

THE STRAITS TRADING COMPANY LIMITED (SGX: S20)

1H FY2025 Results Update | 24 September 2025

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Rating: **BUY**

Last Close: **S\$1.640**

Target Price: **S\$2.200**

Upside: **34%**

Executive Summary

We maintain our **BUY** call on The Straits Trading Company Ltd (STC) following its 1H FY2025 results. Despite a headline loss due to non-recurring fair value impacts, STC's *core* business segments remain resilient. We see the recent portfolio recalibration (monetisation of a major investment and debt reduction) as strengthening the balance sheet for future growth. Our 12-month Target Price of **S\$2.20** is derived from a blended valuation (applying a steep conglomerate discount to RNAV and peer-relative earnings multiples), and implies ~34% upside from the current price of S\$1.64.

STC reported a 1H2025 net loss as expected, driven by *one-off, non-cash* valuation losses in its property and investment portfolio. Group **revenue** held steady at **S\$309.5 million** (-1.0% YoY), but a **net loss** of **S\$40.8 million** (EPS -9.0¢) reversed from a S\$5.2 million profit in 1H2024 (EPS +1.2¢). The swing was largely due to (i) a **fair value loss** in an associate's UK properties amid weaker market conditions, and (ii) a **remeasurement loss** of S\$29.4 million on exchangeable bonds triggered by the privatisation of ESR Group. These valuation losses are *non-cash* and do not affect operating cash flow. Excluding such items, underlying operations were relatively stable – the **Resources** (tin smelting) segment remained profitable and **Hospitality** showed signs of post-pandemic recovery outside of refurbishment downtime. STC also continued to recycle capital, divesting assets (e.g. an Australian property sale and a UK asset held for sale) and using proceeds to **redeem debt**. In August, the company **redeemed S\$284 million** of exchangeable bonds, slashing outstanding bond debt to S\$86 million. This significantly improves leverage and interest cost going forward. Management maintains its interim dividend of **8.0¢** per share (unchanged despite the loss), reflecting confidence in the Group's long-term cash generation.

Key Catalysts: Looking ahead, we expect **asset monetisation** to unlock value – STC's assets (72% in property by value) are carried at a **RNAV** of around **S\$3.20/share**, about twice the current share price. Execution of planned disposals or redevelopment (e.g. the ongoing *Straits City* project in Penang and other property fund investments) could catalyse a re-rating. Meanwhile, the **hospitality** arm (30%-owned Far East Hospitality) is poised for a stronger 2H as travel demand recovers and refurbishment works conclude. The **resources** arm (52%-owned Malaysia Smelting Corp) stands to benefit from firmer tin prices and operational efficiencies as a new smelter ramps up. With **net gearing** now <70% (vs ~90% in June) after the bond redemption, STC has financial headroom for new investments or higher capital returns. We value STC using a blend of **RNAV** (reflecting its deep asset base) and **earnings** metrics (capturing the normalisation of profits into FY2026). Our S\$2.20 Target Price equates to ~0.7× forward book value – still a hefty discount to RNAV, but justified until more catalysts

materialise. **Key risks** include further declines in property market valuations (UK, China exposure), tin price volatility, and macro headwinds (rates, FX) which we discuss herein. On balance, we see STC's current **50% discount to NAV** as excessive given the Group's ongoing portfolio streamlining and resilient cash flows.

Key Metrics (1H2025) – Valuation Snapshot

Metric	Value	Comments
Share Price (23 Sep 2025)	S\$1.640	52-week range S\$1.33 – 1.78; at ~50% of RNAV
Market Capitalisation	~S\$800 million	~S\$0.8B; conglomerate with diversified assets
NAV per Share (Jun'25)	S\$3.12	Book NAV; RNAV (revalued) est. ~S\$3.20
Price / NAV	0.53x	Historically trades at steep NAV discount
P/E (FY2025E / FY2026E)	n.m. / ~20x	FY25 loss expected; FY26E normalised ~8–9¢ EPS
EV / EBITDA (FY2024)	~16x	EBITDA S\$124.4m in FY2024; EV post-bond cut ~\$1.7B
Return on Equity (FY2024)	-0.5%	Slight loss in FY24; ROE to improve as one-offs abate
Dividend Yield	4.9%	Annual 8.0¢ DPS sustained (>100% payout in FY24)
Net Debt / Equity (Jun'25)	90.4% → <70% (pro-forma)	90% at 30 Jun; falls below 70% after Aug bond redemption
Upside to Target Price	+34%	TP S\$2.20 vs S\$1.64; valuation gap expected to narrow

Sources: Company data, Tickrs estimates, SGX filings.

Business Overview

Established 1887, The Straits Trading Company Ltd (“STC”) is a Singapore-based investment conglomerate with operations spanning **resources, property, hospitality**, and other investments. The group's **Resources** segment is anchored by a 52%-stake in **Malaysia Smelting Corporation (MSC)**, one of the world's top tin producers. MSC engages in the smelting of tin concentrates into refined tin metal for sale globally. In **Real Estate**, STC owns and manages a diversified property portfolio (held mainly through its wholly-owned subsidiary Straits Real Estate, “SRE”) that includes commercial and logistics

properties across Asia-Pacific and the UK, as well as development projects (e.g. the Straits City integrated development in Penang). STC’s property activities span investment properties (rental income), property development, and real estate fund management. The **Hospitality** segment comprises STC’s 30% stake in **Far East Hospitality Holdings (FEHH)** – a joint venture with Far East Orchard Ltd that owns/manages over 100 hotels and serviced residences (16,500+ rooms across 10 countries) under brands like Oasia, Village, and Quincy. The hospitality segment earnings are mainly derived from hotel ownership (through FEHH’s properties in Singapore/Malaysia) and management fees. Lastly, **Others** encompasses STC’s group-level investments and corporate treasury operations. This includes strategic investment securities and legacy holdings – for example, STC previously held a stake in ARA Asset Management which was swapped for shares in ESR Group; it issued exchangeable bonds on those shares in 2023 to unlock value. Overall, STC’s asset base is heavily weighted toward real estate (~72% of S\$3.55 billion total assets) with resources (~13%), cash/investments (~11%), and hospitality (~4%) making up the balance. This positions the group as a proxy to deep-value assets (property/tin) with a stable recurring income foundation.

Structural Positioning: STC’s diversified structure provides multiple income streams: (1) **Mining & Smelting** – a cyclical but cash-generative business benefiting from elevated tin prices (tin is an essential component in electronics and solder, with rising usage in EVs and renewables); (2) **Property Investments** – yielding rental income and potential disposal gains, spread across geographies (Singapore, Malaysia, Australia, Japan, China, UK) to mitigate local downturns; (3) **Hospitality** – a recovery play on tourism and travel spending in Singapore/Malaysia, augmented by an “asset-light” expansion strategy via management contracts; and (4) **Strategic Investments** – which the company actively manages and monetises to recycle capital. STC’s *conglomerate model* allows it to reallocate capital opportunistically – recent examples include the sale of legacy real estate fund stakes (ARA) and deployment into new sectors like logistics properties and senior living projects. This dynamic capital allocation is overseen by Executive Chairman Chew Gek Khim (of the Tecity Group, STC’s controlling shareholder), whose stewardship since 2008 has transformed STC from a traditional tin mining company into a modern investment group. Today, STC’s core strategy is to **create value and recycle capital at the appropriate times** – leveraging its strong asset base and partnerships to deliver sustainable returns to shareholders.

Financial Highlights – 1H FY2025 vs 1H FY2024

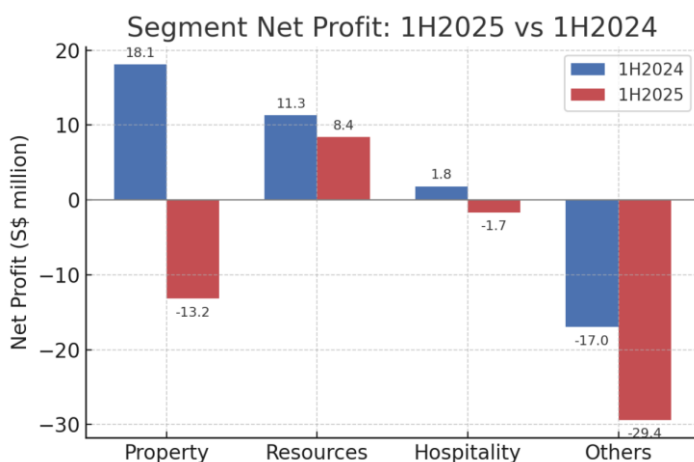


Figure: 1H2025 vs 1H2024 segment net profit breakdown (S\$ million). STC swung to losses in Property and Others segments due to one-off valuation impacts, while Resources remained profitable.

Revenue: STC's 1H2025 revenue was **S\$309.5 million**, a slight **-1.0% YoY** decline from S\$312.7 million in 1H2024. Top-line held steady as growth in tin sales (boosted by higher average tin prices) offset lower contributions from property development. Notably, *sales of goods* (primarily refined tin from MSC) rose to S\$267.5m (+5.9% YoY), reflecting firm tin pricing, while other revenue (including rental income, dividend and interest income) tapered off compared to a year ago. The **Resources** segment (MSC) contributed the bulk of revenue – tin smelting accounted for ~85% of group turnover. Group revenue resilience amid a challenging backdrop (volatile commodity prices, high interest rates) underscores the stabilising influence of STC's diversified streams.

Profitability: STC reported a **net loss of S\$40.8 million** in 1H2025, versus a net profit of S\$5.2 million in 1H2024. This sharp reversal was driven by *non-recurring losses* recorded in two areas:

- **Property Segment:** Posted a **net loss of S\$13.2m** (vs **+S\$18.1m** profit in 1H2024). The swing of **-S\$31.3m** was mainly because STC did **not record any fair value gains** on investment properties in 1H2025, unlike 1H2024 which saw significant valuation uplifts. In contrast, 1H2025 saw an adverse fair value adjustment in one of STC's UK joint ventures (associate) as capitalization rates rose and market sentiment weakened. On a positive note, the property segment's loss was partially *offset by a lower share of associate losses* YoY (i.e. some overseas projects performed better than the prior period). Excluding valuation effects, underlying property rental income remained steady with high occupancy in key assets, but segment profit was eroded by higher financing costs and a strong SGD (which lowered reported contributions from overseas properties).
- **"Others" / Investment Segment:** Recorded a **net loss of S\$29.4m** (vs **-S\$17.0m** in 1H2024). The deeper loss was **largely due to a one-off remeasurement loss** on STC's exchangeable bonds (EB). In July 2025, ESR Group (underlying stock for the EB) was privatised, triggering early redemption of the bonds at par. As a result, STC had to mark the EB liability to redemption value, incurring a *non-cash loss* estimated at ~S\$25 million (within the "Others" segment). This accounting loss represents the give-up of an earlier fair value gain on the bonds (which were issued at a discount to the value of pledged ESR shares). The important point is that STC **did not incur an operating cash outflow** of S\$370m for bond repayment – it utilized the cash proceeds from the ESR privatisation to fund a **S\$284m redemption**, cancelling 77% of the bond issue. The remaining S\$86m of bonds (held by bondholders who didn't exchange) will mature in 2028. Thus, the EB loss is purely an accounting timing effect. In 1H2024, by contrast, the "Others" segment had a smaller loss (S\$17m) aided by some investment gains/dividends.

Ongoing Operations: Stripping out the above one-offs, **underlying profit** was roughly breakeven. The **Resources** segment delivered **net profit of S\$8.4m** (vs S\$11.3m a year ago), contributing positively despite operational setbacks. MSC benefitted from a **+4% YoY increase in tin prices** to ~US\$27,000/tonne, but this was outweighed by **lower sales volumes** and a **one-off tax provision** (an additional tax assessment by Malaysian authorities). Furthermore, MSC's output was disrupted by a gas pipeline explosion in April 2025 that shut its Pulau Indah smelter for ~3 months. These factors saw MSC's 1H EBITDA fall, though the company remained profitable. The **Hospitality** segment posted a **net loss of S\$1.7m** (vs **+S\$1.8m** profit in 1H2024). The swing into the red was mainly **transitional**: STC's

owned hotel in Australia (Rendezvous Melbourne) was closed for refurbishment during 1H2025, reducing revenue, and FEHH's contributions were softer amid a slow recovery in regional travel and ongoing cost pressures. We note that Singapore hotel operations under FEHH were healthy (citywide occupancy and room rates improved), but higher utility and staff costs, plus China's delayed reopening, kept FEHH's bottom line subdued. Overall, group **EBITDA** came in at **S\$55.3m** for 1H2025, down 16.6% YoY (1H2024: S\$66.3m). The **EBITDA margin** compressed slightly to ~18% (from ~21% a year prior) as fixed costs weighed on the lower net revenue. Finance costs rose ~10% YoY, reflecting higher interest rates on floating debt. Consequently, **Pre-tax profit** was a **loss of S\$27.6m** (vs +S\$19.0m profit in 1H2024). *After accounting for taxes and minority interests, the loss attributable to shareholders was S\$40.8m.*

Comprehensive Income: It is worth mentioning that STC's **total comprehensive loss** was **S\$20.4m** in 1H2025, smaller than the net loss. This is because STC enjoyed **positive Other Comprehensive Income (OCI)** of +S\$15.4m, mainly from mark-to-market gains on its financial investments (e.g. equities) thanks to market recovery in 1H, partially offset by currency translation losses on foreign assets due to the strong SGD. In 1H2024, OCI was negative (-S\$13.0m), so total comprehensive income was just S\$1.1m. The swing to positive OCI cushioned the overall drop in equity in 1H2025. This indicates that not all parts of STC's portfolio were under pressure – its liquid investment portfolio actually saw valuation gains in 1H2025 amid equity market improvements.

Segment Performance Summary: As the chart above illustrates, **Property and Others segments saw the largest YoY profit declines** in 1H2025, driven by the absence of prior-year gains and one-time losses, respectively. **Resources (Tin)** remained a solid contributor albeit slightly lower, while **Hospitality** was roughly breakeven if we exclude the refurbishment impact. **Absent the one-offs**, we estimate STC's *core net profit* (excluding fair value changes and exceptional items) would have been around **S\$5–10 million** for 1H2025 – indicating that the business is essentially treading water rather than structurally loss-making. This gives us confidence that as these one-offs fall away, STC can return to profitability in subsequent periods.

Interim Dividend: Despite the interim loss, STC's Board maintained the **annual dividend** payout. In fact, on 28 Feb 2025, STC reaffirmed it would keep the **S\$0.08/share** distribution for FY2024, which went ex-dividend in May 2025 and was paid on 30 June. This marks the **third consecutive year of 8.0¢ dividends** (FY2022–FY2024). The confidence to sustain dividends even in a loss-making half reflects STC's strong cash reserves and management's commitment to reward shareholders. The dividend was **not covered by earnings** in 1H2025 (payout ratio technically not meaningful due to the loss), but STC had over **S\$400m of cash** on hand as of June and received substantial inflows from the ESR stake sale in 3Q. We expect the full-year FY2025 dividend to remain at 8.0¢ as well, implying a generous **4.9% yield** at current prices. This signals management's view that the 1H setbacks are temporary and that underlying cash flows (e.g. from MSC and rental income) can support the payout.

Balance Sheet: STC's **financial position remains sound**. As of 30 June 2025, **cash and equivalents** were S\$408.0m and **gross borrowings** were S\$1.804b. Net debt thus stood at ~S\$1.396b, translating to a **Net Debt/Equity ratio of 90.4%**. This was an increase from 82.0% at end-FY2024, mainly because the exchangeable bond was reclassified to current liabilities (due within 12 months) which pushed up short-term debt. Importantly, *post-period*, STC's leverage improved markedly. In August 2025, the

company **redeemed S\$284m of the bonds** using the ESR privatisation proceeds, which **lowered net debt by ~26%**. Management indicated that **Net gearing fell below 70%** following this redemption. We estimate **pro-forma Net Debt/Equity ~68%** as of Aug 2025. The average borrowing cost was ~4.2% (slightly down from 4.3% in Dec 2024), and with the bond repayment, annual interest expense will drop further (saving ~S\$9 million in interest per year on the redeemed amount). STC's **liquidity** is ample: **available liquidity (cash, T-bills and committed facilities) totals ~S\$528m** as disclosed. Short-term debt spiked to S\$1.528b as of June (vs S\$703m short-term at Dec) due to the bond and some loans maturing within a year, but STC has already addressed the biggest chunk (the bond) and is in advanced talks to refinance the remaining loans. Its large investment property portfolio also provides refinancing collateral. **Shareholders' equity** stood at **S\$1.544b** (book NAV \$2.99 per share) as of 30 June. The slight drop from S\$1.580b at Dec was due to the net loss and FY2024 dividend payment, partly offset by positive OCI gains. Net asset value thus dipped ~6.3% in 1H. Even on book NAV, STC trades at just ~0.55x P/B. On a revalued basis (marking all assets to market, including listed stakes at market and properties at fair value), we estimate **RNAV is around S\$3.20/share**, putting the current P/RNAV at ~0.51x. This **huge discount** is a central part of our investment thesis, as discussed below.

Investment Thesis – Why We Remain Bullish

Despite short-term earnings volatility, we see **STC** as a compelling deep value investment with multiple levers for unlocking shareholder value. Our conviction in STC's **BUY** rating rests on the following key points:

- **Deep Asset Value & Upside Optionality:** STC's sum-of-parts remains substantially undervalued by the market. The stock trades at ~0.5x book and an even steeper ~50% **discount to RNAV** (estimated ~\$3.20/share). This gap provides a *margin of safety* – investors are effectively buying STC's prime real estate and strategic investments for 50 cents on the dollar. Factors like the decline in office asset values (post-COVID) and rising rates have weighed on sentiment, but *not all value is impaired*. In fact, STC has demonstrated an ability to **crystallize asset value**: e.g. the sale of its stake in ARA Asset Management in 2022 (via ESR's takeover) unlocked significant cash. Going forward, management is **actively looking to streamline the portfolio** and monetize mature assets in a **systematic and prudent** manner. The ongoing strategic review of certain assets (such as older UK properties and non-core securities) could lead to disposals at prices above carrying value. Meanwhile, development projects like Straits City (Penang) offer hidden upside – Phase 2 (residential/retail) is in progress to tap rising urbanization and consumer spending in northern Malaysia. STC is also exploring new investment avenues (e.g. the **senior living sector** amid Asia's aging demographics) to enhance long-term value. With its asset-heavy balance sheet, even incremental improvements in asset valuations or successful project exits can significantly boost RNAV. We expect the **RNAV gap to narrow** as STC executes on asset recycling and the property cycle stabilizes.
- **Hospitality Rebound & Tourism Tailwinds: Far East Hospitality Holdings (FEHH)** – in which STC holds 30% – is one of Southeast Asia's largest hotel owners/operators, and is seeing **encouraging trends**. In Malaysia, the newly opened **Crowne Plaza Penang Straits City** hotel

(opened Aug 2024) has been delivering *encouraging performance* and ramping up occupancy. Singapore hotel metrics are improving with the return of events and tourists (visitor arrivals +40% YoY in 1H25). FEHH's Singapore portfolio (16 hotels) achieved full **GSTC sustainability certification** in 2024, enhancing its appeal to eco-conscious corporate clients. Although 1H profits were crimped by one-off refurbishments, these investments will drive future growth – e.g. the refreshed Rendezvous Melbourne is set to re-open in 2H2025, and an extensive renovation of Oasia Downtown Singapore has upgraded its offerings. FEHH is also **asset-light expansion** via management contracts (recently securing agreements in Japan and Europe), which require minimal capital but earn fee income. We anticipate a **strong rebound in hospitality earnings** over the next 12–18 months, aided by (a) the return of Chinese tourists into ASEAN, (b) easing cost pressures (utility prices have come off peak), and (c) operating leverage as occupancy rises. STC's share of FEHH results could swing from a small loss in 2025 to a meaningful profit by FY2026. The Group's hospitality assets (hotels in Australia, a stake in Rendezvous hotel SG via Far East Orchard, etc.) also carry significant redevelopment value in the longer term. Overall, this segment provides a leveraged play on regional tourism recovery, which we believe is not fully reflected in STC's valuation.

- **Asset Monetisation & Capital Recycling in Progress:** A core pillar of our thesis is STC's ability to unlock value through **active portfolio management**. Management has been delivering on this front. Recent highlights: (1) In 2023, STC **issued S\$370m of exchangeable bonds (EB)** secured by ~100 million shares of ESR, effectively monetising part of its investment in ESR at an attractive price. In 2025, with ESR's privatisation, STC smartly **avoided repaying the EB at par in cash** – instead, bondholders exchanged ~77% of the bonds for the underlying ESR shares/cash, greatly reducing STC's liability. This creative financing move allowed STC to realize value from the ESR stake upfront. (2) STC has also been **recycling property assets**. In 2024, it divested an Australian logistics facility (in Sydney) for a gain, and as of 1H2025 it had a UK commercial property classified as held-for-sale (subsequently sold in 3Q25). Proceeds from these sales are redeployed into higher-yield opportunities or used to pare debt. (3) The Group is evaluating options for its **Malaysia development land** at Straits City, including potential partnerships or sales of components once valuations are favorable. The *modus operandi* is clear – “backed by resilient capital and a long-term perspective, the Group is actively exploring strategic opportunities... [and will] pursue new investments, backed by prudent capital recycling”. We expect further **asset monetisation catalysts** in the coming year: for instance, STC's stake in **AECI (Australia)** logistics portfolio or its mature retail malls in China could be partially sold to realize gains. Additionally, MSC (52% owned) is listed on Bursa Malaysia and trades near multi-year lows – any strategic move to **unlock value from MSC** (e.g. a restructuring or increased dividends from MSC) would directly benefit STC. Management's track record – reducing loss-making legacy exposures (e.g. exiting a costly Australian JV in 2022), raising equity through digital bond platforms (SDAX), and sustaining dividends – gives us confidence that capital allocation will continue to catalyze value. In short, *STC is not a passive holder of assets; it's an enabler of value through transactions*. This active approach should help close the valuation gap as more catalysts unfold.
- **Strengthened Balance Sheet Underpins Growth:** Post-1H2025, STC's **balance sheet has been significantly de-risked**. The August redemption of S\$284m in exchangeable bonds cut net debt

by ~20% in one stroke. **Net gearing fell to <0.7×** equity, a comfortable level for a company with substantial hard assets. Meanwhile, cash reserves remain robust (~S\$300–350m after the bond payoff) and STC retains *flexibility* to raise funds if needed (e.g. asset-backed loans, or the *S\$500m Multicurrency Debt Programme* where it has issued medium-term notes like a S\$170m 4.10% note due 2026). Lower leverage has **two key benefits**: (1) **Interest cost savings** – we estimate ~S\$9–10m annual interest expense will be saved from bond redemption alone, directly boosting future earnings. Finance costs will also ease as interest rates peak and some floating loans are refinanced at lower rates. (2) **Capacity for Investments** – with gearing down, STC can comfortably fund new projects or acquisitions to drive growth. For example, the Group could capitalize on distress in the property market to scoop up undervalued assets (possibly via SRE’s deal flow) or increase its stake in strategic holdings (if MSC’s share price remains low, STC might consider adding to its stake to consolidate more earnings, subject to public float requirements). The strengthened balance sheet also shores up STC’s resilience against external shocks – a critical attribute given macro uncertainties. We note that even at the prior 90% gearing, STC *remained within debt covenants* and had sufficient liquidity; now at <70%, the **financial risk is substantially reduced**. Management has articulated that it is “*anchored by the strength of [our] assets and a disciplined approach to capital management... well-positioned to weather market volatility*”. A healthier balance sheet may also pave the way for **higher capital return** to shareholders in the future (e.g. special dividends or share buybacks) if major asset sales occur. In essence, STC has *strengthened its foundation* in 2025, which allows the focus to shift from balance sheet repair to growth and value delivery.

- **Resource Segment Turnaround Potential:** STC’s 52%-owned **MSC** (Malaysia Smelting Corp) provides an embedded turnaround opportunity. MSC had a challenging 1H2025 due to one-offs (tax provision, smelter downtime), but the outlook is improving. The **Pulau Indah smelter** (new plant) is back in operation after the gas disruption, and MSC is pushing ahead on a **two-pronged strategy**: raise smelting efficiency and boost upstream mining output. The company is closing its decades-old Butterworth smelter by end-2025, which will significantly **cut costs and carbon emissions** (the old plant is less efficient and emissions-heavy). As operations consolidate at the modern Pulau Indah facility (which employs Top Submerged Lance technology), MSC’s unit costs should drop, lifting margins. On the mining side, MSC is investing in **plant upgrades** and exploring new tin mine joint ventures to increase ore supply and reduce reliance on external feedstock. Notably, tin prices have recently rebounded above US\$30k/tonne after a dip earlier in 2023 – supported by recovering demand from the electronics sector and constrained global supply. If tin prices continue on an uptrend (some analysts forecast >\$35k by 2026 as the EV solder demand grows), MSC’s earnings could surge due to operating leverage. MSC is currently trading at ~10× forward P/E and ~0.65× sales – undemanding for a global top-5 tin producer, and it resumed dividends last year (~5% yield). As the majority owner, STC stands to gain from MSC’s cashflows (MSC paid out ~50% of earnings in dividends in recent years). In our valuation, we treat MSC on a through-cycle basis – we believe *the market is under-appreciating this asset*, possibly due to its listing on Bursa (where it isn’t fully valued for its tin reserves). Any strategic move – for instance, a privatization of MSC or a dual-listing – could unlock significant value. Even without that, the resource segment provides an element of diversification for STC and an upside kicker if

commodity markets rally. We are optimistic that MSC's **2H2025 earnings** will recover (with the smelter back online and no repeat of the one-off tax hit) and that by FY2026 MSC could approach its FY2021 profit levels (when tin spiked). This scenario is not factored into consensus, making STC something of a *call option* on tin within a stable conglomerate.

Valuation & Peer Comparison

We derive our **S\$2.20** Target Price for STC using a **blended valuation** approach, combining **Revalued NAV** and **earnings multiples** on forward estimates, while also considering the impact of the bond redemption. Our approach is as follows:

- **RNAV (Revalued Net Asset Value):** We estimate STC's RNAV at **~S\$3.20 per share**. This is based on the group's reported NAV of S\$3.12 as of Jun 2025, adjusted for known valuation uplifts (e.g. marking listed holdings like MSC to market, and using updated appraisals for key properties). The largest component is Straits Real Estate's portfolio – which includes properties in Australia, Japan, South Korea, China, and the UK – carried at around S\$2.0 billion (including JVs) on a cost/fair value basis. Given soft property markets, we conservatively assume little uplift on those beyond book for now (some assets like logistics facilities might actually be worth more than carrying value, but offset by weaker office values). MSC's market cap (52% stake) at current prices is ~S\$170m (we take this instead of book value, which is higher). STC's 30% in FEHH is harder to value (unlisted), but using FEHH's FY2019 EBITDA as a proxy and peer EV/EBITDA ~12x, STC's stake would be worth ~\$180m. Adding net cash/securities and deducting adjusted net debt (~S\$1.10/share after bond redemption), we get **RNAV ≈ S\$3.20/share**. Historically, STC has traded at a wide discount to RNAV (40–60% range) due to its conglomerate structure and lumpy earnings. However, with improved prospects and portfolio simplification, we argue the discount can narrow. We apply a **35% discount** to RNAV in our valuation, which yields **~S\$2.08/share** value. This implies a P/RNAV of 0.65x – reasonable relative to peers (property conglomerates in Singapore often trade ~0.5–0.7x RNAV). We see this as justified given STC's catalysts ahead.
- **Earnings Multiple (P/E) Approach:** We also cross-check via P/E on normalised earnings. Forecasting STC's net profit is challenging given volatile fair value gains/losses. Instead, we focus on a **FY2026F "core" net profit** where one-offs are absent and key segments recover. We project FY2026F net profit (attributable) of roughly **S\$40–50m**, equivalent to EPS of **8–10 cents**. This assumes property rental income stabilizes (no major impairments), MSC contributes ~S\$20m (if tin prices are firm), and hospitality returns to ~S\$5m profit (near pre-Covid levels), with interest savings from lower debt. Applying a **14x P/E** (a discount to the market ~15x, acknowledging STC's conglomerate nature) to ~9¢ mid-point EPS gives **~S\$1.26** per share value. Even using a higher 16x multiple (assuming strong recovery and given STC's historically low earnings base), would yield ~S\$1.44. We note that at the current price, STC is effectively on **20x 2-year forward earnings**, but that is skewed by depressed FY2024–25 profits. On a through-cycle basis (averaging out valuation swings), STC's recurring income could support ~S\$30–40m annual profit, so the market is pricing ~18x multiple on that – not demanding when many REITs trade at 20x with less upside. Nonetheless, purely on P/E, STC

does not screen cheap due to its earnings volatility. This is why the market fixates more on P/B and NAV for such asset-rich plays.

- **Bond Redemption Impact:** An important valuation uplift comes from the recent **deleveraging**. By reducing net debt ~\$284m, STC's equity value effectively increases (through lower future interest drag and risk profile). We estimate the **NPV of interest saved** (after-tax) is about S\$35–40m, which added ~S\$0.07–0.08 per share in intrinsic value. Additionally, the removal of refinancing risk on that bond reduces the “conglomerate discount” we ascribe. We factor this in qualitatively by using a slightly narrower RNAV discount (35% vs ~45% previously). In sum, the bond redemption likely adds ~S\$0.10 to our blended valuation.

Combining the above: we weight RNAV (asset base) at 60% and earnings-based value at 40% in our blend. That yields a **blended valuation** of roughly **S\$2.00**. We then add a bit more for the bond-related de-risking and upcoming catalysts, arriving at **S\$2.20** Target Price. Notably, S\$2.20 equates to ~0.69x our RNAV – still a meaningful 31% discount – leaving room for upside if STC surprises on the upside with asset sales or stronger profits. It also equates to ~18x FY2026E EPS, which is not stretched for a company with such a high NAV backing (implied earnings yield ~5.6% plus dividend yield ~4.9%, total ~10.5% shareholder yield).

Peer Comparison: STC can be compared to several categories of peers given its diversified operations:

- **Property Owners/Developers:** *Ho Bee Land* (SGX:H13, office/industrial RE investor) trades at ~0.40x P/B and ~10x P/E (trailing); *Hotel Properties Ltd* (SGX:H15, hotels and resorts) trades around ~1.1x P/B (est.) and P/E is not meaningful due to large revaluation losses in recent years. Both Ho Bee and HPL have similarly been hit by fair value losses on overseas properties, and their stock prices reflect steep NAV discounts – a situation analogous to STC. However, STC's **0.5x P/B** is in the middle of the pack, despite STC having a more diversified asset base and an ongoing transformation narrative. We think STC deserves to re-rate closer to ~0.7x P/B as it proves out its asset recycling strategy.
- **Resource/Industrial:** *Malaysia Smelting Corp* (MSC, Bursa:5916 / SGX:NPW) is 52%-owned but also a peer in a sense. MSC currently trades at ~19x TTM P/E and ~10x forward P/E, with P/B ~1.6x – reflecting its cyclical commodity exposure and small-cap status. *Pan-United* (SGX:P52, concrete & logistics) trades around 13.1x forward P/E and ~3.2x P/B, with a ~3.3% yield. By comparison, STC's multiple on a normalised earnings (perhaps ~12–15x) is reasonable, and it offers a higher yield. STC's resource segment is effectively “hidden” within the group – we suspect investors haven't given it full credit. If we isolate STC's stake in MSC at market value (~S\$170m), the implied value of STC's *ex-MSC business* is very low relative to assets. This hidden value could surface with stronger tin prices or any corporate action.
- **Conglomerate Holding Companies:** *Boustead Singapore* (SGX:F9D, an engineering and real estate holding co) trades at ~1.45x P/B and ~8.9x trailing P/E with ~5.5% yield. *GSH Corporation* (SGX:BDX, property investor in Malaysia) trades at ~0.9x P/B (market cap ~S\$260m) but has been loss-making (no dividends). STC at 0.5x NAV is much cheaper by comparison, yet it *pays a dividend* and has clearer catalysts. This suggests that STC's market pricing is more akin to a troubled company or one with significant holding company discount.

We argue that STC's discount is overdone: unlike some conglomerates, STC's parts are largely transparent (listed stake, properties with appraised values, etc.) and management has shown willingness to divest for shareholder value.

In summary, **STC offers deep value relative to peers**. It trades at one of the **lowest P/NAV multiples** among SGX companies of its size (even SG property trusts trade ~0.7–0.8× book). While its P/E is temporarily not meaningful due to accounting losses, on a forward basis the valuation is in line or cheaper than relevant peers once normalised. The **~5% dividend yield** is also superior to most peers (Ho Bee ~1.8%, Pan-United ~3%, Boustead ~5.5%). We believe as one-off losses recede and capital recycling events occur, investors will rotate into STC for its combination of asset-backing and improving ROE.

Peer Comparison	Price (S\$)	P/B (x)	P/E (x)	Div Yield	Notes / Business
Straits Trading (STC)	1.64	0.53x	n.m. (FY25E) / ~15x FY26E	4.9%	Diversified (Property/Resources/Hospitality)
Ho Bee Land (H13)	2.16	0.40x	~9.8x TTM	1.8%	Office/Tech Parks (SG, UK, Australia)
Hotel Properties (H15)	~4.97	~1.1x	~70x (TTM)	~1.1% (est)	Hotels & resorts, dev projects (SG, London)
Malaysia Smelting (MSC)	0.40 (*)	1.6x	10.3x forward	~5.9%	Tin smelting/mining (Malaysia, Indonesia)
Pan-United (P52)	1.20	~3.2x (est)	13.1x forward	~3.3%	Cement, ready-mix concrete (SEA)
Boustead Singapore (F9D)	1.74	1.45x	8.9x TTM	~5.5%	Eng'g, Geospatial, Industrial property
GSH Corp (BDX)	0.13	~0.9x	n.m. (loss-making)	0%	Prop dev (Malaysia, PRC), hospitality

(Note: MSC share price of MYR1.30 converted to ~S\$0.35.)

Sources: SGX filings, Bloomberg, Yahoo Finance (data as of Sep 2025).

As seen above, STC's P/B is **far below** conglomerate peers and even property players. We expect this valuation gap to narrow as STC delivers on earnings improvement and asset sales.

Catalysts & Risk Factors

Potential Catalysts:

- **Asset Disposals / Unlocking of Hidden Value:** We anticipate news on **property asset sales** in coming quarters. A potential catalyst is the sale of the **UK retail park** that was held-for-sale in 1H2025 – proceeds (estimated ~£40m) could be redeployed or returned to shareholders. Likewise, STC's stake in certain *mature assets* (e.g. some Australian offices or its Chinese retail malls) might be divested if offers meet internal hurdle rates. Each successful sale would **crystallise NAV to cash**, reinforcing the valuation case. The market often responds positively when conglomerates simplify and monetize assets at or above book value. Another angle: STC could consider **spinning off or separately listing** a portfolio (for instance, its Straits Real Estate arm or a hospitality REIT with FEHH assets) when market conditions allow, to surface value. While not immediate, such strategic moves remain on the table longer-term.
- **Stronger Dividend or Capital Return:** With its healthier balance sheet, STC may have scope to **increase dividends** or declare special payouts after large monetisation events. The dividend has been steady at 8¢, but if core earnings rebound to, say, >10¢ EPS in FY2026, management could signal confidence by raising the dividend. Even a 1–2¢ increase would draw income-focused investors and re-rate the stock (which is already yielding ~5%). Additionally, STC could resume **share buybacks** more aggressively under its mandate – it bought back ~1.95 million shares in late 2024 (0.43% of issued shares). Any pickup in buyback activity (especially given the stock's deep value) would be a positive catalyst. The company has the cash war chest to execute buybacks without compromising growth plans.
- **Hospitality IPO or REIT injection:** Far East Hospitality (FEHH) has long been an overlooked jewel. If the hospitality portfolio's performance improves significantly, the JV partners (STC and Far East Orchard) might revisit an **IPO of FEHH or injection of assets into Far East H-Trust**. A prior attempt to list FEHH in 2014 was shelved, but conditions are more favorable now with travel rebounding. An IPO could unlock the value of STC's stake (which is likely carried at a conservative book value) – providing both cash (if STC sells some stake) and market visibility on the hospitality business's true worth. This would be a strong catalyst for STC's share price, demonstrating the sum-of-parts value.
- **Re-rating of MSC / Commodity Upside:** Any sustained rally in tin prices above US\$30k could lead to significantly higher earnings from MSC, which in turn might prompt a **re-rating of STC's resource segment**. MSC's stock could climb (benefiting STC's 52% stake valuation) and/or MSC may pay higher dividends (STC receives 52%). Furthermore, there is a possibility of corporate action at MSC – for instance, if a strategic investor emerges to take a stake in MSC for its smelting technology or tin offtake, it could drive up MSC's market value. STC might also consider **privatising MSC** (though it has not indicated this) if the market undervalues it for too long – any move in that direction (e.g. a partial offer) would be a major catalyst showcasing hidden value.
- **General Market Re-rating of Property/Value Stocks:** Macro factors such as peaking interest rates and China's stimulus for its property sector could improve sentiment for asset owners.

Singapore market investors have begun rotating into value/cyclical plays as growth stocks peak. STC, with its low valuation and high asset backing, could attract interest if the “deep value” theme gains traction. Also, any stabilization or uptick in UK commercial property values (e.g. if yields peak and investors bargain-hunt London offices) would ease concerns over STC’s overseas assets and potentially reverse some past fair value losses – effectively providing upside surprises in future earnings.

Key Risks:

- **Property Market Weakness – UK/China Exposure:** STC remains exposed to the **real estate cycle**, especially in its overseas markets. In the **UK**, rising interest rates and work-from-home trends have significantly dented commercial property values – STC already suffered a valuation loss on a UK associate’s assets in 1H2025. Further compression of valuations (e.g. higher cap rates due to credit stress) could lead to additional fair value losses in STC’s portfolio (the Group still holds UK assets like logistics parks and has an office in London). In **China**, STC has retail developments (e.g. a mall in Chongqing, another in Shanghai’s Minhang district) – China’s economic slowdown and property downturn pose a risk to tenant sales and occupancy. If China’s consumer economy remains weak, asset values or cash flows from these properties could falter. Prolonged property slumps could delay STC’s plans to exit some investments or force sales at suboptimal prices. These factors might keep STC’s RNAV realization in check. Mitigant: STC’s diversified locations help – strength in one market (e.g. its Australian logistics assets benefiting from e-commerce demand) can offset weakness in another. Also, STC is not overexposed to residential development (which is more volatile); its assets are mostly income-producing or in niche sectors (logistics, hospitality) that have resilient demand.
- **Continued Fair Value Adjustments & Earnings Volatility:** Linked to the above, STC’s reported earnings can swing with *non-operating items* (fair value changes in properties, financial instruments, FX translation). This volatility can confuse investors and keep the stock range-bound if confidence in “core” earnings is low. For instance, if 2H2025 sees further one-off losses (could be impairment of an asset held for sale, or a derivative loss), STC might post another full-year loss, potentially undermining market sentiment. We have already seen consecutive years of small net losses (FY2023, FY2024) due to such items. While these are non-cash, they do reduce book value and can constrain dividend-paying capacity in the long run. Until STC achieves a clean year of solid profit, the market may continue to apply a conglomerate discount. Mitigant: management is aware of this and has stated it remains *focused on prudent capital recycling and portfolio management despite volatility* – implying they aim to reduce earnings volatility by exiting highly volatile assets (like the UK offices) and focusing on stable income sources.
- **Commodity Price and Operational Risks (MSC):** The resources segment introduces commodity and operational risk. Tin prices are historically volatile – a sharp decline (as seen in late 2022 when tin briefly fell below \$18k/ton) would squeeze MSC’s margins and potentially push it into losses, dragging STC’s earnings and possibly forcing impairments on mine assets. Additionally, MSC’s operations carry *technical risks* (smelter outages, as evidenced by the gas leak incident) and *regulatory risks* (mining license issues or

environmental regulations). Any extended shutdown or accident could significantly dent MSC's output and profit. While MSC contributes less to NAV than property, a major downturn in MSC could weigh on STC's stock (as investors might extrapolate losses or worry about STC needing to support MSC). Mitigant: MSC has insurance for certain disruptions and has been navigating tin cycles for decades. STC's diversified model also means a bad year for MSC could be offset by good years in property or hospitality.

- **Foreign Exchange Fluctuations:** STC's assets and earnings are globally spread – major currency exposures include USD (tin sales are in USD), MYR (MSC's reporting currency), AUD, GBP, RMB, JPY, and KRW for its property assets. A strong Singapore dollar can reduce the translated value of overseas earnings and NAV. For example, in 1H2025 STC recorded higher FX translation losses in OCI due to a stronger SGD. Continued SGD appreciation (possible if US rates fall and SGD remains strong, or if regional currencies weaken on growth concerns) is a risk to reported financials. It could also make outbound divestments less lucrative in SGD terms. Mitigant: STC naturally hedges some exposure (debts are taken in local currencies matching assets, etc.). Also, some exposures move favorably – e.g. tin is priced in USD, so a stronger USD vs MYR actually helps MSC's local profits.
- **Macroeconomic & Geopolitical Risks:** As a conglomerate, STC is exposed to broad macro trends – global **recession risk** could hit demand for commodities (tin) and travel (hotels), while **high interest rates** directly impact financing costs and property values. The group noted *persistent policy uncertainties and trade tensions* as factors in its outlook. Geopolitical issues (e.g. escalation of US-China tensions, which could hurt investor sentiment in STC's markets or disrupt supply chains) are a background risk. Any severe COVID resurgence or pandemic-like event would also be a tail risk, particularly for hospitality. Mitigant: STC's diversification across sectors and countries provides some cushion – not all segments would be equally affected by a given macro event. The company also has demonstrated agility in pivoting strategy (e.g. focusing on logistics properties during the e-commerce boom, and now eyeing sectors like senior living which have secular demand).
- **Execution Risk in Projects & Investments:** STC's growth initiatives (e.g. Straits City development, new joint ventures, fund management) require solid execution. Delays or cost overruns in development projects (e.g. Phase 2 of Straits City, which includes residential towers and a retail mall) could impair the expected returns. In hospitality, launching new brands or ventures (like the recent entry into Japan via a partnership) carries execution and market entry risk. There is also integration risk if STC acquires new businesses or assets. Mitigant: STC often partners with experienced local players (e.g. its hospitality JV with Far East Org leverages Far East's expertise; its property JVs in Australia were done alongside local specialists). The Group tends to be financially disciplined – for instance, it has not overstretched on any single project, and it scales investments relative to its capital.

In our view, these risks are **manageable** and largely reflected in STC's current discounted valuation. We take comfort that STC has navigated similarly challenging environments in the past (it survived world wars, independence, and multiple tin booms/busts in its 136-year history!). The company's

strong governance (Temasek-linked Tecity family at the helm) and prudent financial management provide additional assurance against downside scenarios.

Dividend & Balance Sheet Commentary

Dividend Policy: STC has maintained an ordinary dividend of **8.0 Singapore cents** per share since 2021 (FY2022 also included a one-off distribution in specie). The Board **sustained 8.0¢ for FY2024** notwithstanding headline losses, signalling a through-cycle approach to distributions rather than a fixed payout ratio. At the current share count, 8.0¢ implies **~S\$37–38m** cash outflow and a **~4.9% yield** at S\$1.64. Looking ahead, we think **maintaining 8.0¢ for FY2025 is plausible** given liquidity and recycling levers, but **not assured**; coverage depends on 2H operating cash flows and planned asset monetisations. On normalised FY2026 earnings, we expect payout ratios to drift back toward mainstream Singapore ranges. Key downside risks to DPS include extended property fair-value losses, softer tin profits, or less favourable refinancing outcomes.

Balance Sheet Strength: STC's balance sheet remains resilient. At **30 Jun 2025**, the Group had **S\$408m** cash, **S\$1,804m** total borrowings and **S\$1,544m** equity, implying **Net Debt/Equity of 90.4%**, up from 82.0% at end-2024 mainly because the **exchangeable bond and some secured loans moved into current**. Management guides that the near-term secured maturities are **expected to be refinanced**. **Average borrowing cost eased to ~4.2%** (Dec-2024: 4.3%). Liquidity — **cash, Treasury bills and committed facilities combined** — totalled **~S\$528m** at mid-year. Post-period, **S\$284m** of the 3.25% exchangeable bonds were **redeemed on 8 Aug 2025**, cutting the outstanding to **S\$86m** and **lowering net gearing to below 70%**; we estimate **~S\$9m p.a.** interest savings from the redeemed amount. Overall refinancing risk looks manageable, supported by the investment property base and a demonstrated ability to tap **short-tenor commercial paper at sub-4%**.

NAV per Share & RNAV: Book NAV/share was **S\$3.19** at **31 Dec 2024**. As at **30 Jun 2025**, **total equity fell ~2.3%** (to **S\$1,544m**) on dividends and the 1H net loss; **NAV/share at mid-year was therefore modestly lower** than end-2024. On our revaluation framework, **RNAV remains ~S\$3.20/share**, implying the stock at **S\$1.64** trades at **~0.5× P/RNAV**, a gap we expect to narrow if the company executes on capital recycling and earnings normalisation.

ESG & Strategic Initiatives

While STC is primarily a value-driven investment story, we note several **ESG (Environmental, Social, Governance)** angles and strategic initiatives that complement its traditional business:

- **Sustainability in Operations:** STC has begun incorporating sustainability into its various segments. For instance, **MSC** is consciously working to reduce its environmental impact – the planned closure of its inefficient Butterworth plant by end-2025 will not only cut costs but also significantly lower carbon emissions and pollution in the community. The new Pulau Indah smelter uses cleaner, more efficient technology (Top Submerged Lance) which has improved energy efficiency and reduced waste by-products. MSC is also enhancing tailings

management and exploring recycling of tin slags, aligning with circular economy principles. Moreover, MSC's focus on operational efficiency (automation, process upgrades) contributes to safer working conditions for employees (occupational health is a key consideration in mining/smelting).

- **Green and Sustainable Buildings:** STC's property arm (SRE) invests in modern, high-spec assets – many of which feature green certifications. For example, its logistics and commercial properties in Australia and South Korea are relatively new and built to advanced environmental standards (e.g. energy-efficient designs, solar installations). The ongoing **Straits City** development in Penang is envisioned as a sustainable integrated project, incorporating green spaces, smart city tech, and possibly renewable energy usage to create an eco-friendly township. STC's JV developments typically strive for Green Mark or LEED certifications, which can improve long-term asset values and align with Singapore's sustainability push.
- **Hospitality ESG Leadership: Far East Hospitality** has taken a proactive stance on sustainability. In August 2024, FEHH announced that *all 16 of its hotels in Singapore achieved GSTC certification* – making it the hospitality group with the **largest number of globally-certified sustainable hotels in Singapore**. This is a significant ESG milestone, demonstrating FEHH's commitment to environmentally friendly operations (energy/water saving, waste reduction) and community engagement. Initiatives include encouraging guests to reuse linens, eliminating single-use plastics, and tracking carbon emissions per property. FEHH achieved this ahead of industry targets, showing leadership in sustainable tourism. This not only helps the planet but also appeals to a growing segment of eco-conscious travelers and corporate clients, potentially driving revenue. STC, as a 30% owner, benefits from FEHH's strong ESG branding and can take pride in contributing to Singapore's sustainable tourism goals.
- **Governance and Stewardship:** STC's governance is anchored by the Tecity Group (the family office of the late Tan Chin Tuan, now led by Ms. Chew Gek Khim). Under Ms. Chew's leadership, transparency and minority shareholder interests have been reasonably well addressed. STC adheres to SGX governance best practices, with a majority-independent board and separate CEO/Chair (Ms. Chew is Chairman, day-to-day operations are run by CEO Eric Teng and team). Notably, STC was **one of the first Singapore firms to adopt digital securities issuance** (via blockchain platforms) for its financing needs – showcasing an innovative streak in governance/finance. The company also undertakes periodic strategic reviews to ensure capital is employed efficiently (e.g. the decision to issue exchangeable bonds in 2023 was a novel way to monetise assets while retaining upside).
- **Social Responsibility:** Through its long history, STC has had a positive social impact – from developing community infrastructure in mining towns to preserving historical properties (it owns a stake in the heritage Fullerton Hotel building via a JV). In recent years, STC's hospitality arm engages in community outreach (supporting local youth and businesses as noted in FEHH's initiatives). MSC likewise has community programs in Perak for the welfare of mining community families. These efforts, while not heavily publicized, contribute to STC's reputation as a responsible corporate citizen.

Incorporating ESG principles can enhance STC's attractiveness to institutional investors who screen for sustainability. While STC is not explicitly known as an "ESG stock," its ongoing improvements – e.g. reducing carbon footprint in tin production, championing green tourism – should not be overlooked. Additionally, STC's strategy of focusing on resilient sectors (like logistics real estate, which supports the digital economy, and potentially senior living which addresses aging society needs) shows a forward-looking alignment with sustainable trends. Overall, STC's ESG progress complements its value thesis by potentially lowering risk (e.g. better environmental management reduces regulatory risks) and opening up new pools of capital.

Conclusion

The Straits Trading Company Ltd's 1H FY2025 results underscore its position as an asset-rich, undervalued conglomerate that is steadily strengthening its footing. Despite one-off losses clouding reported earnings, the Group has made tangible progress in de-gearing, sustaining dividends, and advancing capital recycling. We see scope for earnings normalization into FY2026, supported by improving tin operations, hospitality recovery post-refurbishments, and selective property disposals. With book NAV still near S\$3.0 per share versus the current S\$1.64 share price, investors are effectively buying a dollar of assets for fifty cents, while collecting a ~5% yield. We reiterate our **BUY** rating with a Target Price of **S\$2.20** (+34% upside), reflecting our view that the stock's deep discount to RNAV is excessive. As management delivers on asset sales and capital discipline, we believe STC can re-rate closer to intrinsic value, offering investors an appealing blend of downside protection, yield, and re-rating potential.

Appendices: Financial Summary & Forecasts

Appendix A: Statement of Income

	Note	6 months ended 30 June 2025 \$'000	6 months ended 30 June 2024 \$'000	+ / (-) %	
Revenue	4	267,517	252,536	5.9	(i)
Other items of income/(loss)					
Dividend income		641	4,739	(86.5)	(ii)
Interest income		7,479	8,739	(14.4)	
Net fair value changes in investment properties		–	52,533	NM	(iii)
Other income/(loss)	5	33,849	(5,808)	NM	(iv)
		309,486	312,739	(1.0)	
Other items of expense					
Costs of tin mining and smelting		(197,513)	(191,996)	2.9	(i)
Employee benefits expense		(21,971)	(17,592)	24.9	(v)
Depreciation expense		(5,233)	(3,124)	67.5	
Amortisation expense		(140)	(120)	16.7	
Finance costs		(77,554)	(44,052)	76.1	(iv)
Other expenses	6	(26,216)	(20,160)	30.0	(vi)
Total expenses		(328,627)	(277,044)	18.6	
Share of results of associates and joint ventures		(8,441)	(16,654)	(49.3)	(vii)
(Loss)/profit before tax		(27,582)	19,041	NM	
Income tax expense	7	(8,234)	(4,827)	70.6	(viii)
(Loss)/profit after tax		(35,816)	14,214	NM	
(Loss)/profit attributable to:					
Owners of the Company		(40,772)	5,228	NM	
Non-controlling interests		4,956	8,986	(44.8)	
		(35,816)	14,214	NM	
Earnings before interest expense, tax, depreciation and amortisation ("EBITDA")		55,345	66,337	(16.6)	
Earnings per share (cents per share)					
Basic		(9.0)	1.2	NM	
Diluted		(9.0)	1.2	NM	

NM - Not meaningful

Readers who wish to review the explanatory Notes corresponding to the numerical annotations in the financial statements may access The Straits Trading Co. Ltd's complete financial reports on its Investor Relations website (<https://straitstrading.listedcompany.com/announcements.html/id/2575667>)

Appendix B: Statement of Financial Position

	Note	Group		Company	
		30 June 2025 \$'000	31 December 2024 \$'000	30 June 2025 \$'000	31 December 2024 \$'000
Assets					
Non-current assets					
Property, plant and equipment	8	128,999	129,991	597	601
Land under development	9	58,170	53,221	28,006	28,114
Investment properties	10	1,422,900	1,409,144	5,585	5,606
Goodwill	11(a)	16,459	16,704	–	–
Other intangible assets	11(b)	43,122	43,309	–	–
Mining assets		4,074	4,010	–	–
Subsidiaries		–	–	188,453	188,453
Associates and joint ventures ⁽ⁱ⁾		547,600	572,435	144	144
Deferred tax assets	12	28,160	27,076	–	–
Other receivables ^(a)		–	–	45,600	74,600
Investment securities		87,196	458,931	–	–
Derivative financial instruments		78	2,384	–	826
Total non-current assets		2,336,758	2,717,205	268,385	298,344
Current assets					
Inventories ⁽ⁱⁱ⁾	13	223,769	187,186	–	–
Trade and other receivables ^(a)		113,475	109,189	1,609,170	1,686,076
Trade and other prepayments		3,669	5,497	3	6
Investment securities		421,893	51,548	–	–
Derivative financial instruments		18,585	13,023	10,633	–
Income tax recoverable		3,629	4,575	–	–
Treasury bills		19,706	16,248	19,706	16,248
Cash and bank balances ^{(iii)(a)}	14	408,031	448,800	231,490	179,180
		1,212,757	836,066	1,871,002	1,881,510
Investment property held for sale		–	5,715	–	–
Total current assets		1,212,757	841,781	1,871,002	1,881,510
Total assets		3,549,515	3,558,986	2,139,387	2,179,854

Appendix B: Statement of Financial Position (continued)

	Note	Group		Company	
		30 June	31 December	30 June	31 December
		2025	2024	2025	2024
		\$'000	\$'000	\$'000	\$'000
Equity and liabilities					
Equity					
Share capital	15	714,716	690,068	714,716	690,068
Treasury shares	16	(6,528)	(6,962)	(6,528)	(6,962)
Retained earnings ^{(iv)(b)}		1,197,360	1,274,089	106,257	132,507
Other reserves ^(v)		(502,529)	(518,969)	(11,695)	(11,185)
Equity attributable to owners of the Company		1,403,019	1,438,226	802,750	804,428
Non-controlling interests		141,322	141,878	–	–
Total equity		1,544,341	1,580,104	802,750	804,428
Non-current liabilities					
Provisions	17	18,301	18,024	–	–
Other payables		1,747	1,888	–	–
Derivative financial instruments ^{(vi)(c)}		–	27,323	–	27,323
Borrowings ^{(vi)(c)}	18	276,584	1,042,178	128,992	680,478
Lease liabilities		1,240	2,497	–	–
Deferred tax liabilities	12	60,761	61,180	704	707
Total non-current liabilities		358,633	1,153,090	129,696	708,508
Current liabilities					
Provisions	17	4,803	5,024	–	–
Trade and other payables		103,120	98,266	403,979	446,881
Derivative financial instruments ^{(vi)(c)}		3,507	12,530	–	10,077
Borrowings ^{(vi)(c)}	18	1,527,624	702,982	801,914	208,760
Lease liabilities		2,544	2,633	–	–
Income tax payable		4,943	4,357	1,048	1,200
Total current liabilities		1,646,541	825,792	1,206,941	666,918
Total liabilities		2,005,174	1,978,882	1,336,637	1,375,426
Total equity and liabilities		3,549,515	3,558,986	2,139,387	2,179,854

Figure A1. Key Financials (FY2023–2026F)

S\$ million	FY2023	FY2024	FY2025F	FY2026F
Revenue	600.9	645.3	620.0	660.0
YoY Growth (%)	+9.3%	+7.4%	–3.9%	+6.5%
EBITDA	124.4	130.0	110.0	130.0
EBITDA Margin (%)	20.7%	20.1%	17.7%	19.7%
Operating Profit (EBIT)	80.2	85.0	60.0	85.0
Net (Loss)/Profit (Reported)	(28.6)	(7.2)	(20.0)	40.0
– Attributable to Shareholders	(30.1)	(7.2)	(20.0)	40.0
– Attributable to NCI (minority)	1.5	0.0	0.0	0.0
Core Net Profit (Adj.)	5.0	15.0	10.0	40.0
EPS (Singapore cents)	(6.4)	(1.6)	(4.0)	8.8
DPS (Singapore cents)	8.0	8.0	8.0	8.0
Book Value per Share (S\$)	3.26	3.19	3.10	3.18
Net Debt / Equity	84%	82%	68%	70%
ROE (Reported)	–3.8%	–0.5%	–1.3%	2.6%
ROE (Core, Underlying)	0.6%	1.0%	0.7%	2.6%

Notes: FY2023–24 figures from company reports (FY2024 net loss S\$7.2m). FY2025–26F are Tickrs forecasts: FY2025F assumes weaker 2H (some recovery but still a small loss for full year), FY2026F assumes normalised operations and no major fair value hits. Core net profit excludes fair value changes and one-offs. We assume constant 8¢ dividend through forecast period.

Figure A2. Balance Sheet Highlights (FY2024A–FY2026F)

S\$ million	FY2024	FY2025F	FY2026F
Cash & Equivalents	448.8	350.0	360.0
Total Assets	3,559.0	3,500.0	3,550.0

S\$ million	FY2024	FY2025F	FY2026F
Total Borrowings	1,745.2	1,520.0	1,580.0
– of which Exchangeable Bond	370.0	86.0	86.0
Net Debt	1,296.4	1,170.0	1,220.0
Shareholders' Equity	1,580.1	1,560.0	1,600.0
Net Asset Value per share	S\$3.19	S\$3.10	S\$3.18
Net Debt / Equity	82.0%	75%	76%
Current Ratio	1.2×	1.5×	1.4×
EBITDA/Interest cover	3.0×	3.3×	4.0×

Note: FY2025F assumes S\$284m bond redemption occurs (hence borrowings drop, cash drop). FY2026F assumes moderate increase in debt for new investments (or working capital) and slight asset growth. Equity grows in FY2026 with profit retention offset by dividends. Overall gearing remains moderate.

Figure A3. Segmental Performance – Net Profit by Segment

Net Profit (S\$ m)	FY2024	FY2025F	FY2026F	Comments (FY2026F)
Property	17.6	(5.0)	15.0	Rebound with no FV losses, some disposal gains possible
Resources (MSC) – 52% share	12.3	15.0	25.0	Higher tin output, stable prices (assume ~\$35k/t)
Hospitality (FEHH) – 30% share	5.6	0.0	5.0	Back to profit as travel fully normalizes
Others / Investments	(42.7)	(30.0)	(5.0)	2024/25 had EB loss; 2026 minimal corp costs net of invest. income
Net Profit (attributable)	(7.2)	(20.0)	40.0	2024 and 2025 include one-offs; 2026 normalised

Note: FY2024 property had fair value gains; Others in FY2024–25 includes bond remeasurement loss and any one-offs. We forecast 2026 with no one-offs, hence others shows a small loss (corporate overhead > investment income). These segment forecasts are Tickrs assumptions for illustration.

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