

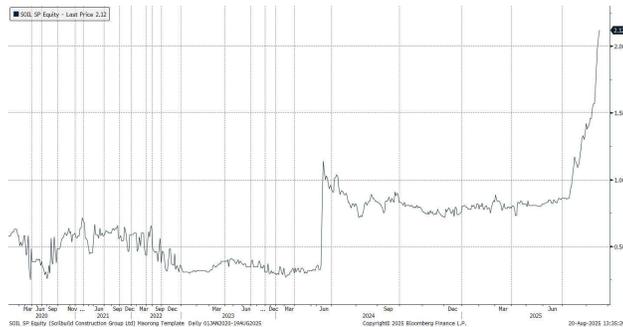
SoilBuild Construction Group Limited

20 August 2025

BUY (Maintained)

| | | |
|------------------------|---------------|-------|
| BBG | SOIL SP | |
| Market Cap (S\$m) | 353.6 | |
| Price (S\$) | 2.12 | |
| 52-week range (S\$) | 0.711-2.14 | |
| Target Price (S\$) | 2.95 | |
| Shares Outstanding (m) | 166.8 | |
| Free Float | 18.2% | |
| Major Shareholder | Lim Chap Huat | 77.7% |
| | Lim Han Ren | 4.0% |

Source: Company data, Bloomberg, SAC Capital



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Soilbuild's 1HFY25 Earnings Soar Past FY24

Soilbuild delivered a stellar financial performance in 1HFY25. The Group's 1HFY25 net profit surged 282.9% YoY to S\$28.3 million, exceeding FY24 full year net profit of \$26.6 million. 1HFY25 revenue increased 77.3% YoY to S\$272.8 million, while gross profit jumped 193.5% YoY to S\$43.6 million, reflecting strong execution and margin improvements across both construction and precast operations. The Group's overall gross margin expanded sharply from 11.9% in FY24 to 16.0% in 1HFY25. Proposed interim dividend of 2 cents per share in 1HFY2025 is double that of the interim dividend payout in 1HFY2024.

The Group's order book stood at approximately S\$1.19 billion as of 30 June 2025 and including new orders secured since. This provides revenue visibility and growth stability for the next 3 years. Soilbuild secured 3 new construction contracts and 7 new precast supply and delivery contracts, with an aggregate value of approximately S\$360 million since FY24, reinforcing the Group's healthy pipeline.

Pump priming through the construction sector continues to anchor resilience as economic headwinds intensify. The Ministry of Trade and Industry (MTI) cautioned that "significant uncertainties remain in the global economy due in part to the continued unpredictability of the US' trade policies", adding that "Singapore's economic outlook for the rest of the year remains clouded by uncertainty, with the risks tilted to the downside". While frontloading of demand provided only a "temporary boost to production and exports", structural risks of a slowdown persist. Against this backdrop, ongoing public sector investments—particularly in HDB and industrial projects—are expected to drive activity, directly benefiting Soilbuild's construction and precast segments. With its sustainable construction focus and A1 BCA grading, Soilbuild is well-positioned to capture upcoming tenders in aerospace, data centres, and high-spec warehouse developments, reinforcing its long-term competitiveness.

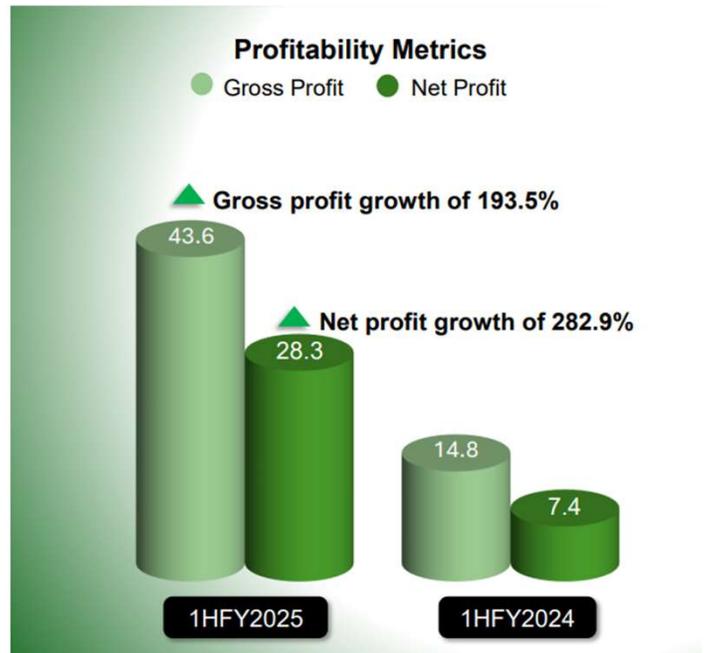
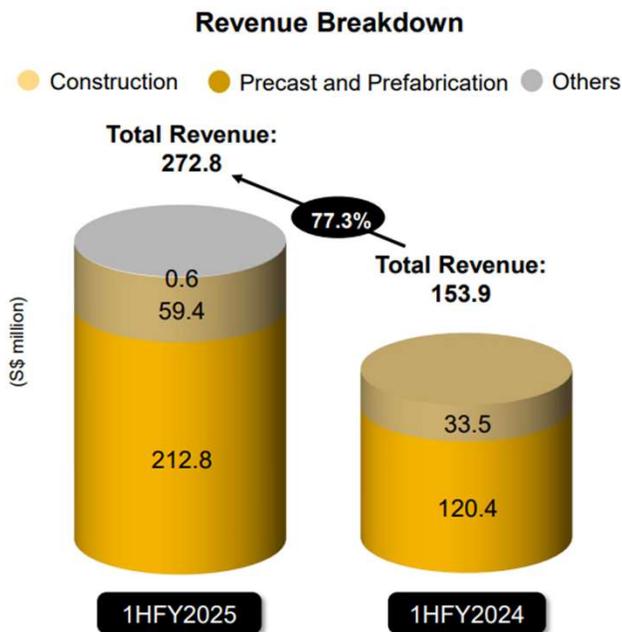
Soilbuild's positive outlook is driven by strong demand from both the public and private sectors. According to the Ministry of National Development (MND), they will be "putting out a strong supply of new homes, including increasing the BTO supply by 10 per cent" to ensure housing affordability and accessibility. In addition, Minister for National Development, Chee Hong Tat, announced that more than 25,000 private residential units will be launched through the Government Land Sales (GLS) programme between 2025 and 2027. Backed by a solid execution track record and enhanced by its integrated precast capabilities, Soilbuild is well-placed to benefit from rising demand across both public housing initiatives and the growing pipeline of private residential projects.

Key risks ahead include competitive pressures in the construction sector, project delays, and material cost inflation. Nonetheless, Soilbuild's solid order book, diversified portfolio, and strategic focus on sustainability provide meaningful buffers against these challenges.

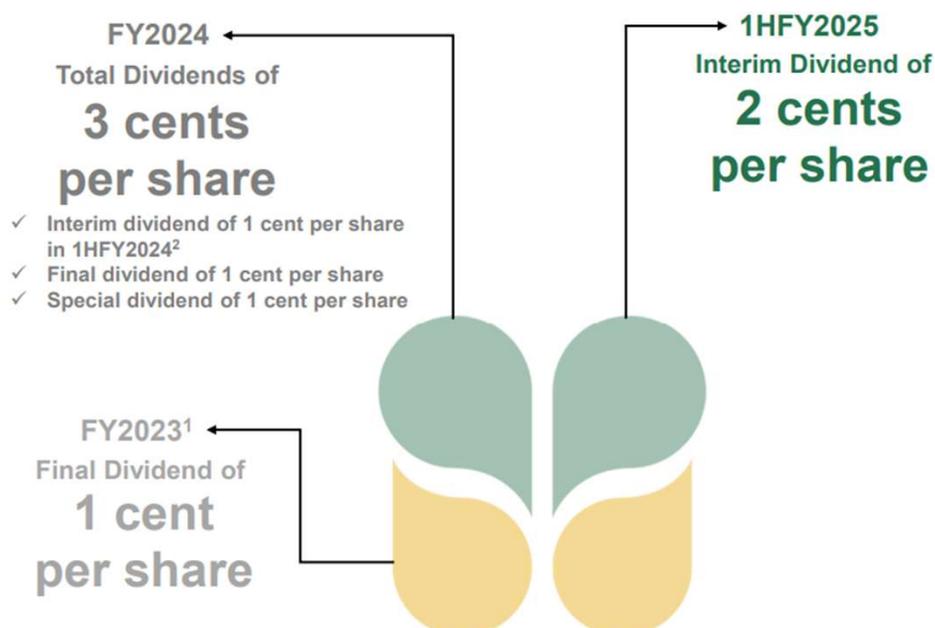
| FY ended 31 Dec (S\$m) | FY22 | FY23 | FY24 | FY25E | FY26E |
|--------------------------------|---------|--------|--------|-------|-------|
| Revenue | 248.4 | 247.4 | 391.8 | 532.9 | 597.4 |
| EBIT | (27.7) | 11.4 | 31.1 | 57.2 | 69.0 |
| Net profit | (31.7) | 7.3 | 26.6 | 55.9 | 67.7 |
| EPS (S\$ cents) | (37.7) | 5.52 | 16.99 | 33.79 | 40.9 |
| Dividend per share (S\$ cents) | - | 1.00 | 3.00 | 6.76 | 8.2 |
| Net cash / (debt) | (88.0) | (77.0) | (45.0) | 11.4 | 66.3 |
| Valuation | | | | | |
| Gross profit margin (%) | (8.6%) | 8.9% | 11.9% | 16.0% | 16.7% |
| Net profit margin (%) | (12.8%) | 3.0% | 6.8% | 10.5% | 11.3% |
| EV/EBITDA (x) | (26.4) | 19.9 | 8.8 | 5.2 | 3.6 |
| P/E (x) | (5.6) | 38.4 | 12.5 | 6.3 | 5.2 |
| P/B (x) | 10.3 | 6.2 | 4.2 | 2.3 | 1.5 |
| Dividend yield (%) | - | 0.47% | 1.42% | 3.19% | 3.86% |
| ROE (%) | -182.5% | 16.2% | 32.1% | 39.2% | 30.9% |

SoilBuild Construction Group Limited

Given Soilbuild's strong earnings momentum and margin expansion, we lifted our FY25 and FY26 net profit forecast to S\$55.9 million and S\$67.7 million, respectively. These projections reflect an improved blended gross margin assumption of 16.0%, in line with 1HFY25, as compared to 11.9% in FY24. We maintain our **BUY recommendation** and raise our target price to **S\$2.95**, derived from applying the peer average PER of 8.7x to Soilbuild's forward EPS. This represents an upside of 39% from current levels.



Source: Company



Source: Company

Income Statement

| YE Dec (S\$m) | FY22 | FY23 | FY24 | FY25E | FY26E |
|--|---------------|-------------|-------------|-------------|-------------|
| Revenue | 248.4 | 247.4 | 391.8 | 532.9 | 597.4 |
| Cost of sales | (269.7) | (225.3) | (345.3) | (447.8) | (497.6) |
| Gross profit/(loss) | (21.3) | 22.1 | 46.5 | 85.1 | 99.8 |
| Other income | 7.5 | 7.0 | 6.4 | 7.8 | 8.8 |
| Other gains/(losses) - net | 0.4 | (0.9) | 0.4 | (0.3) | 0.2 |
| Allowance for expected credit losses on financial assets | (0.1) | (1.4) | (4.3) | (3.7) | (4.1) |
| Administrative | (8.6) | (9.4) | (12.2) | (15.0) | (16.8) |
| Marketing | (0.0) | (0.0) | (0.0) | (0.0) | (0.0) |
| Finance | (2.3) | (3.6) | (3.5) | (0.3) | (0.3) |
| Others | (5.6) | (5.9) | (5.7) | (6.7) | (6.4) |
| Profit/(loss) before income tax | (30.0) | 7.8 | 27.6 | 66.9 | 81.0 |
| Income tax credit/(expenses) | (1.7) | (0.5) | (1.0) | (11.0) | (13.3) |
| Net profit/(loss) | (31.7) | 7.3 | 26.6 | 55.9 | 67.7 |

Balance Sheet

| YE Dec (S\$m) | FY22 | FY23 | FY24 | FY25E | FY26E |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Current assets | | | | | |
| Cash and cash equivalents | 11.1 | 14.2 | 30.6 | 75.9 | 130.8 |
| Trade and other receivables | 84.8 | 89.1 | 153.6 | 208.9 | 234.1 |
| Inventories | 3.8 | 9.9 | 11.8 | 16.1 | 18.0 |
| Other current assets | 6.2 | 3.3 | 4.6 | 4.7 | 4.8 |
| Total current assets | 105.9 | 116.5 | 200.6 | 305.6 | 387.7 |
| Non-current assets | | | | | |
| Trade and other receivables | 15.5 | 12.4 | 12.0 | 16.3 | 18.3 |
| 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 | 121.8 | 143.3 |
| Intangible assets | - | - | 0.3 | 0.3 | 0.3 |
| Deferred income tax assets | 1.1 | 1.5 | 0.8 | 0.8 | 0.8 |
| Total non-current assets | 140.5 | 136.0 | 132.5 | 127.1 | 162.8 |
| Total assets | 246.4 | 252.5 | 333.0 | 432.7 | 550.5 |
| Current liabilities | | | | | |
| Trade and other payables | 115.9 | 107.6 | 163.1 | 211.5 | 235.0 |
| 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 |
| Total current liabilities | 154.9 | 128.6 | 177.7 | 215.1 | 238.6 |
| Non-current liabilities | | | | | |
| Trade and other payables | 10.3 | 4.9 | 8.1 | 10.4 | 11.6 |
| Borrowings | 63.6 | 73.9 | 64.5 | 64.5 | 64.5 |
| Deferred income tax liabilities | 0.2 | - | - | - | - |
| Total non-current liabilities | 74.1 | 78.8 | 72.6 | 75.0 | 76.1 |
| Total liabilities | 229.0 | 207.4 | 250.3 | 290.1 | 331.3 |
| Net assets | 17.4 | 45.2 | 82.7 | 142.6 | 219.2 |
| 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) | 39.1 | 115.7 |
| Total equity | 17.4 | 45.2 | 82.7 | 142.6 | 219.2 |
| Total liabilities and equity | 246.4 | 252.5 | 333.0 | 432.7 | 550.6 |

Cash Flow Statement

| YE Dec (S\$m) | FY22 | FY23 | FY24 | FY25E | FY26E |
|--|---------------|--------------|---------------|--------------|---------------|
| Cash flows from operating activities | | | | | |
| Net profit / (loss) | (31.7) | 7.3 | 26.6 | 55.9 | 67.7 |
| 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 | 8.6 | 10.3 |
| 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 | 0.3 | 0.3 |
| 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 |
| Share of (profit)/loss of joint ventures | - | - | (0.0) | (0.0) | (0.0) |
| Operating cash flows before working capital changes | (16.5) | 23.7 | 49.2 | 70.3 | 83.8 |
| Changes in working capital: | | | | | |
| Trade and other receivables | (20.8) | (2.7) | (68.3) | (64.2) | (68.6) |
| Other current assets | (2.5) | 2.9 | (1.3) | - | - |
| Other non-current assets | (0.1) | - | 0.0 | - | - |
| Inventories | 5.4 | (6.1) | (1.9) | (1.8) | (2.0) |
| Trade and other payables | 34.9 | (13.8) | 58.7 | 57.8 | 65.2 |
| Provision for other liabilities | (0.9) | (1.0) | (0.4) | - | - |
| Cash (used in)/generated from operations | (0.6) | 3.1 | 36.0 | 62.0 | 78.3 |
| Income tax paid | (0.4) | - | (0.2) | (11.0) | (13.3) |
| Net cash (used in)/provided by operating activities | (1.0) | 3.1 | 35.9 | 51.0 | 65.1 |
| Cash flows from investing activities | | | | | |
| 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 | - | - | - |
| Return of capital on dissolution of a joint venture | - | - | 0.0 | - | - |
| Interest received | - | - | 0.2 | - | - |
| Net cash provided by/(used in) investing activities | (6.0) | (6.8) | (8.0) | (0.2) | (0.2) |
| Cash flows from financing activities | | | | | |
| Dividends paid to equity owners | - | - | (1.3) | (4.0) | (8.9) |
| % of net profit | - | - | 0.2 | 0.1 | 0.2 |
| Proceeds from bank loans | 60.3 | 44.3 | 4.0 | - | - |
| Repayment of bank loans | (56.4) | (54.5) | (20.3) | - | - |
| Preferential offering of shares | - | 21.6 | - | - | - |
| Conversion of warrants | - | - | 13.3 | - | - |
| Share issue expense | - | (0.5) | - | - | - |
| Principal repayment of lease liabilities | (0.9) | (0.9) | (1.2) | (1.2) | (1.2) |
| Dividend paid | - | - | (3.1) | (4.0) | (8.9) |
| Interest paid | (2.2) | (3.5) | (3.5) | (0.3) | (0.3) |
| Net cash provided by financing activities | 0.9 | 6.5 | (10.9) | (5.5) | (10.4) |
| Net increase/(decrease) in cash and cash equivalents | (6.1) | 2.7 | 17.0 | 45.3 | 54.4 |
| Cash and cash equivalents at beginning of financial year | 17.0 | 11.1 | 14.2 | 30.6 | 75.9 |
| Effects of currency translation on cash and cash equivalents | 0.2 | 0.4 | (0.6) | - | - |
| Cash and cash equivalents at end of financial year | 11.1 | 14.2 | 30.6 | 75.9 | 130.4 |

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