

# SoilBuild Construction Group Limited

27 March 2025

## BUY (Maintained)

BBG	SOIL SP	
Market Cap (\$m)	129.9	
Price (\$)	0.785	
52-week range (\$)	0.30-1.14	
Target Price (\$)	1.100	
Shares Outstanding (m)	165.5	
Free Float	17.6%	
Major Shareholder	Lim Chap Huat	78.3%
	Lim Han Ren	4.1%

Source: Company data, Bloomberg, SAC Capital

### Analyst

Matthias Chan  
+65 9687 9957  
mchan@saccapital.com.sg

### Intern

Maorong Liu  
liumr\_intern@saccapital.com.sg

## Momentum Building

**Soilbuild Construction Group Ltd** delivered a stellar performance in FY24, with revenue growth of 58.4% YoY to S\$391.8m. Gross profit surged 110% YoY to S\$46.5m, underpinned by better margins across construction and precast segments. Overall gross margin rose to 11.9% in FY24 from 8.9% in FY23. Consequently, net profit increased significantly by 263.3% YoY to S\$26.6m.

**The Group's focus on operational excellence and quality execution** in key Singapore projects drove this growth. Construction and precast segments saw revenue growth of 53% and 87%, respectively. The Group's strong performance was further supported by strategic wins in large-scale projects, such as the PSA Supply Chain Hub @ Tuas construction contract valued at S\$647.5 million, the largest in the Group's history.

**The Group's order book stood at S\$1.26bn** as of end December 2024, providing revenue visibility and growth stability for the coming 3 years. Looking ahead, we have conservatively assumed order book hovering at the same level for FY25 and beyond. For sensitivity, every 10% increase in forecast order book will lift FY25F net profit by 15%.

**Soilbuild's sustainable construction projects and A1 BCA grading** positions the company well to capture future green building demand, aligned with Singapore's national target of having at least 80% green buildings by 2030. Continued focus on high-spec manufacturing projects and internal precast capabilities have enhanced profit margins, contributing to a stronger financial profile.

**Soilbuild's positive outlook is driven by strong demand** from both the public and private sectors, with construction contracts expected to reach between S\$31 billion and S\$38 billion annually from 2025 to 2028, according to the Building and Construction Authority (BCA). Additionally, the Group's multi-disciplinary approach and strategic diversification into industrial and zero-energy projects position it for continued success.

**Potential challenges** ahead include competitive pressures in the construction sector, potential project delays, and material cost inflation. However, its solid order book and strategic focus on sustainability mitigate these risks.

**Given Soilbuild's solid execution**, improving profitability, and strong order book, we maintain our BUY recommendation, with a revised target price of S\$1.10, representing an upside of 40% from current levels.

FY ended 31 Dec (\$m)	FY22	FY23	FY24	FY25E	FY26E
Revenue	248.4	247.4	391.8	415.7	419.9
EBIT	(27.7)	11.4	31.1	30.8	33.0
Net profit	(31.7)	7.3	26.6	27.5	30.7
EPS (\$ cents)	(37.7)	5.52	16.99	17.57	19.7
Dividend per share (\$ cents)	-	1.00	3.00	3.51	3.9
Net cash / (debt)	(88.0)	(77.0)	(45.0)	(12.0)	12.6
<b>Valuation</b>					
Gross profit margin (%)	(8.6%)	8.9%	11.9%	11.5%	12.0%
Net profit margin (%)	(12.8%)	3.0%	6.8%	6.6%	7.3%
EV/EBITDA (x)	(12.7)	9.3	3.9	3.7	2.7
P/E (x)	(2.1)	14.2	4.6	4.5	4.0
P/B (x)	3.8	2.3	1.6	1.1	0.8
Dividend yield (%)	-	1.27%	3.82%	4.48%	5.01%
ROE (%)	-182.5%	16.2%	32.1%	24.1%	20.6%

## Income Statement

YE Dec (S\$'m)	FY22	FY23	FY24	FY25E	FY26E
Revenue	248.4	247.4	391.8	415.7	419.9
Cost of sales	(269.7)	(225.3)	(345.3)	(367.9)	(369.5)
<b>Gross profit/(loss)</b>	<b>(21.3)</b>	<b>22.1</b>	<b>46.5</b>	<b>47.8</b>	<b>50.4</b>
Other income	7.5	7.0	6.4	8.3	8.4
Other gains/(losses) - net	0.4	(0.9)	0.4	(0.5)	(0.6)
Allowance for expected credit losses on financial assets	(0.1)	(1.4)	(4.3)	(4.6)	(4.6)
Administrative	(8.6)	(9.4)	(12.2)	(12.9)	(13.1)
Marketing	(0.0)	(0.0)	(0.0)	(0.1)	(0.0)
Finance	(2.3)	(3.6)	(3.5)	(3.5)	(2.5)
Others	(5.6)	(5.9)	(5.7)	(6.1)	(6.1)
<b>Profit/(loss) before income tax</b>	<b>(30.0)</b>	<b>7.8</b>	<b>27.6</b>	<b>28.5</b>	<b>31.9</b>
Income tax credit/(expenses)	(1.7)	(0.5)	(1.0)	(1.0)	(1.1)
<b>Net profit/(loss)</b>	<b>(31.7)</b>	<b>7.3</b>	<b>26.6</b>	<b>27.5</b>	<b>30.8</b>

## Balance Sheet

YE Dec (S\$'m)	FY22	FY23	FY24	FY25E	FY26E
<b>Current assets</b>					
Cash and cash equivalents	11.1	14.2	30.6	52.6	77.2
Trade and other receivables	84.8	89.1	153.6	162.9	164.6
Inventories	3.8	9.9	11.8	12.5	12.6
Other current assets	6.2	3.3	4.6	4.7	4.8
<b>Total current assets</b>	<b>105.9</b>	<b>116.5</b>	<b>200.6</b>	<b>232.7</b>	<b>259.2</b>
<b>Non-current assets</b>					
Trade and other receivables	15.5	12.4	12.0	12.7	12.9
Other non-current assets	0.1	-	0.0	0.0	0.0
Investments in subsidiaries	-	-	-	-	-
Investments in joint ventures	-	-	-	-	-
Property, plant and equipment	123.9	122.0	119.3	130.2	144.2
Intangible assets	-	-	0.3	0.3	0.3
Deferred income tax assets	1.1	1.5	0.8	0.8	0.8
<b>Total non-current assets</b>	<b>140.5</b>	<b>136.0</b>	<b>132.5</b>	<b>131.9</b>	<b>158.3</b>
<b>Total assets</b>	<b>246.4</b>	<b>252.5</b>	<b>333.0</b>	<b>364.6</b>	<b>417.5</b>
<b>Current liabilities</b>					
Trade and other payables	115.9	107.6	163.1	173.8	174.5
Current income tax liabilities	0.1	1.3	1.4	1.4	1.4
Borrowings	35.5	17.3	11.1	-	-
Provision for other liabilities	3.5	2.5	2.2	2.2	2.2
<b>Total current liabilities</b>	<b>154.9</b>	<b>128.6</b>	<b>177.7</b>	<b>177.3</b>	<b>178.1</b>
<b>Non-current liabilities</b>					
Trade and other payables	10.3	4.9	8.1	8.6	8.6
Borrowings	63.6	73.9	64.5	64.5	64.5
Deferred income tax liabilities	0.2	-	-	-	-
<b>Total non-current liabilities</b>	<b>74.1</b>	<b>78.8</b>	<b>72.6</b>	<b>73.1</b>	<b>73.2</b>
<b>Total liabilities</b>	<b>229.0</b>	<b>207.4</b>	<b>250.3</b>	<b>250.5</b>	<b>267.8</b>
<b>Net assets</b>	<b>17.4</b>	<b>45.2</b>	<b>82.7</b>	<b>114.2</b>	<b>149.6</b>
Share capital	71.6	92.6	106.0	106.0	106.0
Capital reserve	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)
Currency translation reserve	(1.5)	(2.2)	(1.4)	(1.4)	(1.4)
(Accumulated losses)/retained profits	(51.6)	(44.3)	(20.8)	10.7	46.1
<b>Total equity</b>	<b>17.4</b>	<b>45.2</b>	<b>82.7</b>	<b>114.2</b>	<b>149.6</b>
<b>Total liabilities and equity</b>	<b>246.4</b>	<b>252.5</b>	<b>333.0</b>	<b>364.6</b>	<b>417.4</b>

## Cash Flow Statement

YE Dec (S\$'m)	FY22	FY23	FY24	FY25E	FY26E
<b>Cash flows from operating activities</b>					
Net profit / (loss)	(31.7)	7.3	26.6	27.5	30.8
Adjustments for:					
Amortisation of intangible assets	0.1	0.0	0.0	0.0	0.0
Depreciation of property, plant and equipment	10.9	10.0	13.6	5.2	7.5
Impairment loss on property, plant & equipment	-	0.1	0.1	0.1	0.1
Allowance for expected credit losses on financial assets	0.1	1.4	4.3	4.3	4.3
Interest income	(0.0)	(0.0)	(0.2)	(0.2)	(0.2)
Interest expense	2.3	3.6	3.5	3.5	2.5
Income tax credit	1.7	0.5	1.0	1.0	1.0
(Gain)/loss on disposal of property, plant and equipment	-	0.7	(0.1)	(0.1)	(0.1)
Property, plant and equipment written off	-	-	0.4	0.4	0.4
Fair value (Gain)/loss on derivative financial instruments	-	-	-	-	-
Share of profit of joint ventures	-	-	(0.0)	(0.0)	(0.0)
<b>Operating cash flows before working capital changes</b>	<b>(16.5)</b>	<b>23.7</b>	<b>49.2</b>	<b>41.7</b>	<b>46.2</b>
Changes in working capital:	16.9	(19.7)	(12.8)	(11.7)	(11.8)
Trade and other receivables	(20.8)	(2.7)	(68.3)	(69.0)	(69.7)
Other current assets	(2.5)	2.9	(1.3)	-	-
Other non-current assets	(0.1)	-	0.0	-	-
Inventories	5.4	(6.1)	(1.9)	(1.9)	(1.9)
Trade and other payables	34.9	(13.8)	58.7	59.3	59.9
Provision for other liabilities	(0.9)	(1.0)	(0.4)	-	-
<b>Cash (used in)/generated from operations</b>	<b>(0.6)</b>	<b>3.1</b>	<b>36.0</b>	<b>30.0</b>	<b>34.4</b>
Income tax paid	(0.4)	-	(0.2)	(1.0)	(1.1)
<b>Net cash (used in)/provided by operating activities</b>	<b>(1.0)</b>	<b>3.1</b>	<b>35.9</b>	<b>29.0</b>	<b>33.3</b>
<b>Cash flows from investing activities</b>					
Additions to property, plant and equipment	(6.2)	(8.4)	(8.0)	-	-
Additions of intangible assets	-	(0.0)	(0.3)	(0.3)	(0.3)
Proceeds from disposal of property, plant and equipment	0.1	1.1	0.1	0.1	0.1
Government grant received	-	0.5	-	-	-
Dividend received from a joint venture	-	-	0.0	-	-
Interest received	-	-	0.2	-	-
<b>Net cash provided by/(used in) investing activities</b>	<b>(6.0)</b>	<b>(6.8)</b>	<b>(8.0)</b>	<b>(0.2)</b>	<b>(0.2)</b>
<b>Cash flows from financing activities</b>					
Dividends paid to equity owners	-	-	(3.1)	(4.0)	(4.7)
Proceeds from bank loans	60.3	44.3	4.0	-	-
Repayment of bank loans	(56.4)	(54.5)	(20.3)	-	-
Net under supplier finance agreement	-	-	-	-	-
Preferential offering of shares	-	21.6	-	-	-
Share issue expense	-	(0.5)	-	-	-
Conversion of warrants to shares	-	-	13.3	-	-
Principal repayment of lease liabilities	(0.9)	(0.9)	(1.2)	(1.2)	(1.2)
Interest paid	(2.2)	(3.5)	(3.5)	(3.5)	(2.5)
<b>Net cash provided by financing activities</b>	<b>0.9</b>	<b>6.5</b>	<b>(10.9)</b>	<b>(8.7)</b>	<b>(8.3)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(6.1)</b>	<b>2.7</b>	<b>17.0</b>	<b>20.1</b>	<b>24.8</b>
Cash and cash equivalents at beginning of financial year	17.0	11.1	14.2	30.6	50.7
Effects of currency translation on cash and cash equivalents	0.2	0.4	(0.6)	-	-
<b>Cash and cash equivalents at end of financial year</b>	<b>11.1</b>	<b>14.2</b>	<b>30.6</b>	<b>50.7</b>	<b>75.5</b>

## DISCLAIMERS AND DISCLOSURES

This report has been prepared and distributed by SAC Capital Private Limited ("**SAC Capital**") which is a holder of a capital markets services licence and an exempt financial adviser in Singapore.

This report has been prepared for the purpose of general circulation, we have not had regard to the specific investment objectives, financial situation, tax position or unique needs and constraints of any individual person or any specific group of persons and does not purport to be comprehensive or contain all necessary information which a prospective investor may require in arriving at an investment decision. Any prospective purchaser should make his own investigation of the securities and all information provided. Advice should be sought from a financial adviser regarding suitability, taking into account the specific investment objectives, financial situation or particular needs of the person in receipt of the recommendation, before a commitment to purchase is entered into.

This report does not constitute or form part of any offer or solicitation of any offer to buy or sell any securities. This report is confidential and the information in this report shall not be copied or reproduced in part or in whole, and save for the recipient of this report, shall not be disclosed to any other person without the prior written consent of SAC Capital. The distribution of this report outside the jurisdiction of Singapore is also strictly prohibited.

Whereas SAC Capital has not independently verified all the information set out in this report, all reasonable care and effort has been taken to ensure that the facts stated herein are accurate, this report might contain certain forward looking statements and forward looking financial information which are based on certain assumptions and involve known and unknown risks, uncertainties and other factors which may cause the actual results or performance of the subject company to be materially different from those expressed herein. Predictions, projections or forecasts of the economy or market trends are not indicative of the future performance of the subject company. The inclusion of such statements and information should not be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions of the subject company or that the forecast results will or are likely to be achieved.

Our opinion and facts set out in this report are based on the market, economic, industry and other applicable conditions prevailing as at the date of the preparation of this report. Such conditions may change significantly over a relatively short period of time and we assume no responsibility to update, revise or reaffirm our opinion in light of any development subsequent to the publication of this report, that may or may not have affected our opinion contained herein.

This report contains forward-looking statement which are based on assumptions or forecasts and are subject to uncertainties which may result in the actual result or performance to be materially different from the opinion or facts set out herein. Caution should be exercised in placing undue reliance on such statements. such assumptions or forecasts may change over a relatively short period of time and we assume no responsibility to update, revise or reaffirm our opinion in light of any development subsequent to the publication of this report.

No representation or warranty, expressed or implied, is made and no responsibility is accepted by the company, SAC Capital, or any of their affiliates, advisers or representatives as to the fairness, accuracy, completeness or adequacy of such information or facts, in this report or any other written or oral information made available to any interested party or its advisers and any liability therefore is hereby expressly disclaimed.

SAC Capital and its associates, directors, and/or employees may have positions in the securities covered in the report and may also perform or seek to perform other corporate finance and/or capital markets related services for the company whose securities are covered in the report. SAC Capital and its related companies may from time to time perform advisory services or solicit such advisory services from the entity mentioned in this report ("**Other Services**"). This report is therefore classified as a non-independent report. However, the research professionals involved in the preparation of this report are independent of those possible or actual business relationships as they have not and will not participate in the solicitation or provision of such business.

As at the date of this report, SAC Capital does not have proprietary positions or interests in the subject company, except for:

Party	Quantum of position
Nil	Nil

For services rendered in the production and distribution of this Research report, SAC Capital will receive monetary compensation payable by the subject company. The quantum of which was pre-determined prior to the writing and publication of the report and is not dependent on or affected by the recommendation made herein. The future performance of the security will not have a bearing on compensation payable for the purpose of the production of this report.

As at the date of this report, none of the analysts who covered the securities in this report have any proprietary position or material interest in the subject companies covered here in, except for:

Analyst name	Quantum of position
Nil	Nil

**ANALYST CERTIFICATION/REGULATION AC**

As noted above, research analyst(s) of SAC Capital who produced this report hereby certify that

- (i) The views expressed in this report accurately reflect his/her personal views about the subject corporation(s);
- (ii) The report was produced independently by him/her;
- (iii) He/she does not on behalf of SAC Capital or any other person carry out Other Services involving any of the subject corporation(s) or securities referred to in this report; and
- (iv) He/she has not received and will not receive any compensation directly or indirectly related 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. He/she has not and will not receive any compensation directly or indirectly linked to the performance of the securities of the subject corporation(s) from the time of the publication of this report either.