

SoilBuild Construction Group Limited

02 May 2025

BUY (Maintained)

BBG	SOIL SP	
Market Cap (\$m)	135.7	
Price (\$)	0.82	
52-week range (\$)	0.32-1.18	
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



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Tariffs Fear? Not Here

Pump priming through the construction sector is likely to be at the forefront as economic headwinds intensify. Ministry of Trade and Industry (MTI) has lowered its 2025 growth forecast to 0–2% amid escalating US-China trade tensions. Prime Minister Lawrence Wong also cautioned that a “full-blown recession” cannot be ruled out, following the recent imposition of US tariffs. As shown in the first chart, construction spending historically rose during downturns—particularly in the mid-1990s and late 2000s—underscoring the government’s role in economic stabilisation. Current pump priming efforts are expected to boost HDB and industrial projects, directly benefiting Soilbuild’s construction and precast segments. The Group is well-positioned to capitalise on upcoming tenders in aerospace, data centre, and high-spec warehouse developments.

PSA Win Enhances Strategic Positioning. The Group’s strategic win of the PSA Supply Chain Hub @ Tuas contract has significantly raised its profile, positioning it as the only local builder among predominantly Japanese and Chinese players in the Tuas Port area. This marks a major step in gaining recognition from global MNCs and paves the way for higher-quality deal flow ahead.

Turnaround of Precast Segment Gains Traction. The Group’s precast business has returned to sustained profitability after years of underperformance. With more HDB projects entering the market, management expects continued tender opportunities to sustain earnings. This marks a strategic turnaround, transforming the segment into a stable contributor to the group’s profit.

Soilbuild delivered a strong financial performance in FY24, with revenue climbing 58.4% YoY to S\$391.8 million. Gross profit more than doubled, rising 110% YoY to S\$46.5 million, driven by improved margins across both construction and precast operations. The Group’s overall gross margin expanded from 8.9% in FY23 to 11.9% in FY24. As a result, net profit surged 263.3% YoY to S\$26.6 million.

Soilbuild’s positive outlook is driven by strong demand from both the public and private sectors. The Building and Construction Authority (BCA) projects annual construction demand to range between S\$39 billion and S\$46 billion from 2026 to 2029. The Group’s diversified capabilities and strategic focus on industrial and zero-energy developments further enhance its long-term competitiveness.

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 higher profile, improving profitability, and strong order book, we maintain our BUY recommendation, with a revised target price of S\$1.10, representing an upside of 34% 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 (S\$ cents)	(37.7)	5.52	16.99	17.57	19.7
Dividend per share (S\$ cents)	-	1.00	3.00	3.51	3.9
Net cash / (debt)	(88.0)	(77.0)	(45.0)	(12.0)	12.6
Valuation					
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)	(13.0)	9.6	4.0	3.9	2.9
P/E (x)	(2.2)	14.8	4.8	4.7	4.2
P/B (x)	4.0	2.4	1.6	1.1	0.9
Dividend yield (%)	-	1.22%	3.66%	4.29%	4.79%
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)
Gross profit/(loss)	(21.3)	22.1	46.5	47.8	50.4
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)
Profit/(loss) before income tax	(30.0)	7.8	27.6	28.5	31.9
Income tax credit/(expenses)	(1.7)	(0.5)	(1.0)	(1.0)	(1.1)
Net profit/(loss)	(31.7)	7.3	26.6	27.5	30.8

Balance Sheet

YE Dec (S\$'m)	FY22	FY23	FY24	FY25E	FY26E
Current assets					
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
Total current assets	105.9	116.5	200.6	232.7	259.2
Non-current assets					
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
Total non-current assets	140.5	136.0	132.5	131.9	158.3
Total assets	246.4	252.5	333.0	364.6	417.5
Current liabilities					
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
Total current liabilities	154.9	128.6	177.7	177.3	178.1
Non-current liabilities					
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	-	-	-	-
Total non-current liabilities	74.1	78.8	72.6	73.1	73.2
Total liabilities	229.0	207.4	250.3	250.5	267.8
Net assets	17.4	45.2	82.7	114.2	149.6
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
Total equity	17.4	45.2	82.7	114.2	149.6
Total liabilities and equity	246.4	252.5	333.0	364.6	417.4

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	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)
Operating cash flows before working capital changes	(16.5)	23.7	49.2	41.7	46.2
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)	-	-
Cash (used in)/generated from operations	(0.6)	3.1	36.0	30.0	34.4
Income tax paid	(0.4)	-	(0.2)	(1.0)	(1.1)
Net cash (used in)/provided by operating activities	(1.0)	3.1	35.9	29.0	33.3
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	-	-	-
Dividend received from 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	-	-	(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)
Net cash provided by financing activities	0.9	6.5	(10.9)	(8.7)	(8.3)
Net increase/(decrease) in cash and cash equivalents	(6.1)	2.7	17.0	20.1	24.8
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)	-	-
Cash and cash equivalents at end of financial year	11.1	14.2	30.6	50.7	75.5

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