



# Zixin Group Holdings Ltd.

## (ZXGH SP/ 42W.SI)

### Policy tailwinds and Hainan visibility reinforce an increasingly resilient sweet potato ecosystem

Chong Ting Shuo / 65 6202 1192 / tingshuo.chong@kgi.com

- Favourable policy backdrop.** At the policy level, recent No. 1 Central Documents, the Grain Security Law and the 2024–2035 Agricultural Plan all point to a long runway of support for staple crops, high standard farmland and seed innovation. Within that framework, potatoes and sweet potatoes have been positioned as flexible “buffer crops,” with an explicit push since 2015 to treat sweet potatoes and other tubers as staple food and to industrialise potato-based staples including sweet potatoes. We see Zixin’s integrated model in seedlings, cultivation and processing as a direct beneficiary of these structural tailwinds.
- Hainan project update.** Management provided more granular guidance on the Hainan roll-out during our recent visit to Liancheng. They now expect sweet potato trading to be the first visible contribution from Hainan, with revenue of around RMB 30m in FY27, while fresh tuber and seedling revenues should begin to scale from 2H27 into FY28 as planting density and farmer adoption ramp. The economics should be more favourable than Liancheng, helped by Hainan’s tropical maritime climate, the ability to plant multiple cycles per year and supportive local policies.
- Sweet potato powder update.** On the processing side, Zixin’s first sweet potato powder line is in commissioning and is expected to start generating revenue from March 2026. Based on management guidance from the site visit, we forecast full utilization revenue of about RMB 4.5m per month, or roughly RMB 50m–55m per year, with an attractive margin profile given its B2B positioning in beverages, bakery and nutraceutical applications.

#### Financials & Key Operating Statistics

YE Mar (RMB\$Millions)	2024	2025	2026F	2027F	2028F
Revenue	319.0	424.7	560.6	705.9	848.5
Net Income	13.4	42.7	50.7	65.8	90.1
EPS (cents)	1.0	2.5	2.6	3.4	4.7
P/E Ratio (x)	12.1	6.1	7.0	5.4	4.0
Gross Margin (%)	32.0%	34.0%	34.5%	34.8%	35.3%
EBITDA Margin (%)	14.0%	21.1%	18.2%	18.3%	19.7%
Net Profit Margin (%)	4.2%	10.1%	9.0%	9.3%	10.6%
Net Debt/ (Net Cash) Gearing (%)	(19.0%)	(18.8%)	(17.7%)	(16.2%)	(16.5%)
ROA (%)	2.2%	6.0%	6.7%	7.8%	9.5%
ROE (%)	2.6%	7.4%	8.0%	9.4%	11.4%

Source: Company data, KGI Research

**1H26 financial results.** Zixin Group Holdings reported total revenue rose 40.8% YoY to RMB 220.6m, driven mainly by processed snacks and functional foods, while net profit more than doubled to RMB 16.1m. Group gross margin normalised

Outperform - Company Update		Performance (Absolute)	
Price as of 28 Nov 25 (SGD)	0.034	1 Month (%)	-5.6
12M TP (\$)	0.048	3 Month (%)	9.7
Previous TP (\$)	0.06	12 Month (%)	13.3
Upside	41.2%		
Trading data		Perf. vs STI Index (Red)	
Mkt Cap (\$mn)	66		
Issued Shares (mn)	1,931		
Vol - 3M Daily avg (mn)	19.2		
Val - 3M Daily avg (\$mn)	0.7		
Free Float (%)	67.7%		
Major Shareholders		Previous Recommendations	
Liang Cheng Wang	15.8%	10-Jun-25	0.06
Khoo Thomas Clive	12.2%		
PTS Capital Pte Ltd	9.2%		

to 30.2% from 33.2% as raw sweet potato prices stayed elevated and new capacity ramped but remained broadly in line with management’s 30% target.

**Site Visit.** Zixin’s 1H FY26 results and our follow-up site visit to Liancheng reinforce the core message from our last update. The group is executing on an integrated sweet potato ecosystem that is increasingly aligned with China’s long-term food security agenda, while management is adding new growth drivers in Hainan and functional foods without sacrificing balance sheet discipline. On the ground we observed a clear step-up in scale and operating discipline at Liancheng versus our last visit. Throughput in washing and grading has increased, the link between processing and feedstock utilisation is tighter, and labour appears more standardised. These observations are consistent with the margin and volume trends seen in the 1H FY26 numbers, where processed products contributed more than 70% of revenue and the group kept gross margin around 30% despite raw material volatility.

**Valuation & Action:** We maintain our fundamental view on Zixin and reiterate our **OUTPERFORM** recommendation. We lower our target price to **S\$0.048** (from S\$0.060) following the incorporation of the enlarged share base and the resulting EPS dilution. Our revised target price is derived from a DCF framework using 10% WACC and 2.0% terminal growth and continues to imply meaningful upside from current levels. Despite the lower target price, our conviction in the integrity of our earnings and cash flow forecasts has strengthened, supported by improving operational visibility and clearer execution milestones across the Hainan rural

revitalisation project. We see scope for a constructive re-rating as the company demonstrates further evidence of delivery against its integrated circular economy roadmap in the coming quarters.

## Policy backdrop – sweet potatoes embedded in China’s food security agenda

**Core policy tools.** Recent policy moves continue to anchor China’s food security strategy around stable grain acreage, yield improvement and seed self-reliance. The 2024 and 2025 No. 1 Central Documents call for stabilising grain planting area and raising yields through “good land, good seed, good machinery and good agronomy,” while expanding the coverage of full cost and income insurance for rice, wheat, corn and soybeans nationwide. The Grain Security Law, effective June 2024, codifies the “red line” for arable land, high standard farmland construction and state control of central grain reserves. A ten-year agricultural master plan through 2035 targets grain production capacity of around 700m tons by 2027 and emphasises seed industry upgrading, agricultural technology and high standard farmland, including a focus on root crops and mixed grains suited to local conditions. In parallel, guidelines for 2024–2028 call for accelerating approvals of new GM and gene-edited varieties in corn, soybeans, wheat and rice to improve yield and disease resistance and to build “independent, controllable seed sources.”

**Potatoes and sweet potatoes – from side dish to flexible buffer crop.** Since 2015, China has promoted a national “potato as staple food” strategy that aims to make potatoes and sweet potatoes the fifth major staple after rice, wheat, beans and corn. The policy direction has several elements: expanding sweet potato planting in suitable climatic zones, integrating potatoes and other tubers into a broader “big food” concept for food security, and industrialising sweet potato staples including new formats such as sweet potato-based noodles and “potato rice.” Policy support also extends to breeding and R&D for heat- and disease-tolerant sweet potato varieties as climate change raises yield risk. The result is that potatoes and sweet potatoes are now seen as flexible buffer crops. They have high yield per hectare, can be grown on marginal land, and lend themselves to processed formats that fit changing consumption habits.

**What does this mean for Zixin.** Zixin’s business model is directly plugged into these policy priorities. The seedling and agronomy leg leverages policy focus on high-quality seeds and high-standard farmland. The company’s proprietary sweet potato varieties, seedling bases and field management know-how speak to the “good seed” and “good agronomy” pillars. Where Zixin’s own bases are recognised under rural revitalisation or “characteristic agriculture” programmes, they can access subsidised agricultural insurance and project support for land, infrastructure and processing. This does not remove weather or price risk, but it lowers downside and improves the economics of scaling integrated bases such as Liancheng and Hainan. The processed snack and functional food segment aligns with the push to industrialise the fragmented sweet potato industry and to move more of the value creation into proprietary branded, higher-value products. We think this alignment matters for three reasons. First, it increases the probability of Zixin securing supportive local government treatment in land, infrastructure and financing decisions. Second, it enlarges the potential market for sweet potato-based staple as more regions pilot sweet potato products in canteens and retail channels. Third, it strengthens the strategic logic for replicating Zixin’s model into new regions in China, including Lingao County in Hainan Province, for subsequent expansion, where rural revitalisation and characteristic agriculture are explicit policy goals.

## Hainan project – clearer path to scale and margin uplift

**Structural advantages in Hainan.** The Lingao project in Hainan is structured as a rural revitalisation and integrated agriculture-plus-processing programme, similar in concept to Liancheng but on a much larger land bank. Hainan’s tropical maritime climate enables year-round cultivation of selected variety of sweet potatoes, with the ability to supply the rest of China during off-season windows. For Zixin, this creates three potential economic benefits, multi-cycle planting and harvest can smooth seasonality in raw material availability; off-season positioning allows Hainan produce to capture better pricing in northern and eastern markets during shoulder periods; and warmer, more stable weather reduces yield risk relative to purely temperate regions, although typhoon risk remains a factor.

**Updated revenue visibility.** Based on management guidance during the site visit, we refine our expectations for the Hainan ramp. Sweet potato trading is likely to be the first visible revenue stream and management has guided contribution to be modest to begin. Zixin’s utilization of agronomy knowledge and procurement network to trade tubers will provide a head start in revenue generation while own planting and processing capacity are still ramping. We forecast base case trading revenue of about RMB 30m in FY27. Fresh sweet potatoes and seedling sales from Hainan should begin to contribute meaningfully from 2H27 into FY28 as acreage, farmer contracts and the internal seed system scale. Given Hainan’s climate and land bank, the eventual fresh and seedling revenue potential is materially larger than Liancheng, although we expect a multi-year ramp.

Over time, management aims to replicate the full circular model in Hainan, including processing and feedstock, but we do not factor major processing revenue from Hainan into our near-term forecasts. We expect Hainan to come on at higher margins than Liancheng, due to cheaper land access under the rural revitalisation framework, climate advantages for yield, and the ability to arbitrage off-season prices. At the same time, we note that Hainan will initially be trading-heavy, so the realised margin in the early years will depend on how much volume is traded versus grown and how quickly Zixin can internalise more of the value chain.

## Sweet potato powder – a new high-margin functional food leg

Zixin is in the final commissioning stage for its first sweet potato powder line, which will produce functional food-grade powder focusing on orange and purple flesh varieties for use in beverages, bakery products and other health-oriented applications. The functional food and feedstock leg is designed to sit downstream of the PIFP business, using graded inputs and by-products from snack production.

From our discussion with management during the visit, revenue contribution should begin around March 2026. At 100% utilisation, management sees potential for about RMB 4.5m revenue per month, implying roughly RMB 50m–55m per year.

**Figure 1: Proprietary Sweet Potato Line Completed**

Installation of stainless-steel vessels for the proprietary sweet potato powder line during the November 2024 visit (left).

By November 2025 the proprietary sweet potato powder line is installed and ready to ramp, improving product consistency and supporting higher margin downstream ingredients. (right).



Source: KGI Research

The strategic value of this line goes beyond the incremental revenue. Powder adds a B2B revenue stream with a different customer set and potentially longer-term supply contracts, which can smooth demand volatility relative to pure retail snacks. The margin structure should be attractive, as powder sits higher on the value chain than fresh tubers but leverages economies of scale in upstream farming and processing. It also deepens Zixin’s participation in the “healthy staple” and functional food trend, which is a theme in both China’s consumption upgrade and food security narratives.

We currently treat the powder line as an additional earnings driver rather than a core pillar of the valuation but see upside optionality if Zixin can secure recurring orders from beverage and food manufacturers.

## Integrated model – how Zixin targets a stable 30% gross margin

**Three legs with different economics.** The site visit helped clarify how management thinks about gross margin at the group level in an environment where raw sweet potato prices can be volatile. We find it useful to think of the business in three buckets.

**Seedlings and seed R&D:** This leg carries structurally high gross margins. Variable costs are low, and economics are tied more to acreage, varietal performance and technology than to the spot price of tubers. Farmers pay for genetics, yield stability and disease resistance rather than for commodity sweet potatoes. **Fresh sweet potatoes:** This is the most commodity-like segment. Gross margin is sensitive to farm gate and wholesale prices, and exposure to weather and short-term demand fluctuations is highest here. **Processed snacks:** Processed products are higher value, brand and distribution driven. Sweet potato is one of several cost components alongside packaging, seasoning, labour, logistics and marketing. Retail prices are noticeably stickier than raw tuber prices, so gross margin swings are smaller for a given move in raw material costs. In 1H FY26, processed foods contributed more than 70% of revenue, with cultivation and trading making up most of the rest, and group gross margin was 30.2%. The seedling leg is currently smaller in revenue terms but contributes disproportionately to gross profit.

**Managing through weak and strong tuber price environments.** Management's margin playbook can be summarised as follows. When tuber prices are weak, fresh sweet potato selling prices compress and cultivation margins are under pressure. However, the processing arm benefits from cheaper input costs. Zixin can respond by channelling a larger share of harvest into snacks and functional foods, tilting marketing and capacity towards processed SKUs to capture higher consolidated margins. When tuber prices are strong, fresh sweet potato and B2B cultivation margins improve. Zixin can push more volume into fresh wholesale or B2B buyers and be more selective in the processing portfolio, focusing on premium SKUs that can absorb higher input costs or temporarily processing a smaller share of the harvest.

Across both scenarios, the seedling and agronomy business acts as a stabiliser. Seedling sales to farmers are planned for the season and are influenced by acreage decisions and policy incentives rather than day-to-day spot prices. Expanding this leg increases the share of revenue that carries high and relatively stable margins.

**What market seems to not price in.** The key point is that Zixin does not target a fixed split between fresh and processed. Each harvest is treated as inventory that can be allocated flexibly among fresh sales, processing and seed preservation. By adjusting this mix, management aims to keep group gross margin around a target level (around 25%-30%) rather than allowing margins to move one-for-one with the commodity cycle. The 1H FY26 outcome, where gross margin was 30.2% despite a high input cost environment, gives us additional confidence that this framework is working in practice and we foresee this gross margin actualization to exceed management guidance.

## Operational observations from Liancheng

Our revisit to Liancheng a year after the last trip highlighted tangible improvements in scale and operating efficiency.

**Throughput and utilisation.** The main washing and grading lines are running at higher throughput, and the linkage between cultivation, storage, processing and feedstock appears tighter. This is consistent with company disclosures that the integrated circular model has now been implemented end to end, with peel and by-products channelled into feedstock rather than waste.

Figure 2: Main Washing Line of Harvested Sweet Potatoes in Zixin's Outsourced Smart Warehouse



Source: KGI Research

**Labour and process discipline.** Workflows on the floor appear more standardised, with clearer segregation between sorting, processing and packaging areas. This should support quality consistency and reduce rework.

Figure 3: Food Processing and Packaging Facility



Source: KGI Research

**Quality and product breadth.** We observed a broader range of processed SKUs on the lines compared with our last visit, including newer snack formats that were introduced over the past year. This is in line with the revenue mix shift towards higher value processed products in 1H FY26.

**Data and traceability.** While still in early stages, management is gradually integrating more data capture into cultivation and processing, which is important for both food safety and for meeting the traceability requirements of potential export markets.

These operational improvements underpin our confidence that Zixin can handle greater scale at Liancheng while maintaining quality and margin discipline, and that the learnings will be transferrable to Hainan and future bases.

**Figure 4: Completed Feedstock Factory of Outsourced Third-party Operator**

Construction of the dedicated feedstock factory in November 2024, with foundations and earthworks in progress.



One year later the feedstock factory is structurally complete and operating, underpinning the scale up of the feedstock segment.



Source: KGI Research

**Figure 5: Noticeable Scaling of Feedstock Segment of Third-party Operator**

Feedstock volumes at the legacy collection shed during the November 2024 visit, before the new feedstock factory came onstream (left).

Feedstock volumes after the new feedstock factory came onstream during November 2025 visit (right).



Source: KGI Research

## Key Developments Since 1H26

**Shareholder Base Update: Modest Dilution, Strengthened Alignment.** Zixin completed the issuance of 194.5m new shares under the Share Option Agreement at S\$0.03 per share, increasing the share base by approximately 11% and raising S\$5.8m in fresh equity. We consider the dilution manageable, given the accretive impact on the balance sheet and the company's ongoing capital expenditure needs to support its expansion beyond Liancheng County—particularly in other parts of China (e.g., **Hainan**) and overseas (e.g., **Singapore**). CEO Liang Chengwang subscribed for 32m shares (S\$0.96m), lifting his deemed stake to roughly 14.2% and reinforcing management alignment with minority shareholders. Other substantial shareholders, including PTS Capital and Mr. Khoo Thomas Clive, were diluted but remain meaningful holders with unchanged absolute positions. While we note an existing option and warrants overhang that could exert near term technical pressure, the financing structure provides Zixin with additional funding flexibility without incremental leverage. We believe the refreshed shareholder base, coupled with new equity inflows, positions the company more comfortably to execute its planned capacity expansion and scaling of its circular economy model.

We see this as an important incremental funding source for the current capex cycle and expect the majority of remaining options held by management and strategic partners to be structurally longer term in nature, which should limit near term selling pressure. Assuming the balance of the option pool is progressively exercised, our estimates imply up to about S\$10 million of additional equity capital. We do not assume full take up in our base case but reflect the completed exercises by adjusting the share count, which trims our FY26 to FY28 EPS forecasts by about 10% while leaving the cash flow profile broadly unchanged.

## Financials and valuation

**1H FY26 recap.** Revenue grew 40.8% YoY to RMB 220.6m, driven primarily by processed snacks and functional foods. The PIFP segment accounted for roughly 70% of group revenue, up from the prior year period, as new products and expanded distribution took hold. Cultivation and trading contributed to the balance, with fresh sweet potatoes seeing solid volume growth but facing some margin pressure from higher input costs. Group gross margin declined to 30.2% from 33.2% a year earlier, reflecting higher raw sweet potato prices and the impact of ramping new capacity, but stayed broadly in line with management's medium-term target. Net profit rose to RMB 16.1m as operating leverage from higher scale and better product mix offset margin compression.

**Valuation and recommendation.** We leave our core earnings forecasts broadly unchanged post-site visit. While incremental visibility on the Hainan rural revitalisation project and the functional powder line strengthens our conviction in Zixin's medium-term growth profile, we prefer to maintain conservative assumptions until we observe evidence of execution on the ground and sustainably higher utilisation rates from the powder facility. Incorporating the enlarged share base and EPS dilution from the recent option exercises, we revise our target price to **S\$0.048** from S\$0.060. Our valuation framework is unchanged and remains based on a DCF methodology with 10% WACC and 2.0% terminal growth, underpinned by a medium-term revenue CAGR driven by continued scale-up of processed snack products, functional foods and the initial ramp-up of Hainan.

On this basis, Zixin's balance sheet remains healthy, and the integrated circular-economy model continues to position the company to capture economies of scale and margin uplift as volumes expand. The stock trades at a material discount to our revised DCF valuation. We see scope for a constructive re-rating as the company demonstrates further progress across its **execution milestones in Hainan**, evidences **throughput improvements** within its functional food line and further **expansion outside China**. We reiterate our **OUTPERFORM** rating with a revised **S\$0.048** target price.

## Financial Summary

FYE Mar ('RMB Millions)					
Income Statement	2024	2025	2026F	2027F	2028F
<b>Revenues</b>	<b>319.0</b>	<b>424.7</b>	<b>560.6</b>	<b>705.9</b>	<b>848.5</b>
Cost of Sales	(217.0)	(280.3)	(367.2)	(460.2)	(549.0)
<b>Gross Profit</b>	<b>102.1</b>	<b>144.4</b>	<b>193.4</b>	<b>245.7</b>	<b>299.5</b>
Marketing and distribution costs	(34.4)	(29.3)	(49.3)	(62.1)	(74.7)
Administrative expenses	(42.5)	(58.2)	(76.9)	(96.8)	(107.0)
Other income & gains	0.4	1.0	1.3	1.6	2.0
Finance income	0.7	1.2	0.6	0.6	0.6
Finance costs	(2.3)	(3.3)	(2.9)	(3.1)	(3.0)
Other operating expenses	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Other losses	(2.5)	(0.6)	(0.8)	(1.1)	(1.3)
<b>Profit Before Tax</b>	<b>21.5</b>	<b>55.1</b>	<b>65.4</b>	<b>84.8</b>	<b>116.2</b>
Income Tax Expense	(8.1)	(12.4)	(14.7)	(19.1)	(26.1)
<b>Net Income</b>	<b>13.4</b>	<b>42.7</b>	<b>50.7</b>	<b>65.8</b>	<b>90.1</b>
Balance Sheet	2024	2025	2026F	2027F	2028F
Cash and cash equivalents	156.2	183.2	178.9	183.5	198.6
Inventories	2.7	4.5	4.7	5.8	7.0
Trade and other receivables	53.8	91.9	92.2	116.0	139.5
Other assets, current	62.9	91.3	91.3	91.3	91.3
<b>Total current assets</b>	<b>275.5</b>	<b>370.8</b>	<b>367.0</b>	<b>396.7</b>	<b>436.4</b>
Property, plant and equipment	175.7	203.1	249.6	298.5	353.2
Intangible assets	69.4	68.9	72.4	78.0	85.2
Other assets, non-current	92.2	68.6	68.6	68.6	68.6
<b>Total non-current assets</b>	<b>337.4</b>	<b>340.5</b>	<b>390.6</b>	<b>445.0</b>	<b>507.0</b>
<b>Total assets</b>	<b>612.8</b>	<b>711.4</b>	<b>757.6</b>	<b>841.7</b>	<b>943.3</b>
Income tax payable	2.3	2.6	2.6	2.6	2.6
Trade and other payables	31.4	55.7	50.3	63.0	75.2
Lease liability, current	0.2	0.0	0.0	0.0	0.0
Bank loans	58.5	74.8	66.7	70.8	68.7
<b>Total current liabilities</b>	<b>92.4</b>	<b>133.2</b>	<b>119.6</b>	<b>136.4</b>	<b>146.5</b>
Other payables, non-current	6.5	2.6	5.9	7.4	8.8
Lease liability, non-current	0.0	-	-	-	-
<b>Total non-current liabilities</b>	<b>6.5</b>	<b>2.6</b>	<b>5.9</b>	<b>7.4</b>	<b>8.8</b>
<b>Total liabilities</b>	<b>98.9</b>	<b>135.8</b>	<b>125.5</b>	<b>143.8</b>	<b>155.4</b>
Share capital	239.2	258.9	264.7	264.7	264.7
Other reserves	48.2	60.8	60.8	60.8	60.8
Retained earnings/(accumulated losses)	226.6	255.8	306.5	372.3	462.4
<b>Equity attributable to owners of the parent</b>	<b>513.9</b>	<b>575.6</b>	<b>632.1</b>	<b>697.9</b>	<b>787.9</b>
Non-controlling interests	-	-	-	-	-
<b>Total Equity</b>	<b>513.9</b>	<b>575.6</b>	<b>632.1</b>	<b>697.9</b>	<b>787.9</b>
<b>Total Liabilities and Equity</b>	<b>612.8</b>	<b>711.4</b>	<b>757.6</b>	<b>841.7</b>	<b>943.3</b>
Cash Flow	2024	2025	2026F	2027F	2028F
<b>Profit Before Income Tax</b>	<b>21.5</b>	<b>55.1</b>	<b>65.4</b>	<b>84.8</b>	<b>116.2</b>
Depreciation & Amort.	20.8	31.1	34.0	40.9	48.3
Interest Expense	2.3	3.3	2.9	3.1	3.0
Other Operating Cash Flows Adjustments	0.9	4.8	(0.6)	(0.6)	(0.6)
<b>Operating cash flows before WC changes</b>	<b>45.5</b>	<b>94.3</b>	<b>101.7</b>	<b>128.3</b>	<b>166.9</b>
Change in working capital	25.1	(23.6)	(2.6)	(10.8)	(11.0)
<b>Cash Generated from Operations</b>	<b>70.6</b>	<b>70.7</b>	<b>99.1</b>	<b>117.4</b>	<b>155.9</b>
Income tax paid	(4.3)	(12.1)	(14.7)	(19.1)	(26.1)
<b>Cash flows from operations</b>	<b>66.3</b>	<b>58.6</b>	<b>84.4</b>	<b>98.4</b>	<b>129.8</b>
Capital expenditure	(49.3)	(52.6)	(75.7)	(84.7)	(97.6)
Upfront payment for supplies of sweet potatoes	(75.0)	-	-	-	-
Other investing cashflow	(0.2)	(5.0)	(7.8)	(10.0)	(12.1)
<b>Cash flows from investing</b>	<b>(124.5)</b>	<b>(57.6)</b>	<b>(83.5)</b>	<b>(94.7)</b>	<b>(109.7)</b>
Proceeds from new bank loans	58.5	71.8	66.7	70.8	68.7
Repayment of bank loans	(47.1)	(55.5)	(74.8)	(66.7)	(70.8)
Payment of lease liability	(0.2)	(0.2)	-	-	-
Interest paid	(2.3)	(3.3)	(2.9)	(3.1)	(3.0)
Issuance of Shares	-	13.2	5.8	-	-
<b>Cash flows from financing</b>	<b>8.9</b>	<b>26.0</b>	<b>(5.3)</b>	<b>1.0</b>	<b>(5.1)</b>
<b>Net increase in cash</b>	<b>(49.3)</b>	<b>27.0</b>	<b>(4.3)</b>	<b>4.7</b>	<b>15.1</b>
Cash and Cash Balance BOP	205.5	156.2	183.2	178.9	183.5
<b>Cash and Cash Balance EOP</b>	<b>156.2</b>	<b>183.2</b>	<b>178.9</b>	<b>183.5</b>	<b>198.6</b>
KEY RATIOS	2024	2025	2026F	2027F	2028F
EPS (SGD cents)	0.17	0.44	0.47	0.61	0.83
Price/Earnings (x)	12.1	6.1	7.0	5.4	4.0
NAV per share (SGD Cents)	6.6	5.9	5.8	6.5	7.3
Price/NAV (x)	0.5	0.6	0.6	0.5	0.5
<b>Profitability</b>					
EBITDA Margin (%)	14.0%	21.1%	18.2%	18.3%	19.7%
Net Profit Margin (%)	4.2%	10.1%	9.0%	9.3%	10.6%
ROE (%)	2.6%	7.4%	8.0%	9.4%	11.4%
ROA (%)	2.2%	6.0%	6.7%	7.8%	9.5%
<b>Financial Structure</b>					
Interest Coverage Ratio (ICR)	(10.2)	(17.8)	(23.3)	(28.3)	(39.5)
Net Debt/(Net Cash) Gearing Ratio (%)	(19.0%)	(18.8%)	(17.7%)	(16.2%)	(16.5%)

KGI's Ratings	Rating	Definition
	<b>Outperform (OP)</b>	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.
	<b>Neutral (N)</b>	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.
	<b>Underperform (U)</b>	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
	<b>Not Rated (NR)</b>	The stock is not rated by KGI Securities.
	<b>Restricted (R)</b>	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.

**Disclaimer** This report is provided for information only and is not an offer or a solicitation to deal in securities or to enter into any legal relations, nor an advice or a recommendation with respect to such securities. This report is prepared for general circulation. It does not have regard to the specific investment objectives, financial situation and the particular needs of any recipient hereof. You should independently evaluate particular investments and consult an independent financial adviser before dealing in any securities mentioned in this report.

This report is confidential. This report may not be published, circulated, reproduced or distributed and/or redistributed in whole or in part by any recipient of this report to any other person without the prior written consent of KGI Securities. This report is not intended for distribution and/or redistribution, publication to or use by any person in any jurisdiction outside Singapore or any other jurisdiction as KGI Securities may determine in its absolute discretion, where the distribution, publication or use of this report would be contrary to applicable law or would subject KGI Securities and its connected persons (as defined in the Financial Advisers Act, Chapter 110 of Singapore) to any registration, licensing or other requirements within such jurisdiction.

The information or views in the report ("Information") has been obtained or derived from sources believed by KGI Securities to be reliable. However, KGI Securities makes no representation as to the accuracy or completeness of such sources or the Information and KGI Securities accepts no liability whatsoever for any loss or damage arising from the use of or reliance on the Information. KGI Securities and its connected persons may have issued other reports expressing views different from the Information and all views expressed in all reports of KGI Securities and its connected persons are subject to change without notice. KGI Securities reserves the right to act upon or use the Information at any time, including before its publication herein.

Except as otherwise indicated below, (1) KGI Securities, its connected persons and its officers, employees and representatives may, to the extent permitted by law, transact with, perform or provide broking, underwriting, corporate finance-related or other services for or solicit business from, the subject corporation(s) referred to in this report; (2) KGI Securities, its connected persons and its officers, employees and representatives may also, to the extent permitted by law, transact with, perform or provide broking or other services for or solicit business from, other persons in respect of dealings in the securities referred to in this report or other investments related thereto; and (3) the officers, employees and representatives of KGI Securities may also serve on the board of directors or in trustee positions with the subject corporation(s) referred to in this report. (All of the foregoing is hereafter referred to as the "Subject Business".)

However, as of the date of this report, neither KGI Securities nor its representative(s) who produced this report (each a "research analyst"), has any proprietary position or material interest in, and KGI Securities does not make any market in, the securities which are recommended in this report.

Each research analyst of KGI Securities who produced this report hereby certifies that (1) the views expressed in this report accurately reflect his/her personal views about all of the subject corporation(s) and securities in this report; (2) the report was produced independently by him/her; (3) he/she does not carry out, whether for himself/herself or on behalf of KGI Securities or any other person, any of the Subject Business involving any of the subject corporation(s) or securities referred to in this report; and (4) he/she has not received and will not receive any compensation that is directly or indirectly related or linked to the recommendations or views expressed in this report or to any sales, trading, dealing or corporate finance advisory services or transaction in respect of the securities in this report. However, the compensation received by each such research analyst is based upon various factors, including KGI Securities' total revenues, a portion of which are generated from KGI Securities' business of dealing in securities.

Copyright 2021. KGI Securities (Singapore) Pte. Ltd. All rights reserved.