



Lian Beng Group Ltd

Property development supports bottom line

SINGAPORE | CONSTRUCTION | 1H22 RESULTS

- Higher construction revenue with resumption of activities but weighed down by higher costs.
- Bottom line is still supported mostly by property development sector.

Results at a glance

SGD '000	1H22	1H21	YoY	Comments
Revenue	377,315	197,503	91.0%	
- Construction	310,136	156,068	98.7%	Higher level of construction activity
- Property Development	39,882	19,034	109.5%	
- Investment Holding	27,134	14,876	82.4%	Contribution from BreadTalk IHQ
- Dormitory	10,381	10,395	-0.1%	
Pretax income	26,661	24,927	7.0%	
- Construction	-6,933	-1,057	n.m.	Higher construction costs
- Property Development	15,484	6,021	157.2%	
- Investment Holding	8,203	9,818	-16.4%	
- Dormitory	9,823	10,144	-3.2%	
PATMI	14,876	17,614	-15.5%	
EPS	2.98	3.52	-15.5%	

Source: Company, PSR

The Positives

+ Higher revenue from construction and property development. Construction revenue almost doubled from a low base in 1H21. The level of construction activity has recovered and there is also more progress made in various construction projects. Revenue from Investment Holding increased mainly due to contribution from BreadTalk IHQ. The acquisition was completed in April 2021.

+ Operating and free cash flows turned positive. Operating cash flow was S\$31mn, from negative S\$3.3mn in 1H21. FCF was S\$21.9mn, from S\$6.5mn in 1H21. This was mainly due to the decrease in development properties from S\$180.9mn in May 2021 to S\$134.6mn in November 2021, as a result of increase in sale of development units of INSPACE.

The Negatives

- Lower PATMI and EPS due to higher construction costs. Only 77.6% of the Property Development segment's profit, representing the effective interest held by Lian Beng in SLB was recognised. As such, the increase in contribution was offset by the higher loss incurred by the Construction segment.

Outlook

The construction industry continues to be plagued by rising cost and manpower issues. Lian Beng expects operating conditions to remain challenging, but will closely monitor the delivery of projects.

As of 14 January 2022, Lian Beng's order book stands at S\$1.3bn, which should support construction activities through FY26.

26 January 2022

Non-rated

CLOSING PRICE	SGD 0.510
FORECAST DIV	N.A.
TARGET PRICE	N.A.
TOTAL RETURN	N.A.

COMPANY DATA

Bloomberg CODE:	LBG SP
O/S SHARES (MN):	499.7
MARKET CAP (USD mn / SGD mn):	190 / 255
52 - WK HI/LO (SGD):	0.56 / 0.45
3M Average Daily T/O (mn):	0.20

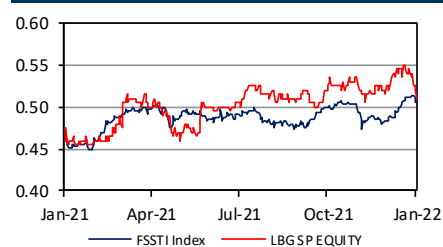
MAJOR SHAREHOLDERS

Ong Pang Aik	62.3%
Ong Lay Huan	59.8%

PRICE PERFORMANCE (%)

	1MTH	3MTH	YTD
COMPANY	(1.0)	0.0	(3.7)
STI RETURN	5.6	3.0	5.1

PRICE VS. STI



Source: Bloomberg, PSR

VALUATION METHOD

N.A.

KEY FINANCIALS

Y/E May, SGD (mn)	FY19	FY20	FY21
Revenue	386.8	556.0	514.5
EBITDA	80.1	78.9	62.5
PATMI	32.9	28.7	26.1
EPS (SGD cents)	6.58	5.73	5.22
P/E (X)	7.8	8.9	9.8
Dividend yield	4.4%	2.0%	2.0%
ROE	4.0%	3.5%	3.0%
ROA	2.0%	1.7%	1.3%

Source: Company, PSR

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The report is produced by Phillip Securities Research under the 'Research Talent Development Grant Scheme' (administered by SGX).

Financials

Income Statement

Y/E May, SGD '000	FY19	FY20	FY21	1H22
Revenue	386,791	556,043	514,490	377,315
Gross profit	81,787	84,466	59,814	33,515
EBITDA	80,050	78,922	62,467	44,469
Depreciation & amortisation	21,027	17,963	19,140	10,834
EBIT	62,087	59,782	44,045	33,635
Finance costs	(17,600)	(18,286)	(1,647)	(6,974)
Profit before tax	44,487	41,496	42,398	26,661
Taxation	(6,313)	(7,850)	(7,243)	(2,909)
Minority interest	5,311	4,992	9,087	8,876
PATMI	32,863	28,654	26,068	14,876

Per share data (SGD Cents)

Y/E May	FY19	FY20	FY21	1H22
EPS	6.6	5.7	5.2	3.0
DPS	2.3	1.0	1.0	1.0
BVPS	138.9	141.2	148.1	149.7

Cash Flow

Y/E May, SGD '000	FY19	FY20	FY21	1H22
CFO				
Profit before tax	44,487	41,496	42,398	26,661
Adjustments	(36,490)	13,519	27,710	(1,909)
WC changes	(53,598)	40,666	33,164	10,948
Cash generated from ops	98,672	102,370	(26,974)	35,700
Tax paid	(10,777)	(18,217)	(7,623)	(4,712)
Cashflow from ops	79,724	94,635	(35,797)	30,988
CFI				
CAPEX, net	(1,996)	(10,298)	(18,397)	(9,044)
Others	7,753	(12,987)	(117,914)	(18,278)
Cashflow from investments	5,757	(23,285)	(136,311)	(27,322)
CFF				
Loans, net of repayments	(39,983)	(62,995)	5,673	16,603
Dividends	(11,243)	(11,243)	(11,243)	(4,997)
Others	(62,678)	17,696	189,183	(18,202)
Cashflow from financing	(113,904)	(56,542)	183,613	(6,596)
Net change in CCE	(28,423)	14,808	11,505	(2,930)
CCE, end	179,924	194,602	208,274	204,684

Source: Company, PSR

Balance Sheet

Y/E May, SGD '000	FY19	FY20	FY21	1H22
ASSETS				
Trade and other receivables	91,995	59,899	48,954	102,623
Cash and cash equivalents	179,924	209,416	208,632	212,457
Inventories	2,895	12,540	15,675	14,897
Total current assets	718,474	724,401	852,858	871,682
PPE	158,015	174,394	180,190	189,797
Investment properties	533,047	560,164	681,485	673,665
Others	229,277	207,172	239,620	277,873
Total non-current assets	920,339	941,730	1,101,295	1,141,335
Total Assets	1,638,813	1,666,131	1,954,153	2,013,017
LIABILITIES				
Trade and other payables	164,219	147,607	226,664	242,541
Bank loans and bills payable	309,966	243,527	298,057	322,681
Others	65,675	92,533	84,564	92,034
Total current liabilities	539,860	483,667	609,285	657,256
Bank loans	268,450	341,645	470,957	464,319
Others	10,371	16,137	17,070	24,129
Total non-current liabilities	278,821	357,782	488,027	488,448
Total Liabilities	818,681	841,449	1,097,312	1,145,704
Net assets	820,132	824,682	856,841	867,313
Represented by:				
Share capital	82,275	82,275	82,275	82,275
Retained earnings	627,967	646,474	673,247	683,326
Non-controlling interest	126,072	118,923	116,797	119,064
Shareholder Equity	820,132	824,682	856,841	867,313

Valuation Ratios

Y/E May	FY19	FY20	FY21	1H22
P/E (X)	7.75	8.89	9.78	n.a.
P/B (X)	0.37	0.36	0.34	0.34
EV/EBITDA (X)	4.98	4.76	8.97	12.9
Dividend yield	4.4%	2.0%	2.0%	2.0%

Growth & Margins

Growth				
Revenue	37.3%	43.8%	-7.5%	91.0%
EBITDA	-16.5%	-1.4%	-20.8%	11.1%
EBIT	-22.6%	-3.7%	-26.3%	10.1%
Net profit, adj.	-38.3%	-12.8%	-9.0%	-15.5%
Margins				
Gross margin	21.1%	15.2%	11.6%	8.9%
EBITDA margin	20.7%	14.2%	12.1%	11.8%
EBIT margin	16.1%	10.8%	8.6%	8.9%
Net profit margin	8.5%	5.2%	5.1%	3.9%

Key Ratios

ROE (%)	4.0%	3.5%	3.0%	1.7%
ROA (%)	2.0%	1.7%	1.3%	0.7%
Net Gearing (%)	48.6%	45.6%	65.4%	66.2%
Net Debt/EBITDA (X)	5.0	4.8	9.0	12.9

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