

SECTOR UPDATE

Construction – Singapore

2024 Results In Line; Promising Sector Outlook On Robust Construction Activities

2024 results are within expectations, with all companies within our coverage universe posting double-digit yoy growth. The sector outlook in 2025 is promising, backed by the rollout of major projects (such as Changi T5 and MBS integrated resort expansion) and continued BTO supply ramp-up. We also expect private contract flows to improve, driven by the robust demand for the residential sector. Maintain OVERWEIGHT. Our top picks for the sector are HLA, PUC, TWC and Centurion.

WHAT'S NEW

- **2024 results within expectations.** The construction companies under our coverage delivered resilient 2024 earnings as three companies were within expectations. Only one company, Pan-United Corporation (PUC) underperformed, while Centurion exceeded expectations. Moreover, all of the companies registered double-digit yoy growth in earnings, backed by increased business activities from a healthy construction industry in Singapore.

2024 RESULTS SUMMARY

Company	Financial Period	Revenue (\$m)	CNP (\$m)	vs. UOBKH	vs. consensus	Earnings Revision		
						+1YR Fwd	+2YR Fwd	+3YR Fwd
BRC Asia*	1QFY25	349.8	19.5	In line	In line	-5%	-6%	-8%
Centurion	FY24	253.6	110.8	Above	Above	+1%	+1%	-
Hong Leong Asia	FY24	4,249.4	93.6	In line	Above	+3%	+3%	-
Pan-United	FY24	812.3	40.9	Below	Below	-3%	-3%	-
Tiong Woon**	1HFY25	78.8	10.4	In line	In line	-	-	-

*FYE Sep, based on 1QFY25 results, **FYE Jun, based on 1HFY25 results

Source: Companies, UOB Kay Hian

ACTION

- **Maintain OVERWEIGHT.** We remain sanguine on the 2025 sector outlook, anchored by the imminent rollout of major projects such as Changi Airport Terminal 5 (T5) and the Marina Bay Sands (MBS) integrated resort expansion. Additionally, we expect stronger private and public housing developments in 2025 as well as other contract awards like the Thomson-East Coast Line Extension (TEL) and Cross Island Line (CRL). The robust pipeline of projects should drive substantial earnings growth in the coming years.
- Within our coverage universe, our top picks are Hong Leong Asia (HLA) and PUC, as demand for building materials such as ready-mix concrete are expected to remain strong. We also like Tiong Woon (TWC), which is riding on a pipeline of projects both domestically and overseas. Notably, Centurion will be a beneficiary of the construction demand as a workers' dormitory operator. Other stocks in the construction supply chain that we think will benefit from the positive industry outlook include OKP, Wee Hur, Hor Kew, Soilbuild Construction and ISOteam.

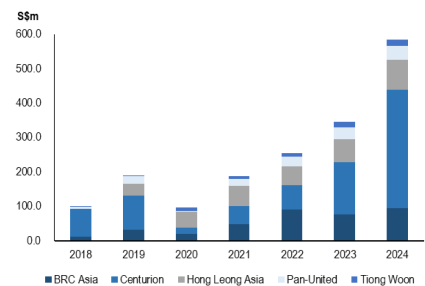
PEER COMPARISON

Company	Ticker	Rec	Price @ 13 Mar 25 (lcy)	Market Cap (\$m)	Target Price (lcy)	Last Year End	EPS			PE			PB 2025F	Yield 2025F (%)
							2024	2025F	2026F	2024	2025F	2026F		
BRC Asia	BRC SP	HOLD	3.00	823	2.76	Sep-24	34.10	29.20	30.53	8.8	10.3	9.8	1.6	6.3
Centurion	CENT SP	BUY	1.03	866	1.11	Dec-24	41.01	11.73	12.81	2.5	8.8	8.0	0.7	3.4
Hong Leong Asia	HLA SP	BUY	1.06	793	1.11	Dec-24	11.74	6.13	5.48	9.0	17.3	19.3	0.7	4.7
Pan-United	PAN SP	BUY	0.62	433	0.81	Dec-24	5.85	7.60	8.87	10.6	8.2	7.0	1.5	6.1
Tiong Woon	TWC SP	BUY	0.575	133	0.87	Jun-24	7.85	8.43	9.41	7.3	6.8	6.1	0.4	3.2
OKP	OKP SP	NR	0.54	166	n.a.	Dec-24	10.98	n.a.	n.a.	4.9	n.a.	n.a.	n.a.	n.a.
Wee Hur	WHUR SP	NR	0.45	414	n.a.	Dec-24	5.88	n.a.	n.a.	7.7	n.a.	n.a.	64.3	n.a.
Hor Kew	HKC SP	NR	0.71	37	n.a.	Dec-24	26.38	n.a.	n.a.	2.7	n.a.	n.a.	n.a.	n.a.
Soilbuild Construction	SOIL SP	NR	0.77	128	n.a.	Dec-24	16.99	n.a.	n.a.	4.5	n.a.	n.a.	n.a.	n.a.
ISOteam	ISO SP	NR	0.067	47	n.a.	Jun-24	0.94	1.00	1.20	7.1	6.7	5.6	1.0	n.a.
Sector Average										6.5	9.7	9.3	10.0	4.8

Source: Bloomberg, UOB Kay Hian

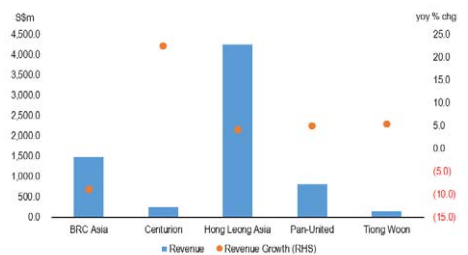
OVERWEIGHT (Maintained)

CONSTRUCTION FIRMS' EARNINGS TREND



Source: Companies, UOB Kay Hian

CONSTRUCTION FIRMS' REVENUE GROWTH (2024)



Source: Companies, UOB Kay Hian

OUTSTANDING ORDERBOOK AS OF END-FY24

Company	Value (\$b)
BRC Asia*	1,500
ISOteam**	188.7
OKP	600.7
Soilbuild Construction	1,260
Wee Hur	263.3

Source: Companies, UOB Kay Hian

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ESSENTIALS

- 2024 review.** Per the Ministry of Trade and Industry, the construction sector grew 5.9% yoy in 4Q24 (vs 5.2% yoy in 4Q23), fuelled by a rise in public sector construction activity. The Building and Construction Authority (BCA) disclosed that construction demand for 2024 was around S\$44.2b, exceeding its mid-2024 forecast of S\$35b-41b. This was mainly due to the launch of more public institutional projects, a healthy supply of public housing projects, accelerated private residential construction awards and higher-than-expected contract costs.

- Sector earnings are set to grow in 2025,** backed by the strong construction demand in Singapore. Construction demand is projected to reach S\$47b-53b in 2025, representing a 6.3-20% yoy increase per BCA and primarily driven by:

a) Steady housing supply. The government has ramped up the supply of Build-To-Order (BTO) flats, exceeding its target of 100,000 flats between 2021-25, and planning over 50,000 more from 2025-27. Private housing supply has also increased through the Government Land Sales (GLS) programmes, with 11,000 private units released in 2024, the highest since 2013. Over the coming years, a strong pipeline of both BTO and private units is in place, with 19,600 BTO flats set for 2025 (new flats between 2021-27 add around 10% to Singapore's total housing stock). Additionally, more private units will be made available as part of the ongoing GLS ramp-up, from about 8,100 units in 2H24 to 8,500 units in 1H25.

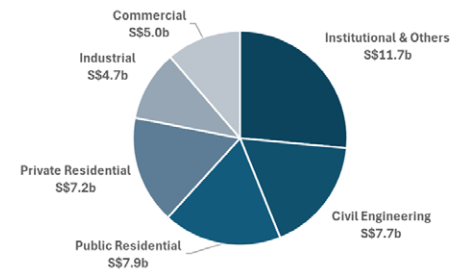
b) Key upgrading initiatives and major large-scale developments like Changi T5, the MBS integrated report expansion, mechanical and engineering contracts for the TEL and CRL, infrastructure projects for the Woodlands Checkpoint and Tuas Port, high-specification industrial buildings, educational developments and healthcare facilities.

- In the medium term, annual construction demand is expected to range from S\$39b-46b in 2026-29,** supported by ongoing and upcoming projects like new community facilities (Tengah General and Community Hospital), waste management plants (Phase 2 of the Integrated Waste Management Facility), the rejuvenation of various junior colleges and other urban redevelopment projects.

- Sturdy orderbooks boost revenue visibility.** We expect BRC to deliver half of its current orderbook, which stood at S\$1.5b as at end-1QFY25, in the next 3-4 quarters. Notably, Soilbuild Construction started off 2025 strong, having clinched two contracts with a combined contract value of S\$151m in Jan 25. Meanwhile, ISOTeam won 25 new contracts totalling S\$36m in value in Feb 25, and continues to actively tender for various public sector upgrading initiatives.

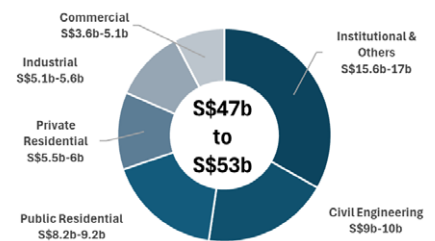
- Setting a new construction standard.** We also highlight that PUC has recently successfully completed a mass concrete pour for the raft foundation of The Skywaters, Singapore's tallest building. This marks Singapore's first use of the Grade 105 PanU Super High-Strength Concrete, setting a new standard for future construction projects. This was also built with PanU CMC+ and PanU Cool concrete, which reduces emissions and cools buildings respectively, reflecting a commitment to environmental sustainability.

2024 REVIEW



Source: BCA, UOB Kay Hian

2025 CONSTRUCTION DEMAND



Source: BCA, UOB Kay Hian

SINGAPORE AS A % OF 2024 REVENUE

Company	(%)
BRC Asia*	87.6%
Centurion	69.4%
Hong Leong Asia	11.9%
Pan-United	90.5%
Tiong Woon**	73.0%
OKP	96.5%
Wee Hur	98.2%
Hor Kew	100%
Soilbuild Construction	100%
ISOTeam	100%

Source: Companies, UOB Kay Hian

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