable earnings.

Valuation & Action

We initiate coverage on OKP Holdings Limited with an **OUTPERFORM** rating and a 12-month target price of **S\$1.31**, based on a DCF-derived equity valuation with a 10% WACC and 2.0% terminal growth rate. Our target price implies upside of 64.1% from current levels.

OUTPERFORM

Last close (S\$)	0.80
12M Target Price (S\$)	1.31
Previous TP (S\$)	
Previous Recommendation	OP
Upside / (Downside) (%)	64.1%
TRADING DATA	
Market Cap (S\$m)	435.12
Issued Shares (m)	537.18
3M Avg Daily Vol (m)	1.84
3M Avg Daily Val (S\$m)	1.41
Free Float (%)	30.33
MAJOR SHAREHOLDERS (%)	
Or Kim Peow Investme	55.00
Ginko-AGT Global Gro	6.51

Financials & Key Operating Statistics

YE Dec (S\$'mn)	2024	2025	2026F	2027F	2028F
Revenue	181.8	223.5	242.1	277.9	306.8
PATMI	33.7	44.3	48.0	53.6	54.7
EPS (S\$ cents)	10.98	14.42	8.93	9.97	10.19
EPS growth (%)	n/a	31.3%	(38.0%)	11.6%	2.2%
DPS (S\$ cents)	1.50	2.50	1.34	1.50	1.53
Div Yield (%)	1.8%	3.0%	1.6%	1.8%	1.9%
Net Profit Margin (%)	18.5%	19.8%	19.8%	19.3%	17.8%
Net Gearing (%)	(49.5%)	(56.4%)	(68.5%)	(72.1%)	(75.1%)
P/E (x)	7.5x	5.7x	9.2x	8.3x	8.1x
P/B (x)	2.2x	1.9x	1.6x	1.4x	1.2x

Source: Company data, KGI Research estimates

Risks

Key risks include Project execution and cost-overflow risk, Labour availability and foreign-worker policy risk, Residual-input cost and energy-inflation risk, Orderbook replenishment and tender-pricing risk, Working-capital and cash-flow timing risk, and Public-sector concentration and policy timing risk.

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Company Background

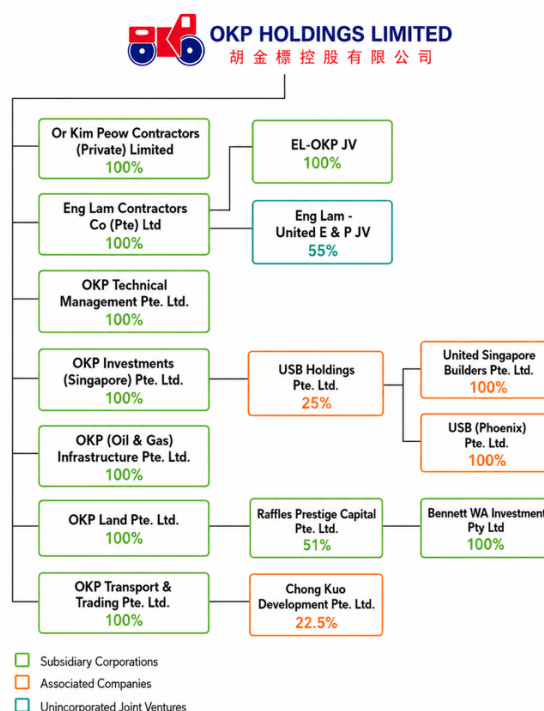
OKP Holdings Limited is a Singapore-based civil engineering and infrastructure construction company, primarily engaged in the development and maintenance of transportation and urban infrastructure. The Group has established a strong track record in delivering public sector projects, with a core focus on road construction, expressways, drainage systems, and airport-related infrastructure.

OKP's client base is predominantly government-linked, including agencies such as the Land Transport Authority and the Public Utilities Board, positioning the Group as a direct beneficiary of Singapore's long-term infrastructure development plans. Its projects typically involve large-scale civil engineering works, including road widening, drainage improvement, and transport network enhancements, which tend to be less cyclical and more policy-driven compared to private sector construction.

Business segments

- Construction — A broad range of works, including the construction and upgrading of roads and expressways, drainage and sewerage systems, airport infrastructure, as well as ancillary works such as cycling paths and pedestrian networks.
- Maintenance — Maintenance and upkeep of roads, expressways, and related infrastructure
- Rental income — Leasing out investment properties in Singapore, mainly from commercial assets.

Figure 1: OKP Corporate Structure



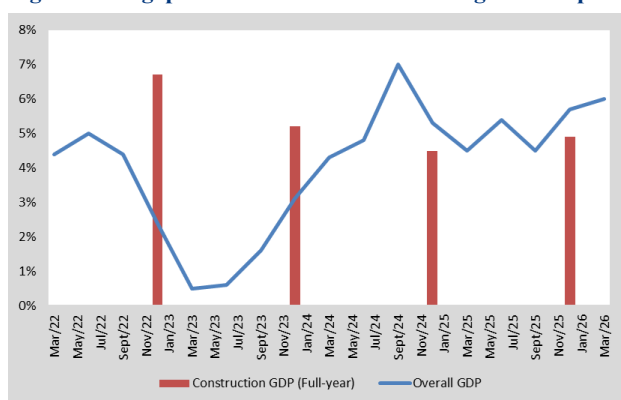
Source: Company, KGI Research

Investment Thesis

Singapore’s infrastructure upcycle

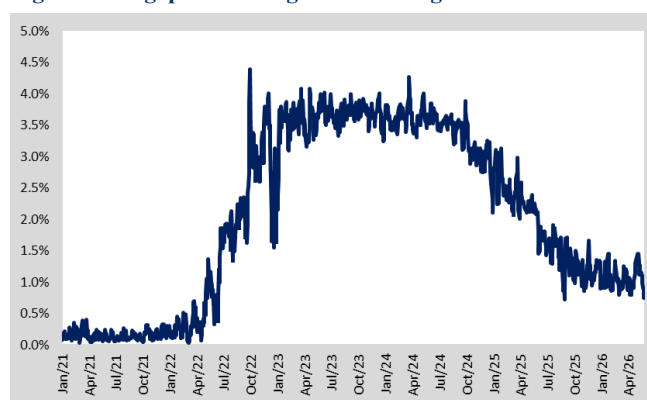
Singapore’s infrastructure upcycle is supported by a resilient macro backdrop and a still-accommodative public investment environment. Singapore’s economy grew 6.0% YoY in 1Q26, while MTI maintained its 2026 GDP growth forecast at 2.0–4.0%, despite rising external risks from geopolitical tensions and trade uncertainty. This provides a supportive demand backdrop for infrastructure contractors, as steady economic growth sustains government fiscal capacity, public-sector project execution, and private-sector confidence. On the interest-rate side, Singapore’s financing conditions have eased from the 2022–24 peak, with market expectations pointing to lower SORA levels in 2026 before some stabilisation later in the year; this could support private development activity, although for OKP the more important driver remains public-sector infrastructure awards rather than interest-rate-sensitive private property demand.

Figure 2: Singapore GDP and construction segment output



Source: Bloomberg, KGI Research

Figure 3: Singapore overnight rate average trend



Source: Bloomberg, KGI Research

The stronger structural driver is Singapore’s public infrastructure pipeline. BCA expects total construction demand to remain elevated at S\$47b–S\$53b in 2026, following preliminary demand of S\$50.5b in 2025, before normalising to a still-healthy S\$39b–S\$46b per annum from 2027 to 2030. The pipeline is supported by several large public and institutional projects, including Changi Airport Terminal 5, HDB BTO construction, MRT extensions, Tuas Terminal works, major roads and viaducts, cycling-path networks, NUH redevelopment, new Junior College projects and the new SUSS City Campus. For OKP, this is highly relevant because the Group’s core expertise is in civil engineering, roads, drainage, transport infrastructure and public-sector works; hence, the company is better positioned as a beneficiary of Singapore’s long-term infrastructure spending cycle than general building contractors that rely more heavily on private residential or commercial construction.

Figure 4: Historical and projected construction demand

Year / period	Construction demand	Status
2021	S\$29.9bn	Actual
2022	S\$29.8bn	Actual
2023	S\$33.8bn	Actual
2024	S\$44.2bn	Actual / preliminary
2025	S\$50.5bn	Preliminary actual
2026	S\$47bn–S\$53bn	Forecast
2027–2030	S\$39bn–S\$46bn p.a.	Medium-term forecast

Source: BCA, KGI Research

From a policy and fiscal perspective, Singapore’s infrastructure spending is also aligned with long-term national priorities, including transport connectivity, housing supply, airport capacity, port development, healthcare infrastructure and climate resilience. These projects are less discretionary than private-sector construction and are typically backed by multi-year government planning, which improves tender visibility for established public-sector contractors. For OKP, the key investment implication is that robust infrastructure demand should support orderbook

replenishment over the medium term, while its ability to convert this upcycle into earnings growth will depend on disciplined bidding, labour availability, subcontractor management, cost escalation protection and project execution.

Strong orderbook visibility underpins earnings outlook

OKP's orderbook visibility has improved meaningfully following the latest LTA contract wins, strengthening the revenue base for the next few years. The Group ended FY2025 with a net construction orderbook of S\$588.0m, with projects extending to 2031; compared with FY2025 revenue of S\$223.5m, this implied around 2.6x revenue coverage. Subsequent awards further lifted backlog visibility: in March 2026, OKP secured a S\$87.3m LTA contract for commuter infrastructure works along the Jurong Region Line, raising its net construction orderbook to S\$627.2m; in May 2026, it secured another S\$165.3m LTA contract for commuter infrastructure works, taking the orderbook to S\$760.7m as at 28 May 2026. Compared with FY2025 revenue of S\$223.5m, the latest orderbook implies approximately 3.4x revenue coverage, giving OKP multi-year visibility and reducing reliance on short-cycle tender wins.

Figure 5: Company order book

Announcement date / period	Contract value / orderbook impact	Project / scope
May-25	S\$258.3m contract; lifted net construction orderbook to S\$735.8m at the time	LTA contract for the design and construction of new cycling path networks in Singapore's East Region, covering 11 towns including Sengkang, Hougang, Serangoon, Marine Parade, Tampines Industrial, Pasir Ris Industrial and Bedok Industrial. Scope includes cycling paths, pedestrian footpaths, drainage enhancements, retaining walls, signage and road-surface works.
End-2025	S\$588.0m net construction orderbook	Remaining construction orderbook as at 31 Dec 2025, with secured projects extending to 2031.
Mar-26	S\$87.3m contract; lifted net construction orderbook to S\$627.2m	LTA contract for commuter infrastructure works along the Jurong Region Line. The 60-month contract commenced on 27 Feb 2026 and is expected to run until 2031.
May-26	S\$165.3m contract; lifted net construction orderbook to S\$760.7m as at 28 May 2026	LTA contract for commuter infrastructure works at pedestrian overhead bridges across Singapore. The 48-month contract commenced on 25 May 2026 and covers the design and construction of lift shafts and associated commuter infrastructure at 30 pedestrian overhead bridges, including lift lobbies, link bridges, covered linkways and roof covers.

Source: Company, KGI Research

The improving orderbook has already translated into stronger revenue recognition and profitability. In FY2025, revenue increased 22.9% YoY to S\$223.5m, mainly driven by the construction segment, where revenue rose 35.6% YoY to S\$154.5m as ongoing and newly awarded projects progressed into more active phases. The maintenance segment also remained resilient, with revenue increasing 6.2% YoY to S\$65.6m, while rental income declined due to renovations and tenant transition. Importantly, the construction and maintenance segments accounted for 69.1% and 29.4% of FY2025 revenue respectively, implying that OKP's earnings base is now overwhelmingly driven by its core infrastructure execution capability rather than non-core rental income.

Profitability improved alongside the higher activity level, suggesting positive operating leverage. FY2025 gross profit rose 24.5% YoY to S\$72.4m, while gross profit margin improved slightly to 32.4% from 32.0% in FY2024. Net profit increased 33.0% YoY to S\$43.6m, and net profit margin expanded to 19.5% from 18.0%. This indicates that the increase in orderbook conversion did not come at the expense of margin dilution, at least in FY2025. For a contractor, this is important because revenue growth alone is not sufficient; contract pricing, cost control, subcontractor management and working-capital discipline determine whether backlog growth translates into sustainable earnings growth.

Looking ahead, the enlarged orderbook should support continued revenue recognition and provide a stronger platform for earnings growth. The latest LTA awards are long-duration public infrastructure projects, and these projects

enhance OKP's medium-term visibility, reinforce its execution track record in government-backed civil engineering works, and position the Group to benefit from Singapore's ongoing transport connectivity and accessibility upgrade cycle. With a sizeable backlog, proven public-sector credentials and disciplined project execution, OKP is well placed to convert its orderbook into sustainable revenue and profitability over the next several years.

Balance sheet strength provides downside protection and optionality

OKP's balance sheet strength is a key differentiator in Singapore's construction sector, where long project cycles, uneven progress billing, working-capital swings and potential cost overruns can place pressure on weaker contractors. As at 31 December 2025, OKP's free cash and cash equivalents rose to S\$155.9m, up S\$31.6m from S\$124.3m a year earlier. This was equivalent to 50.8 Singapore cents per share, based on 306.96m issued shares, and represented a sizeable liquidity buffer relative to the Group's operating scale. Net tangible assets also increased to S\$237.6m, or 77.39 Singapore cents per share, supported by the Group's FY2025 profitability and retained earnings. This provides downside protection in two ways: first, it reduces refinancing and liquidity risk during periods of project execution volatility; second, it gives OKP the financial capacity to support larger public-sector tenders, performance bonds and project working-capital requirements.

Importantly, the large cash balance should be viewed as both a strategic asset and a valuation consideration. Management has stated that the cash reserves are not simply idle funds, but serve operational purposes in a construction business where projects have long cycles, cash flows can be uneven, and delays or cost overruns can arise. Contractors bidding for major public-sector projects are typically required to provide performance bonds and meet liquidity thresholds; companies that cannot demonstrate sufficient financial capacity may not be invited to bid for larger projects. This supports our view that OKP's conservative balance sheet is part of its competitive positioning, especially as the Group continues to target LTA, PUB and other government-linked infrastructure opportunities. At the same time, this means investors should avoid treating the entire cash balance as freely distributable "excess cash"; a portion is structurally required to sustain bidding capacity and project execution.

The balance sheet also enhances OKP's capital allocation optionality. FY2025 operating cash flow remained healthy at S\$43.4m, although lower than S\$58.3m in FY2024 due mainly to lower working-capital inflows, higher tax payments and timing-related movements in contract assets and payables. The Group also proposed a total FY2025 dividend of 2.0 Singapore cents per share, comprising a 0.7-cent final dividend and a 1.3-cent special dividend, demonstrating its willingness to return capital when earnings and cash generation are strong. Management has also indicated that it will evaluate capital management initiatives, including measures that may enhance shareholder value, while maintaining sufficient liquidity for business needs. In our view, a clearer capital allocation framework — defining the minimum strategic cash buffer, dividend policy, potential buybacks, and reinvestment priorities — could help narrow the market's discount to OKP's large cash position.

Valuation & Peer Comparison

Our DCF derived fair value for OKP is S\$1.31 per share, implying 64.1% upside from the current share price of S\$0.80. The valuation is anchored on an enterprise value of ~S\$570m and equity value of ~S\$705m after adding net cash of S\$135.0m. We use a 10.0% WACC and 2.0% terminal growth rate, which we view as appropriate for a contractor with a visible public sector infrastructure order book, recurring maintenance exposure and a net cash balance sheet, but also inherent lumpiness in project awards and execution risk.

Valuation methodology

Our explicit forecasts capture a near term revenue step up before a normalisation in FY2030 as the existing order book rolls off. Total revenue is projected to rise from S\$223.5m in FY2025 to S\$242.1m in FY2026F and S\$306.8m in FY2028F, supported by recognition from the East Region CPN contract, JRL commuter infrastructure works, LTA commuter infrastructure works and other existing backlog. Revenue then eases to S\$322.8m in FY2029F and S\$274.2m in FY2030F as the current construction backlog matures. This is partly cushioned by maintenance revenue, which is forecast to grow from S\$68.9m in FY2026F to S\$74.5m by FY2030F, providing a more recurring revenue base relative to pure construction work.

Figure 6: DCF Valuation

DCF VALUATION <i>All amounts in 'S\$ unless otherwise stated</i> <i>Year ended 31 Dec</i>	Projected				
	FY2026F	FY2027F	FY2028	FY2029	FY2030
EBIT	56,451,542	62,281,068	63,068,554	63,496,627	50,888,347
Tax rate	15.0%	15.0%	15.0%	15.0%	15.0%
EBIT (1-T)	47,983,811	52,938,908	53,608,271	53,972,133	43,255,095
(+) D&A	5,818,205	5,311,166	4,933,857	4,656,475	4,444,702
(-) Change in NWC	(2,036,703)	(5,352,268)	(3,622,081)	(4,517,738)	3,097,077
(-) Capex	(2,420,639)	(2,778,640)	(3,067,686)	(3,227,864)	(2,742,358)
Free Cash Flow	49,344,675	50,119,166	51,852,361	50,883,007	48,054,516
<i>Year-end date</i>	<i>31/12/2026</i>	<i>01/01/2027</i>	<i>02/01/2027</i>	<i>03/01/2027</i>	<i>04/01/2027</i>
Year Fraction	1.00	2.00	3.00	4.00	5.00
Discount Factor	0.909	0.826	0.751	0.683	0.621
Free Cash Flow to Firm	49,344,675	50,119,166	51,852,361	50,883,007	48,054,516
Terminal Value					612,695,081
Total FCFE to be Discounted	49,344,675	50,119,166	51,852,361	50,883,007	660,749,597
PV of Free Cash Flow	44,858,795	41,420,798	38,957,446	34,753,778	410,273,514
Enterprise Value	570,264,332				
(-) Debt	26,724,883				
(+) Cash	161,735,189				
Equity Value	705,274,638				
Diluted Shares Outstanding ('000)	537,182,531				
Fair Value / Share (S\$)	1.313				
Current Share Price (S\$)	0.800				
Upside / (Downside)	64.1%				

Peer comparison

OKP trades at 9.7x current P/E, broadly in line with the close civil engineering and infrastructure peer average of 12.1x, but at a discount to the broader building and construction peer average of 15.7x. We view the discount as reasonable given OKP's smaller market capitalisation, weaker near-term earnings base and lower dividend yield, but note that the group screens more favourably on operating quality. OKP's gross margin of 32.4% and net margin of 19.8% are materially above the civil engineering peer averages of 15.0% and 6.1%, respectively, and also above the broader construction peer averages of 25.9% and 11.1%. This reflects a higher-quality earnings profile supported by disciplined project selection, infrastructure-related execution capability and contribution from non-construction income streams. While revenue growth

of 23.0% is already ahead of the close peer average of 7.0%, the market appears to be applying a conservative multiple due to the lumpy nature of construction order wins and the absence of a sustained earnings recovery. Against adjacent infrastructure and materials peers, which trade at 11.9x P/E with stronger balance-sheet scale, OKP's valuation is not stretched. We believe a re-rating would require clearer evidence of order book conversion, margin resilience and new contract replenishment, but current valuation appears undemanding relative to the group's superior margin profile and net cash balance sheet.

Figure 7: Peer comparison

Ticker	Company	Last Price	Mkt Cap (US\$m)	Div Yield (%)	Net Gearing (%)	P/E Current	Rev Growth (%)	Gross Margin (%)	Net Margin (%)
OKP SP	OKP HOLDINGS LTD	SGD 0.8	429.7	0.6	-56.4	9.7	23.0	32.4	19.8
Closest civil engineering / infrastructure peers									
LEY SP	LEY CHOON GROUP HOLDINGS LTD	SGD 0.101	152.1	156.3	1.7	15.2	10.3	17.2	6.9
HUAGL SP	HUATONG GLOBAL LTD	SGD 0.775	146.5	2.8	-28.4	7.2	32.0	16.5	6.4
BBR SP	BBR HOLDINGS (S) LTD	SGD 0.205	66.1	1.6	42.4	14.7	-15.8	18.2	1.8
HLSH SP	HOCK LIAN SENG HOLDINGS LTD	SGD 0.375	191.2	4.3	-22.5	11.3	1.5	8.2	9.1
—	Peer Average	0.36	139.0	41.2	-1.7	12.1	7.0	15.0	6.1
Broader building / construction peers									
KOH SP	KOH BROTHERS GROUP LTD	SGD 0.385	158.8	0.0	-2.4	8.6	38.2	11.9	5.6
KSHH SP	KSH HOLDINGS LTD	SGD 0.35	199.4	4.5	-11.8	29.4	-17.4	19.8	4.6
WHUR SP	WEE HUR HOLDINGS LTD	SGD 0.655	602.1	0.7	21.4	8.8	47.1	45.9	23.2
—	Peer Average	0.46	320.1	1.7	2.4	15.6	22.6	25.9	11.1
Adjacent infrastructure / materials peers									
BRC SP	BRC ASIA LTD	SGD 4.65	1275.7	3.0	2.3	12.2	4.8	10.3	6.1
TWC SP	TIONG WOON CORP HLDG LTD	SGD 1.04	241.1	2.8	14.6	11.6	14.2	37.6	11.8
—	Peer Average	2.85	758.4	2.9	8.4	11.9	9.5	23.9	8.9

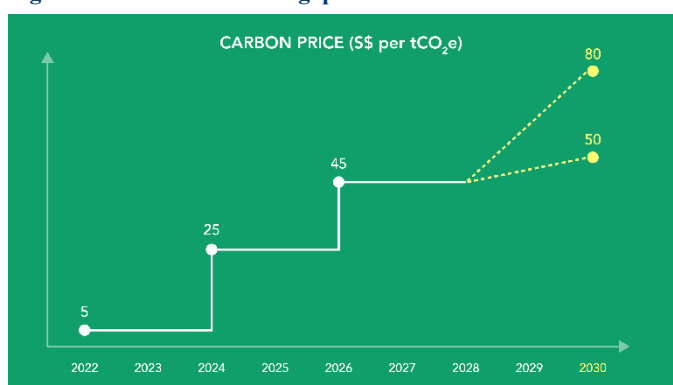
Source: Bloomberg consensus, KGI Research

Macroeconomic Outlook

Energy and carbon-cost inflation: OKP’s public-sector focus supports better cost discipline

Rising energy costs remain a sector-wide cost headwind, but OKP’s established public-sector infrastructure focus places it in a stronger position to manage these pressures. SP Group’s regulated electricity tariff for 2Q26 increased by an average of 2.0% QoQ, or 0.52 cent/kWh before GST, due to higher energy costs, while Singapore’s carbon tax rose to S\$45/tCO_{2e} for 2026–2027, from S\$25/tCO_{2e} in 2024–2025. Although electricity is not typically the largest direct cost item for civil engineering contractors, higher energy and carbon costs can feed into asphalt, cement, steel fabrication, transport, equipment usage and subcontractor pricing. For OKP, the positive angle is that its disciplined tendering approach, public-sector project experience and ability to price contracts with appropriate cost buffers should help protect project margins. Its strong balance sheet also gives the Group greater flexibility to manage procurement timing and working-capital needs during periods of cost volatility.

Figure 8: Carbon Tax in Singapore from 2019 to 2023

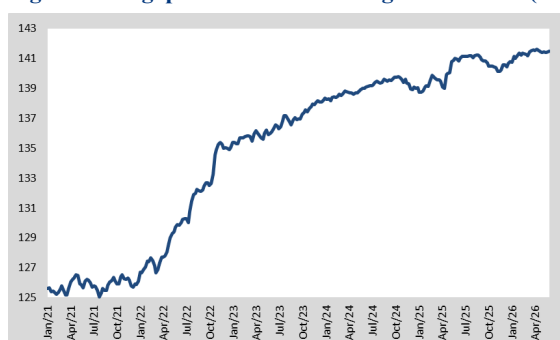


Source: NCCS

SGD strength as an imported-inflation buffer

A firm Singapore dollar is supportive for OKP because many construction inputs, machinery, specialised equipment and fuel-linked materials are either imported or influenced by global pricing. MAS’s exchange-rate framework has helped keep the Singapore dollar relatively strong, with the S\$NEER remaining in the upper half of its appreciating policy band in April 2026. This provides a natural buffer against imported inflation, helping to partially offset cost pressures from imported materials, equipment and fuel-linked supply chains. For OKP, the benefit is particularly relevant because its revenue base is largely Singapore-dollar denominated and domestically anchored, while part of its cost base is exposed to imported inputs. A firm SGD therefore supports margin resilience and strengthens the Group’s ability to execute its orderbook without excessive pressure from imported-cost volatility.

Figure 9: Singapore effective exchange rates index (S\$NEER)



Source: Bloomberg, KGI Research

Government policy: productivity support favours established contractors

Singapore's policy direction is favourable for established contractors such as OKP, as the government continues to push the built-environment sector toward higher productivity, digitalisation and manpower efficiency. BCA's enhanced Productivity Solutions Grant for the Built Environment runs from 1 April 2026 to 31 March 2031, and the scheme has supported more than 1,100 built-environment SMEs since its launch in 2020. Other initiatives, including the Built Environment Technology and Capability Grant, support investment in equipment, software, robotics, automation and productivity tools. This policy backdrop should benefit OKP over the medium term, as contractors with stronger balance sheets and proven execution capabilities are better positioned to invest in productivity solutions, manage manpower constraints and meet higher project requirements. In our view, government policy reinforces OKP's competitive position by raising the execution threshold for the sector and favouring financially stronger, experienced public-infrastructure contractors.

Urban density and mobility needs: structural demand for commuter infrastructure

Singapore's high-density urban model creates a durable need for transport connectivity, pedestrian accessibility and active-mobility infrastructure. Singapore's total population reached 6.11m as at June 2025, up 1.2% YoY, while population density stood at around 8,300 persons per sq km, underscoring the need for continuous investment in efficient urban mobility networks. The government's long-term land transport planning also remains aligned with this trend, with LTA highlighting new rail lines, better bus connections, expanded cycling networks and more covered linkways as part of its Land Transport Master Plan refresh. This is positive for OKP because its recent contract wins are directly exposed to these structural needs, including cycling paths, pedestrian overhead bridge enhancements, lift shafts, covered linkways, footpaths and commuter infrastructure. In our view, Singapore's dense urban environment provides OKP with a recurring pipeline of smaller-to-mid-sized civil engineering and connectivity projects, complementing larger infrastructure works and supporting sustainable orderbook replenishment over the medium term.

Industry Outlook

Demand visibility: public infrastructure remains the core industry growth engine

Singapore’s construction industry is supported by a large and visible public-sector pipeline. BCA projects total construction demand of S\$47.0b–S\$53.0b in 2026, following preliminary actual demand of S\$50.65b in 2025, with medium-term demand expected to average S\$39.0b–S\$46.0b per annum from 2027 to 2030. Within the 2026 forecast, the largest categories are Institutional & Others at S\$13.5b–S\$15.3b, Civil Engineering at S\$11.6b–S\$13.4b, Public Residential at S\$6.2b–S\$6.8b, Industrial at S\$6.1b–S\$6.7b, Private Residential at S\$5.0b–S\$5.5b, and Commercial at S\$4.6b–S\$5.4b. Major demand drivers include additional construction packages for Changi Terminal 5, MBS IR2 expansion, New Tengah General & Community Hospital, Downtown Line 2 Extension, and Thomson-East Coast Line Extension. Over 2027–2030, BCA also expects support from HDB BTO construction, NUH redevelopment at Kent Ridge, various Junior Colleges, and the new SUSS City Campus.

Figure 10: BCA construction demand by segment

Demand by segment	Forecast range
Institutional & Others	S\$13.5b–S\$15.3b
Civil Engineering	S\$11.6b–S\$13.4b
Public Residential	S\$6.2b–S\$6.8b
Industrial	S\$6.1b–S\$6.7b
Private Residential	S\$5.0b–S\$5.5b
Commercial	S\$4.6b–S\$5.4b

Source: BCA, KGI Research

Supply-side constraints: higher execution threshold favours established players

Construction remains manpower-intensive, but Singapore’s foreign-worker framework limits uncontrolled capacity expansion and raises the operating threshold for contractors. Under MOM’s construction-sector rules, employers must meet source-country, quota and levy requirements, with the quota allowing five Work Permit holders for every local employee who meets the Local Qualifying Salary. Monthly levies vary by worker skill and source: S\$300–S\$500 for higher-skilled workers and S\$700–S\$900 for basic-skilled workers, while off-site construction workers are subject to lower rates of S\$250–S\$370. MOM also requires at least 10% of construction Work Permit holders to be Higher-Skilled before firms can hire or renew Basic-Skilled workers. Separately, from 1 July 2026, the age limit for new Work Permit applications will rise from 61 to 62, and the maximum employment age for existing Work Permit holders will rise from 63 to 64, modestly improving labour retention flexibility while maintaining a regulated manpower environment.

Figure 11: Construction manpower rules

Factor	Current requirement / rate	Industry implication
Work Permit quota	Up to 5 Work Permit holders per local employee	Limits uncontrolled labour expansion
Higher-skilled worker requirement	At least 10% of construction Work Permit holders must be Higher-Skilled R1	Encourages higher-quality workforce
Higher-skilled levy	S\$300–S\$500 per month	Lower cost for higher-skilled workers
Basic-skilled levy	S\$700–S\$900 per month	Raises cost of lower-skilled labour
Off-site construction levy	S\$250–S\$370 per month	Supports shift toward more off-site / productive work models
Local Qualifying Salary	Rising from S\$1,600 to S\$1,800 from 1 July 2026	Affects quota calculation and manpower planning

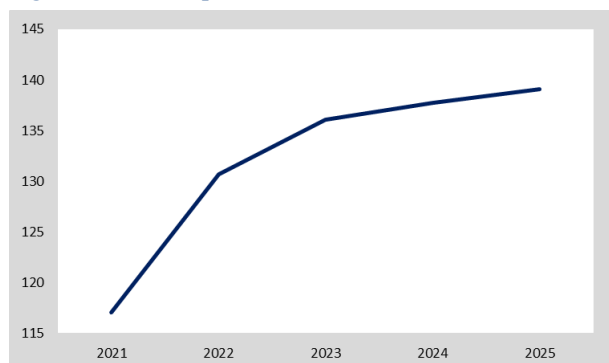
Source: MOM, KGI Research

Cost and margin environment: disciplined tendering becomes the key differentiator

The sector’s cost environment remains elevated, making pricing discipline and contract-cost protection important. BCA’s Tender Price Index increased from 117.1 in 2021 to 130.7 in 2022, 136.1 in 2023, 137.7 in 2024, and 139.1 in 2025, showing a sustained rise in tender pricing since the post-COVID period. For key materials, BCA’s delivered-to-site market prices showed cement in bulk at S\$120.00/tonne in Mar 2026 versus S\$118.60/tonne in Jan 2026, steel bars at S\$663.00/tonne in Mar 2026 versus S\$648.00/tonne in Jan 2026, and ready-mixed concrete at S\$140.00/cubic metre in

Mar 2026 versus S\$128.60/cubic metre in Jan 2026. BCA also noted that prices of concrete are likely to increase as raw-material and conveyance costs may rise. For contractors, this makes tender-price assumptions, procurement timing and fluctuation clauses increasingly relevant to margin protection.

Figure 12: Tender price index



Source: BCA, KGI Research

Figure 13: Key material price

Key material price	Jan-26	Mar-26	Change
Cement in bulk	S\$118.60/tonne	S\$120.00/tonne	1.20%
Steel bars	S\$648.00/tonne	S\$663.00/tonne	2.30%
Ready-mixed concrete	S\$128.60/cu m	S\$140.00/cu m	8.90%

Source: BCA, KGI Research

Competitive positioning: productivity transformation raises barriers to entry

Singapore's built-environment policy is increasingly focused on productivity, digitalisation and more advanced construction methods. BCA noted that the Productivity Solutions Grant has supported more than 1,100 built-environment firms since 2020 in adopting digital solutions, and a new enhanced PSG tranche is available from 1 April 2026 to 31 March 2031. Under the enhanced scheme, local SMEs can receive co-funding of up to 50% of qualifying costs, with a grant cap of S\$50,000 per firm for pre-approved digital solutions and S\$300,000 per firm for pre-approved advanced equipment over the five-year period. BCA also highlighted that the enhanced scheme expands support to advanced equipment such as robotics and automation, with potential manpower savings of up to 50% for each construction trade activity. This policy direction raises the industry's execution standard and should gradually favour contractors with the balance sheet, systems and project scale to adopt productivity-enhancing tools.

Figure 14: Productivity transformation support

Policy / grant	Details	Industry relevance
Enhanced PSG for Built Environment	New tranche from 1 Apr 2026 to 31 Mar 2031	Supports longer-term productivity investment
Digital solutions funding	Up to 50% co-funding, capped at S\$50,000 per firm	Encourages adoption of digital tools
Advanced equipment funding	Up to 50% co-funding, capped at S\$300,000 per firm over five years	Supports robotics, automation and advanced equipment
Historical reach	PSG has supported more than 1,100 BE firms since 2020	Indicates broad sector adoption
Productivity potential	Robotics and automation can deliver up to 50% manpower savings for each construction trade activity	Raises execution standards and barriers to entry

Source: BCA, KGI Research

Company Outlook

OKP's outlook remains constructive, supported by Singapore's multi-year infrastructure pipeline and the Group's enlarged public-sector orderbook. Industry demand is expected to remain elevated, with civil engineering, transport connectivity, commuter infrastructure, drainage works and active-mobility projects continuing to form an important part of Singapore's built-environment spending. This aligns closely with OKP's core capabilities in roads, drainage, pedestrian connectivity, cycling paths and public infrastructure works. Following its recent LTA contract wins, OKP's net construction orderbook has increased to S\$760.7m as at 28 May 2026, with projects extending to 2031, providing strong revenue visibility over the medium term and reducing reliance on short-cycle tender wins.

At the same time, OKP's strong balance sheet should allow the Group to manage industry cost pressures and execution requirements more effectively than weaker contractors. Rising energy costs, higher carbon-related costs, regulated manpower supply and elevated construction input prices remain sector-wide challenges, but these conditions also favour contractors with stronger liquidity, disciplined tendering and established public-sector execution track records. OKP's sizeable cash reserves support working-capital needs, bonding capacity and procurement flexibility, while also providing room for capital returns when cash generation is strong. Overall, we expect OKP to remain well positioned to convert Singapore's infrastructure upcycle into sustained orderbook execution, stable earnings delivery and potential shareholder value creation over the medium term.

Key Risks

Project execution and cost-overflow risk

Construction projects typically involve long execution cycles, multiple subcontractors and milestone-based delivery, which exposes OKP to delays, site disruptions, variation-order disputes and cost overruns. Although the Group's enlarged orderbook provides strong revenue visibility, earnings delivery still depends on timely execution and cost discipline. Any material delay or underestimation of labour, materials or subcontractor costs could compress project margins and weaken cash conversion.

Labour availability and foreign-worker policy risk

The construction sector remains labour-intensive and dependent on foreign workers. Singapore's construction-sector manpower framework includes source-country rules, quotas and levy requirements, which can affect labour availability and project costs. Any tightening in manpower rules, increase in levies, or shortage of skilled workers could raise operating costs, constrain execution capacity and affect project completion timelines.

Residual input-cost and energy inflation risk

OKP remains exposed to construction input-cost volatility, particularly through subcontractor pricing, equipment usage, transport, fuel, asphalt and energy-linked site operations. However, for public-sector projects, this risk is partly mitigated by built-in fluctuation clauses for key materials such as concrete and steel bars, which allow contract prices to adjust based on prevailing material price movements. As a result, the residual risk is more likely to come from materials or cost items outside the fluctuation mechanism, timing mismatches between cost increases and contract adjustments, and broader energy or labour-related cost pressures. While these protections reduce direct exposure to sharp concrete and steel-bar price movements, sustained inflation across the wider construction supply chain could still pressure margins if not adequately reflected in tender pricing.

Orderbook replenishment and tender-pricing risk

OKP's enlarged orderbook provides a strong earnings base, but the construction business requires continuous replenishment as projects are progressively completed. Slower public-sector awards, weaker tender win rates or more aggressive competitor pricing could reduce future revenue visibility. Conversely, winning contracts at overly competitive prices could protect backlog size but dilute earnings quality.

Working-capital and cash-flow timing risk

Construction earnings and cash flow may not move in tandem because revenue recognition depends on project progress, while cash collection depends on billing milestones, certification, retention sums and payment timing. A build-up in contract assets, slower certification or higher upfront procurement needs could temporarily weaken operating cash flow even when reported earnings remain healthy. Although OKP's strong cash position provides a buffer, working-capital timing remains a key risk to monitor.

Public-sector concentration and policy timing risk

OKP's exposure to public infrastructure provides payment certainty and long-term demand visibility, but it also creates concentration risk. A large part of the Group's tender pipeline is linked to government infrastructure priorities, including transport, commuter facilities, roads, drainage and active-mobility projects. Any delay, redesign, reprioritisation or phasing change in public-sector projects could affect the timing of contract awards and revenue recognition.

Financial Summary

INCOME STATEMENT (S\$'000)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	181,752	223,465	242,064	277,864	306,769
Cost of sales	(123,571)	(151,028)	(162,183)	(188,948)	(214,738)
Gross profit	58,181	72,436	79,881	88,916	92,031
Selling & distribution	-	-	-	-	-
Administrative expenses	(17,791)	(20,554)	(21,781)	(24,446)	(26,376)
Other operating expenses	3,255	5,488	4,169	3,122	2,348
EBITDA	43,645	57,370	62,270	67,592	68,002
Depreciation & amortisation	(6,138)	(6,158)	(5,818)	(5,311)	(4,934)
Operating profit (EBIT)	37,508	51,213	56,452	62,281	63,069
Net finance income / (cost)	549	218	9	745	1,337
Other gains / (losses)	-	-	-	-	-
Profit before tax	38,057	51,431	56,461	63,026	64,405
Tax expense	(5,287)	(7,850)	(8,469)	(9,454)	(9,661)
Minority interests	935	674	-	-	-
Net profit (PATMI)	33,705	44,255	47,992	53,572	54,744
EPS (S\$ cents)	10.98	14.42	8.93	9.97	10.19
DPS (S\$ cents)	1.50	2.50	1.34	1.50	1.53

CASH FLOW STATEMENT (S\$'000)	FY24A	FY25A	FY26E	FY27E	FY28E
Net Profit	32,770	43,581	47,992	53,572	54,744
Depreciation & amortisation	6,138	6,158	5,818	5,311	4,934
Working capital changes	11,272	(14,504)	(2,037)	(5,352)	(3,622)
Tax paid	5,287	7,850	8,469	9,454	9,661
Other operating items	2,862	303	(6,861)	(8,041)	(8,443)
Operating cash flow	58,328	43,387	53,381	54,944	57,274
Capex	(3,987)	(2,565)	(2,421)	(2,779)	(3,068)
Acquisitions / disposals	88	3,743	14,880	-	-
Other investing items	(485)	(1,127)	31	31	31
Investing cash flow	(4,385)	50	12,491	(2,747)	(3,036)
Net debt drawdown / (repayment)	(5,135)	(5,017)	(3,000)	(3,000)	(3,000)
Dividends paid	(4,604)	(7,674)	(7,199)	(8,036)	(8,212)
Equity issuance / (buyback)	-	-	-	-	-
Other financing items	(1,555)	870	(1,640)	(1,445)	(1,250)
Financing cash flow	(11,295)	(11,820)	(11,838)	(12,480)	(12,461)
Net change in cash	42,648	31,617	54,034	39,716	41,777
Beginning cash	81,745	124,311	161,735	215,769	255,485
Ending cash	124,394	155,928	215,769	255,485	297,262

BALANCE SHEET (S\$'000)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash & equivalents	130,775	161,735	215,769	255,485	297,262
Trade receivables	18,638	17,696	19,896	22,838	25,214
Inventories	1,233	1,447	1,326	761	840
Other current assets	23,226	53,838	41,151	47,237	52,151
Current assets	173,872	234,716	278,142	326,322	375,467
Property, plant & equipment	41,530	38,664	35,285	32,771	30,923
Intangibles & goodwill	1,688	1,854	1,836	1,817	1,799
Other non-current assets	91,873	74,869	74,869	74,869	74,869
Non-current assets	135,090	115,387	111,989	109,457	107,591
Total assets	308,962	350,103	390,131	435,778	483,058
Trade payables	39,011	47,465	48,877	51,766	55,891
Short-term borrowings	12,024	23,956	20,956	17,956	14,956
Other current liabilities	24,480	22,547	23,370	23,592	23,214
Current liabilities	75,515	93,968	93,203	93,315	94,061
Long-term borrowings	18,158	2,769	2,769	2,769	2,769
Other non-current liabilities	12,220	13,949	13,949	13,949	13,949
Non-current liabilities	30,378	16,717	16,717	16,717	16,717
Total liabilities	105,894	110,685	109,921	110,032	110,778
Shareholders' equity	186,594	223,159	263,952	309,488	356,021
Minority Interest	16,474	16,259	16,259	16,259	16,259
Total equity	203,068	239,418	280,211	325,747	372,279

CASH FLOW STATEMENT (S\$'000)	FY24A	FY25A	FY26E	FY27E	FY28E
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Source: Company, KGI Research estimat

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