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THE STRAITS TRADING COMPANY LIMITED (SGX:S20)

FY2025 Results Update | 9 March 2026		**Rating:**	**BUY**
Analyst : Jaimes Chao		**Last Close:**	**S$1.670**
+65 6011 1700 | research@tickrs.com.sg		**Target Price:**	**S$2.200**

Battered by One-offs, But the Core Holds: Deep Value Intact

Headline loss of S$249m masks a business that grew revenue 10% to a five-year high; net gearing slashed 20pp to 62%; tin at decade highs; S$790m of assets recycled in 12 months — FY2026 set to be the inflection year

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Executive Summary

We maintain our **BUY** call and **S$2.20** target price on The Straits Trading Company Limited (STC) following its FY2025 full-year results. The headline net loss of S$249.1 million looks alarming, but is overwhelmingly driven by three non-cash items: a S$102.3 million loss from the forced derecognition of a UK joint venture, S$43.9 million in fair value losses on investment properties, and S$49.4 million in tax charges largely from deferred-tax asset reversals. Strip these out, and the underlying business is roughly breakeven to modestly profitable, with top-line revenue hitting S$623.3 million (+10.4% YoY), the highest in five years. Resources delivered its strongest operating profit since FY2022, while property rental income grew robustly. Critically, net gearing dropped to 61.8% from 82.0% following the S$284 million exchangeable bond redemption, the single most important balance-sheet event in a decade.

We maintain our 12-month Target Price at **S$2.20**, reflecting an upward revision to our MSC stake valuation (MSC shares have rallied approximately 55% since our 1H report, from MYR1.24 to a 20-day VWAP of approximately MYR1.94) and a stronger tin price outlook, which together offset the erosion of book NAV to S$2.66 per share (from S$3.19) and a more cautious property stance. Our revised RNAV estimate is S$3.12 per share (versus S$3.20 at the 1H stage, reflecting a lower property base partly offset by the MSC re-rating); applying a 30% holding-company discount yields S$2.18, which rounds to S$2.20 after incorporating near-term catalysts (Korea sale, tin tailwind, EB wind-down). The TP implies a 13.1× EV/adj. EBITDA on our FY2026E estimates, which we consider undemanding for a group with S$3.1 billion in assets and a 4.8% dividend yield. The successful S$378 million South Korea logistics sale completed in January 2026 demonstrates that management's capital-recycling strategy is alive and generating real cash. Meanwhile, tin prices have surged to near-record levels — LME cash settlement near US$50,000 per tonne as of early March 2026 (having touched a nominal all-time high of US$57,425 on 27 February) — positioning MSC for a bumper FY2026. At 0.63x book and a 30% discount to RNAV, the risk-reward remains compelling.

Revision to prior estimates: Our 1H FY2025 report (24 September 2025) projected a full-year PATNCI loss of approximately S$20 million, NAV per share of S$3.10, and net gearing of approximately 68%. Revenue tracked closely at S$623 million versus our S$620 million estimate, and net gearing at 61.8% outperformed our 68% forecast thanks to the South Korea divestment proceeds. However, the bottom line diverged sharply: PATNCI came in at negative S$249.1 million, and NAV fell to S$2.66. The divergence was almost entirely driven by the December 2025 UK joint venture receivership (S$102.3 million loss) — a genuine tail-risk event unknowable at the time of our 1H report. We consider the underlying operating call largely validated. On the valuation side, our 1H RNAV of S$3.20 has been revised to S$3.12 on a lower property base, but the MSC re-rating (S$267 million market-value stake at 20-day VWAP, up from S$170 million at 1H) substantially compensates at the blended TP level, supporting the maintained S$2.20.

Key Metrics

As at 6 Mar 2026; balance sheet as at 31 Dec 2025

Metric	Value	Comments / Sources
Share Price	S$1.670	5 Mar 2026 close
Market Capitalisation	S$783 million	468.9m shares × S$1.670
52-Week Range	S$1.250 – S$1.900	
Shares Outstanding (excl. treasury)	468.9 million	472.2m issued less 3.3m treasury
Free Float	~158 million shares (~33.7%)	Tecity Group holds 66.3%
Average Daily Volume (3M)	~343,000 shares	SGX data

Valuation Multiples

Metric	Value	Basis / Notes
P/E (FY2024 A)	n.m.	Loss year
P/E (FY2025 A)	n.m.	Loss year
P/E (FY2026 E)	17.4×	S$1.670 / FY2026E EPS 9.6 cents (Tickrs est.)
P/B (FY2024 A)	0.52×	S$1.670 / NAV S$3.19

Metric	Value	Basis / Notes
P/B (FY2025 A)	0.63×	S$1.670 / NAV S$2.66
EV/EBITDA (FY2025 A, adj.)	19.6×	Adj. EBITDA excl. JV loss & IP FV loss
Dividend Yield (FY2025 A)	4.8%	DPS 8.0 cents / Price S$1.670
Target Dividend Yield	3.6%	DPS 8.0 cents / TP S$2.20

Profitability Metrics

Metric	FY2025 A	FY2024 A	Change
ROE	(17.3%)	(0.5%)	(16.8 pp)
ROA	(7.6%)	0.3%	(7.9 pp)
Net Margin (reported)	(40.0%)	(1.3%)	(38.7 pp)
EBITDA Margin (adj.)[1]	13.7%	11.4%	+2.3 pp

[1] *Adjusted EBITDA excludes the S$102.3m JV derecognition loss and S$43.9m IP fair value loss (FY2025) and the S$60.3m IP fair value gain (FY2024). Including these, reported EBITDA was negative S$60.8m (FY2025) and S$124.4m (FY2024). On the adjusted basis, FY2025 margin was higher, reflecting top-line growth and operating leverage in the underlying business.*

Balance Sheet Strength (31 Dec 2025)

Metric	Value	Notes
Current Ratio	1.08×	CA S$860.5m / CL S$798.9m
Net Gearing (Net Debt / Equity)	61.8%	Net Debt S$889m / Equity S$1,437m
Gross Borrowings	S$1,377 million	Down from S$1,745m at FY2024
Cash & Equivalents	S$488 million	Up from S$449m at FY2024

Target Price vs Current

Metric	Value
Target Price (12M)	**S$2.20**
Upside to Target	**~32%**
Implied P/B at TP (FY2025 A)	0.83×
Implied P/E at TP (FY2026 E)	22.9×
Implied EV/adj. EBITDA at TP (FY2026 E)	13.1×[3]

[3] *EV at TP: market cap S$1,032m + pro-forma net debt S$781m (post Korea sale S$83m and Feb EB put S$25.5m) = S$1,813m. FY2026E adj. EBITDA S$140m.*

Business Overview

Established in 1887, The Straits Trading Company Limited is a Singapore-listed diversified conglomerate with operations spanning **Resources** (52% stake in Malaysia Smelting Corporation, MSC), **Real Estate** (a globally diversified portfolio via wholly-owned Straits Real Estate, SRE), **Hospitality** (30% JV stake in Far East Hospitality Holdings, FEHH), and **Others** (corporate treasury, SDAX, legacy investments). The group's asset base of S$3.07 billion is heavily weighted towards property (66%), with resources contributing 16%, hospitality 5%, and other investments 13%.

FY2025 marked a transformational year structurally: the privatisation of ESR Group generated S$412 million in disposal proceeds, enabling STC to redeem S$284 million of its 3.25% exchangeable bonds and reduce net gearing by over 20 percentage points. In January 2026, STC further crystallised value by divesting a South Korean logistics facility for KRW432 billion (~S$378 million), achieving an IRR exceeding 20% and an equity multiple above 3.0x, with net proceeds of approximately S$83 million flowing to STC's 47.3% share. Management also formed a strategic partnership with Cromwell to strengthen its Australian industrial and logistics platform.

A notable leadership transition took place effective 1 January 2026: Mr Nicolas Chen Seong Lee and Mr Lam Hoi Khong were appointed as Co-Group Chief Executive Officers.

Financial Highlights — FY2025 Results

Revenue

STC reported full-year revenue of **S$623.3 million**, up 10.4% from S$564.6 million in FY2024. Growth was broad-based:

- **Tin mining and smelting**: S$537.3 million (+8.7% YoY), driven by higher average tin prices (RM146,100 per MT versus RM138,500 in FY2024, a 5.5% increase in ringgit terms) and the appreciation of the Malaysian ringgit against the Singapore dollar.
- **Property**: S$86.0 million (+22.0% YoY), boosted by higher occupancy following the August 2024 opening of Crowne Plaza Penang Straits City and stronger rental rates across office and logistics assets. Portfolio occupancy reached 90.9%, with a weighted average lease expiry (WALE) of 3.8 years and a portfolio rental reversion of +16.8% for the 12 months to December 2025.

Profitability

The headline net loss attributable to owners was **S$249.1 million** (EPS: -54.1 cents), a sharp deterioration from a S$7.2 million loss in FY2024. The swing was driven entirely by three non-cash items:

(1) Loss from loss of joint control over a JV (S$102.3 million): In December 2025, receivers and managers were appointed over a mortgaged property securing STC's interest in a UK-based JV. This triggered derecognition of the JV and reclassification to FVPL securities, resulting in a day-one loss.

(2) Net fair value loss on investment properties (S$43.9 million): Driven by higher capitalisation rates and weaker sentiment in China, South Korea, and parts of Australia, partially offset by UK gains.

(3) Tax charge of S$49.4 million: Includes a S$31.9 million reversal of deferred tax assets previously recognised on certain investment properties whose recoverability is no longer considered probable.

Reported EBITDA was negative S$60.8 million, compared with S$124.4 million in FY2024. Adjusting for the JV loss (S$102.3 million) and IP fair value loss (S$43.9 million), **adjusted EBITDA was approximately S$85.4 million**, down 31% from the prior year. We note this adjusted figure does not add back the S$19.1 million reclassification of FX translation and hedging reserves (also non-cash); including that adjustment would bring adjusted EBITDA to approximately S$104.5 million.

Segment Performance

Segment	FY2025 PATNCI (S$m)	FY2024 PATNCI (S$m)	YoY Change	Key Driver
Resources	14.2	12.3	+15.4%	Higher tin prices, MYR strength
Real Estate	(224.4)	17.6	n.m.	JV derecognition, IP FV losses

Segment	FY2025 PATNCI (S$m)	FY2024 PATNCI (S$m)	YoY Change	Key Driver
Hospitality	0.9	5.6	(84%)	Hotel refurb; TFE cyber incident; disposed hotel; softer FEHH
Others	(39.8)	(42.7)	+6.8%	Lower finance costs post-EB
Total	**(249.1)**	**(7.2)**	**n.m.**	

Resources was the standout: segment operating profit rose to S$48.6 million (FY2024: S$44.9 million), the highest in three years. At the MSC level, FY2025 total profit after tax was RM96.4 million, up 3.1% from RM93.5 million. Mining profit after tax was RM76.2 million (broadly stable at -2.9% despite a three-week temporary suspension of mining operations), while smelting held steady at RM23.3 million despite a gas pipeline fire incident at Putra Heights that interrupted production at the Pulau Indah smelter from April to June 2025 and lower incoming feedstock from third-party sources due to China's accumulation. The Butterworth smelter is on track for full closure by December 2026, with new energy infrastructure (rotary furnace using natural gas and solar) and the commissioning of the E-plant at Pulau Indah replacing the existing Butterworth process.

Real Estate bore the brunt of the one-offs. Excluding the JV loss and IP revaluation, the segment's underlying rental operations remained cash-generative with operating profit before one-offs of S$6.8 million. SRE formed a strategic partnership with Cromwell to strengthen its Australian industrial and logistics platform. The South Korea divestment (IRR >20%, equity multiple >3.0x) validates the "harvest and redeploy" model. The Crowne Plaza Penang Straits City hotel continued to ramp up occupancy, and higher rental and occupancy rates drove increased revenue from certain office and logistics properties. Improved leasing was noted at UK business parks, Korea logistics, and Australia offices. A strong portfolio rental reversion of +16.8% was achieved, with UK business parks leading at +32.6%.

Hospitality posted S$0.9 million in profit, versus S$5.6 million the year before. The weaker performance was attributable to softer market conditions, the March 2025 TFE Hotels cyber incident, and ongoing refurbishments at Rendezvous Perth Scarborough, Adina Apartment Hotel Sydney, and Adina Apartment Hotel Frankfurt, partially offset by resilient Japan demand. FEHH expanded its portfolio with six hotel openings in FY2025 across Japan (including two Osaka properties), Australia, Austria, and the UK, and targets 2,000 rooms across Japan's key gateway cities (Tokyo, Osaka, Kyoto, Fukuoka) by 2030. Market data shows Singapore visitor arrivals grew 2.3% to 16.9 million in 2025 (88% of 2019 levels), while Japan visitor arrivals surged 15.8% to 42.7 million. Refurbishment completions are expected in 2026 (Sydney, Frankfurt), 2027 (Melbourne), and 2028 (Perth).

Others improved modestly at the PATNCI level. At the segment operating profit level, Others posted S$29.9 million (FY2024: S$6.3 million), driven by net fair value gains on the derivative component of the exchangeable bonds (S$26.9 million). After deducting S$67.3 million in finance costs, segment PBT was negative S$38.4 million. Only S$60.5 million of exchangeable bonds remain outstanding after the February 2026 put exercise, essentially eliminating derivative volatility from future earnings.

Investment Thesis

1. Deep Asset Discount with Active Catalysts

STC trades at 0.63× book value (NAV S$2.66/share) and a 46% discount to our RNAV estimate of S$3.12 per share. This gap is excessive for a company that has demonstrably recycled S$790 million in assets over the past 12 months (ESR privatisation plus South Korea logistics sale at IRR >20% and equity multiple >3.0×). The Chew family (66.3% owner) has every incentive to narrow this discount, as they are the primary beneficiaries of value unlocking.

2. Tin Supercycle Tailwind

Tin prices hit a nominal all-time high of US$57,425/tonne on 27 February 2026 and currently trade near US$50,000/tonne, up approximately 60% year-on-year. This surge is driven by constrained global supply (Indonesian illegal mine closures ordered by President Subianto, Myanmar export restrictions, DRC disruptions at the Bisie mine) and rising demand from AI-related semiconductor packaging, EV production, and renewable energy solder applications. MSC, as a top-5 global tin smelter operating from the modern Pulau Indah facility, is the direct beneficiary. We estimate every US$5,000/tonne increase in tin prices adds approximately S$8–10 million to MSC's annual PATMI (STC's 52% share: ~S$4–5 million). We use US$45,000/tonne as our FY2026 base-case average (conservatively below current spot), reflecting mid-cycle normalisation and the risk of a pullback from speculative highs. At current prices, MSC could deliver its strongest results in years in FY2026.

3. Deleveraging Unlocks Earnings

Net gearing has collapsed from 82% to 61.8% in 12 months, with further reduction expected from the South Korea sale proceeds and the February 2026 EB put (S$25.5 million redeemed). Lower debt directly flows to the bottom line via reduced finance costs, which totalled S$112.7 million in FY2025. Our FY2026 interest cost bridge:

Component	Estimated Annual Saving
EB redemption (S$284m at 3.25%)	~S$9m p.a.
Korea sale proceeds (~S$83m applied to debt)	~S$3–4m p.a.
Rate environment + refinancing at lower spreads	~S$5–7m p.a.
Total estimated finance cost reduction	**~S$17–20m p.a.**
FY2025 finance costs (reported)	S$112.7m
of which: cash interest paid (per CF statement)	~S$74.4m
of which: non-cash (EB derivatives, amortisation)	~S$38.3m
FY2026E finance costs (reported basis)	**~S$60–65m**

Note: FY2025 reported finance costs of S$112.7m included approximately S$38.3m of non-cash items (EB derivative fair value changes and amortisation of borrowing costs). With the EB nearly fully retired, the non-cash component should largely disappear in FY2026. On a reported basis, we estimate FY2026E finance costs of S$60–65m; on a cash basis, approximately S$50–55m.

This single factor — a reduction of approximately S$50 million in reported finance costs — could swing FY2026 from loss to meaningful profitability.

4. Capital Recycling Momentum

The South Korea logistics sale (KRW432 billion) in January 2026 was executed at independent valuation and achieved returns that validate the capital-recycling strategy. The launch of a senior living programme in Singapore and Malaysia, with Straits City Phase 2 exploring a senior living component in response to demographic trends and increasing healthcare demand, opens a new growth avenue. Planning and design for Phase 2 residential and retail components are actively underway. Malaysia's GDP growth was 4.9% in 2025, with Penang continuing to attract investment and talent, supported by the semiconductor ecosystem (Kulim Hi Tech Park, Batu Kawan), tourism (Visit Malaysia 2026), and the future Mutiara LRT Line.

5. Yield as Downside Protection

The board maintained the S$0.08 per share dividend for FY2025 despite the headline loss, the fourth consecutive year at this level. The ex-dividend date is 7 May 2026 (Record Date: 8 May 2026), with payment on 30 June 2026. A scrip option is available; for the FY2024 dividend, approximately 68% of shareholders elected scrip (17.85 million new shares issued at S$1.38), conserving approximately S$24.6 million in cash. At S$1.67, the 4.8% yield significantly exceeds the STI average of approximately 3%. The dividend is comfortably supported by operating cash flow (S$35.6 million) and the group's substantial cash reserves (S$488 million).

Valuation and Peer Comparison

RNAV Build-Up (Revised)

Asset Component	**Estimated Value (S$m)**	**Notes**
Investment Properties (at fair value)	1,405	Per financial statements
Land Under Development (at cost)	61	Per financial statements
RE Associates / JVs	340	Per financial statements
MSC 52% stake (market value)	267	Based on MSC 20-day VWAP ~MYR1.94 as at 5 Mar 2026[2]

Asset Component	Estimated Value (S$m)	Notes
FEHH 30% stake	140	Conservative; peer multiples suggest S$180–200m
Other Investments (SDAX, securities)	130	Per financial statements
Cash & Equivalents	488	Per FS; of which S$61m restricted (EB security)
Gross Asset Value	**2,838**	
Less: Total Borrowings	(1,377)	Per financial statements
RNAV	**1,461**	
RNAV per Share	**S$3.12**	468.9m shares

[2] *MSC (Bursa: 5916) has been volatile in early 2026 (52-week range MYR1.14–2.75), tracking the tin price rally. We use a 20-day VWAP of approximately MYR1.94 as at 5 Mar 2026 to smooth out speculative volatility. At spot of MYR1.72 (4 Mar close), the stake would be valued at ~S$243m (RNAV S$3.05); at MYR2.02 (late Jan peak), ~S$286m (RNAV S$3.14). The TP of S$2.20 is robust across this range.*

Target Price Derivation

We employ a blended methodology:

Approach	Weight	Derivation	Value
RNAV (30% holdco discount)	70%	S$3.12 × 0.70	S$2.18
PE (16× FY2026E EPS)	30%	16 × 9.6 cents	S$1.54
Blended		(70% × S$2.18) + (30% × S$1.54)	**S$1.99**
Catalyst adjustment		Korea sale, tin tailwind, EB wind-down	+S$0.21
Target Price			**S$2.20**

Cross-checks: S$2.20 equates to 0.83× NAV, 13.1× EV/adj. EBITDA FY2026E (pro-forma for Korea sale and EB put), and a 3.6% dividend yield at target — reasonable for a deleveraging conglomerate with a S$3.1 billion asset base.

Peer Comparison

We adopt a two-tier peer framework that better reflects STC's valuation logic. Tier 1 comprises Singapore property holding companies that trade on NAV discount dynamics — the primary valuation driver for STC. Tier 2 captures the strategic commodity exposure via MSC, which provides the embedded optionality that most holdco comps lack.

Tier 1 — Singapore Property Holdcos

Company	Price	P/B (×)	P/E (×)	Div Yield	Notes
Straits Trading (S20)	**S$1.67**	**0.63**	**n.m. (FY25); 17.4 FY26E**	**4.8%**	**Property + tin + hospitality**
Hong Fok Corp (H30)	S$0.855	~0.25	n.m.	1.2%	Deep discount SG property holdco
Singapore Land Group (U06)	S$3.54	~0.65	n.m.	1.3%	Prime SG office; 50%-owned by UOL
Ho Bee Land (H13)	S$2.16	0.40	~9.8 TTM	~1.8%	Office/Tech Parks (SG, UK, AU)

Tier 2 — Strategic Commodity Exposure

Company	Price	P/B (×)	P/E (×)	Div Yield	Notes
Malaysia Smelting (5916)	MYR1.94*	~2.2	~17	~4.1%	Tin smelting/mining (MY); 52%-owned by STC

All peer data as at 5–7 Mar 2026. MSC price is 20-day VWAP; MSC has been highly volatile (52-week range MYR1.14–2.75).

Key observations: STC's 0.63× P/B sits at the upper end of the Singapore holdco range (Hong Fok 0.25×, Ho Bee 0.40×, Singapore Land 0.65×). This apparent premium is justified, in our view, by two features that no Tier 1 peer offers: a **4.8% dividend yield** (versus 1.2–1.8% for peers) and **embedded exposure to a critical semiconductor metal** via the MSC stake. If valued purely as a Singapore property holdco, STC's multiple would likely sit closer to the lower end of the Tier 1 range — meaning the market is assigning near-zero value to the commodity and hospitality platforms. This positions STC as a rare listed proxy for the global tin supply chain within a dividend-paying Singapore asset base — a combination that, in our view, warrants a P/B closer to 0.8× as earnings normalise, implying the tin and hospitality optionality should be priced in rather than given away.

The Tier 2 comparison highlights the "double discount" on MSC: investors buying STC at 0.63× book are effectively acquiring a 52% stake in a tin smelter that itself trades at ~2.2× book, but receiving that stake at a further holding-company discount. This layered discount structure — where property assets are discounted to NAV, the MSC stake is discounted again as a holdco asset, and the FEHH hospitality platform is not fully valued on the balance sheet — creates asymmetric upside if any single catalyst crystallises value.

FY2026E Earnings Sensitivities

Our FY2026E PATMI estimate of S$45 million rests on three primary variables:

Variable	Base Assumption	Impact on STC PATMI
Tin price (base: US$45,000/t)	Every +/- US$5,000/t	+/- S$4–5m
Finance cost savings	FY25: S$112.7m → FY26E: S$60–65m (reported)	+S$45–50m to PBT
IP fair value	Assume nil FV change	Clean baseline
Property rental growth	Stable occupancy (90.9%), +5% rental growth	+S$3–4m
Hospitality recovery	Melbourne re-opens 2027; FEHH six new hotels ramping	+S$3–5m

At current spot tin (~US$50,000/t), our base case is conservative; if tin averages US$50,000/t, FY2026E PATMI could reach S$55–60 million (EPS 12–13 cents), implying 12.8–13.9× P/E at current price.

Catalysts and Risks

Near-Term Catalysts

1. **Tin price rally:** At US$50,000/tonne, MSC is poised for a transformational FY2026. Supply constraints from Indonesia (1,000 illegal mine closures) and Myanmar, combined with surging AI/semiconductor demand, underpin elevated pricing. Any sustained run above US$50,000 could add S$15–20 million to STC's annual PATMI.
2. **South Korea sale completion:** Net proceeds of ~S$83 million from the January 2026 divestment further reduce debt; pro-forma net gearing could fall below 55%.
3. **Exchangeable bond wind-down:** Only S$60.5 million of the original S$370 million EB remains outstanding after the February 2026 put, removing a persistent source of derivative volatility.
4. **Hospitality rebound:** FEHH's six new hotels ramping, Japan visitor arrivals at 42.7 million (+15.8%), Singapore at 88% of pre-Covid levels. Refurbished Rendezvous Melbourne re-opens 2027.

5. **Senior living programme:** Straits City Phase 2 exploring a senior living component; new growth vertical aligned with Asia's demographic shift.
6. **New leadership:** Co-CEOs Nicolas Chen Seong Lee and Lam Hoi Khong (effective 1 Jan 2026) bring fresh strategic impetus.

Key Risks

1. **Property market weakness (UK, China):** Further cap-rate expansion or tenant defaults could trigger additional fair value losses. The December 2025 JV receivership illustrates tail risk in UK commercial property.
2. **Tin price reversal:** A sharp decline below US$30,000/tonne would compress MSC's margins. The February 2026 speculative surge to US$57,425 (with subsequent pullback to US$50,000) illustrates inherent cyclical volatility; SHFE authorities have already intervened against speculative excess.
3. **FX headwinds:** A stronger SGD against MYR, AUD, and GBP erodes translated earnings and NAV. In FY2025, currency translation losses totalled S$9.4 million.
4. **Earnings volatility:** Consecutive years of non-cash losses (FY2023–2025) may test investor patience and constrain the board's ability to grow dividends without clean profit coverage.
5. **Liquidity risk:** With 66% held by Tecity Group, free float is limited (~158 million shares). Low trading volumes may amplify price volatility and deter institutional participation.

Dividend and Balance Sheet Commentary

Dividend Policy

STC maintained its annual dividend at **S$0.08 per share** for FY2025, the fourth consecutive year at this level (FY2022–FY2025). The ex-dividend date is 7 May 2026 (Record Date: 8 May 2026), with payment on 30 June 2026. A scrip option is available. For the FY2024 dividend, approximately 68% of shareholders elected scrip (17.85 million new shares issued at S$1.38 per share), conserving approximately S$24.6 million in cash. At S$1.67, the 4.8% yield compares favourably with the approximately 3.0% STI average and most SGX-listed peers in the property and conglomerate space. While the payout is technically not covered by FY2025 earnings, it is comfortably supported by operating cash flow (S$35.6 million) and the group's substantial cash reserves (S$488 million).

Balance Sheet

Total borrowings fell from S$1,745 million to S$1,377 million, a S$368 million reduction, primarily from the exchangeable bond redemption and fixed rate note repayments. Cash and bank balances increased to S$488 million (FY2024: S$449 million). Consequently:

- **Net gearing** improved to 61.8% from 82.0%, the lowest level since FY2022.

- **Average borrowing cost** edged down to an estimated 4.0–4.2% as higher-cost bonds were retired.
- Post-period, the South Korea logistics sale will further reduce net debt by approximately S$83 million, potentially bringing **pro-forma net gearing below 55%**.
- Only **S$60.5 million** of exchangeable bonds remain outstanding after the February 2026 put exercise.

The current ratio of 1.08× is adequate. Refinancing risk is manageable, given the high-quality investment property base and demonstrated access to diverse funding channels (bank loans, MTN programme, SDAX digital commercial paper at sub-4%).

ESG and Strategic Commentary

MSC is installing a new rotary furnace at Pulau Indah to sustain tin production using cleaner energy sources including natural gas and solar, reducing carbon footprint. The E-plant at Pulau Indah has been completed and commissioned to replace the existing Butterworth process. A new processing plant is being constructed to extract tin from the mine's sandy tailings, exploring new mining methods to enhance tin ore recovery and yield. The old Butterworth smelter is on track for full closure by December 2026, which will significantly cut costs and emissions.

In hospitality, all 16 of FEHH's Singapore hotels achieved GSTC sustainability certification in 2024.

Strategically, FY2025 was defined by portfolio rationalisation. The senior living programme and Straits City Phase 2 mark new growth verticals aligned with Asia's demographic shift, while the Cromwell partnership deepens SRE's Australian platform. Ms Chew Gek Khim's stewardship, now supported by the new co-CEO structure, remains patient and value-oriented.

Recommendation

We maintain our **BUY** rating and **S$2.20** target price, implying approximately 32% upside from the current share price of S$1.670. Our TP is underpinned by a blended RNAV (70%) and normalised-PE (30%) approach, applying a 30% holding-company discount to our RNAV estimate of S$3.12 per share. The upward revision to MSC's market valuation (driven by the tin supercycle) offsets the erosion of property-based NAV, supporting the unchanged target. At current levels, STC trades at 0.63× book and a 46% discount to RNAV with a 4.8% dividend yield — an undemanding valuation for a group that has demonstrably deleveraged, is recycling capital at scale, and stands to benefit from a structural tin supercycle.

The road ahead is clearer than at any point in the past three years. With the exchangeable bond largely retired, net gearing at a manageable 62%, tin prices at decade highs, new co-CEOs at the helm, and a property portfolio generating positive rental reversions of +16.8%, FY2026 should be the year STC finally delivers a clean set of positive earnings. Investors who can look through the non-cash noise of FY2025 may find that the core engine is not just intact, but warming up.

Rating: BUY | Target Price: S$2.20 | Upside: ~32%

Appendix: Financial Summary

Consolidated Statement of Profit or Loss (S$'000)

	FY2025	FY2024	YoY (%)
Revenue	623,300	564,627	+10.4%
Costs of Tin Mining & Smelting	(462,313)	(422,545)	+9.4%
Employee Benefits Expense	(40,323)	(39,184)	+2.9%
Depreciation Expense	(10,756)	(8,434)	+27.5%
Amortisation Expense	(296)	(308)	(3.9%)
Finance Costs	(112,716)	(90,629)	+24.4%
Other Expenses	(59,098)	(46,478)	+27.2%
Dividend Income	2,700	6,634	(59.3%)
Interest Income	17,628	19,891	(11.4%)
Net Fair Value Changes in IPs	(43,873)	60,276	n.m.
Loss from Loss of JV Control	(102,271)	—	n.m.
Other Income/(Loss)	15,833	(6,175)	n.m.
Share of Results of Associates/JVs	(12,397)	(12,612)	(1.7%)
(Loss)/Profit Before Tax	**(184,582)**	**25,063**	**n.m.**
Income Tax Expense	(49,389)	(14,033)	>100%
(Loss)/Profit After Tax	**(233,971)**	**11,030**	**n.m.**
PATNCI (Owners)	(249,133)	(7,226)	>100%
Non-controlling Interests	15,162	18,256	(17.0%)
Basic EPS (cents)	(54.1)	(1.6)	>100%
Diluted EPS (cents)	(54.1)	(1.6)	>100%
DPS (cents)	8.0	8.0	—

Segment Revenue (S$'000)

Segment	FY2025	FY2024	YoY (%)
Tin Mining & Smelting	537,322	494,085	+8.7%
Property	85,978	70,542	+22.0%
Total	**623,300**	**564,627**	**+10.4%**

Segment Operating Profit (S$'000)

Segment	FY2025	FY2024	YoY (%)	Notes
Resources	48,582	44,868	+8.3%	Highest since FY2022
Real Estate	6,764	15,512	(56.4%)	Before JV & IP one-offs
Hospitality	1,475	1,331	+10.8%	
Others	29,854	6,317	>100%	Includes EB derivative gains
Total	**86,675**	**68,028**	**+27.4%**	

Note: Others segment operating profit of S$29.9m (FY2024: S$6.3m) includes net fair value gains on the derivative component of exchangeable bonds. After segment finance costs of S$67.3m, segment PBT was negative S$38.4m.

Consolidated Statement of Financial Position (S$'000)

	31 Dec 2025	31 Dec 2024
Non-Current Assets		
Property, Plant & Equipment	133,097	129,991
Land Under Development	60,798	53,221
Investment Properties	1,404,931	1,409,144
Goodwill & Intangibles	62,380	60,013

	31 Dec 2025	31 Dec 2024
Associates & JVs	450,625	572,435
Investment Securities	83,493	458,931
Deferred Tax Assets	1,174	27,076
Other Non-Current Assets	9,005	6,394
Total Non-Current Assets	**2,205,503**	**2,717,205**
Current Assets		
Inventories	215,136	187,186
Trade & Other Receivables	128,380	114,686
Investment Securities	18,294	51,548
Derivative Financial Instruments	5,385	13,023
Cash & Bank Balances	488,440	448,800
Other Current Assets	5,373	26,538
Total Current Assets	**860,508**	**841,781**
Total Assets	**3,066,011**	**3,558,986**
Equity		
Share Capital	714,716	690,068
Treasury Shares	(6,528)	(6,962)
Retained Earnings	633,229	1,274,089
Other Reserves	(93,086)	(518,969)
Equity Attributable to Owners	**1,248,331**	**1,438,226**
Non-controlling Interests	188,572	141,878
Total Equity	**1,436,903**	**1,580,104**
Non-Current Liabilities	830,220	1,153,090

	31 Dec 2025	31 Dec 2024
Current Liabilities	798,888	825,792
Total Liabilities	**1,629,108**	**1,978,882**
Total Equity & Liabilities	**3,066,011**	**3,558,986**

Borrowings Breakdown (S$'000)

	31 Dec 2025	31 Dec 2024
Current — Secured	337,836	394,288
Current — Unsecured	301,635	308,694
Non-Current — Secured	505,613	691,298
Non-Current — Unsecured	231,759	350,880
Total Borrowings	**1,376,843**	**1,745,160**

Consolidated Cash Flow Summary (S$'000)

	FY2025	FY2024
Operating Cash Flows (before WC)	81,323	77,529
Changes in Working Capital	(17,739)	(24,257)
Cash Generated from Operations	63,584	53,272
Income Taxes Paid	(11,818)	(18,953)
Finance Costs Paid	(34,685)	(34,548)
Interest Received	19,913	14,521
Other Operating Items	(1,395)	1,219
Net Cash from Operating Activities	**35,599**	**15,511**
Net Cash from/(used in) Investing	483,598	(56,176)
Net Cash (used in)/from Financing	(526,445)	41,565
Net (Decrease)/Increase in Cash	**(7,248)**	**900**

EBITDA Reconciliation (S$'000)

	FY2025	FY2024
(Loss)/Profit Before Tax	(184,582)	25,063
+ Depreciation & Amortisation	11,052	8,742
+ Finance Costs	112,716	90,629
Reported EBITDA	**(60,814)**	**124,434**
+ JV Derecognition Loss	102,271	—
+ IP Fair Value Loss/(Gain)	43,873	(60,276)
Adjusted EBITDA	**85,330**	**64,158**
Adjusted EBITDA Margin	13.7%	11.4%

Forward Estimates (S$ million, Tickrs Financial)

	FY2023 A	FY2024 A	FY2025 A	FY2026 E
Revenue	491.7	564.6	623.3	680.0
EBITDA (adj.)	79.5[4]	64.2	85.3	140.0
PATMI	(28.6)	(7.2)	(249.1)	45.0
EPS (cents)	(6.4)	(1.6)	(54.1)	9.6
DPS (cents)	8.0	8.0	8.0	8.0
NAV/Share (S$)	3.19	3.19	2.66	2.75
Net Debt / Equity	65.7%	82.0%	61.8%	~50%
ROE	(1.8%)	(0.5%)	(17.3%)	3.3%

FY2026E assumptions: Revenue assumes continued tin price strength (avg. US$45,000/t, conservatively below current spot of ~US$50,000) and stable property rental income. PATMI assumes no major fair value losses and interest savings of ~S$50 million from deleveraging (reported basis). Revenue growth driven by higher tin smelting throughput as Pulau Indah operates without disruption and property rental benefits from +16.8% reversion.

[4] *FY2023 adjusted EBITDA may not be fully comparable; IP fair value adjustments for FY2023 are not separately disclosed in the FY2025 condensed interim statements. FY2024 and FY2025 adjustments are sourced directly from the financial statements.*

MSC (52%-owned) — Key Operating Data (RM million)

	FY2025	FY2024	YoY (%)
Tin Mining — Profit After Tax	76.2	78.5	(2.9%)
Tin Smelting — Profit After Tax	23.3	23.4	(0.4%)
Total Profit Before Tax[1]	138.3	132.0	+4.8%
Total Profit After Tax[1]	96.4	93.5	+3.1%
Average Tin Price (RM/MT)	146,100	138,500	+5.5%

[1] After Others and Inter-segment Eliminations/Adjustments. Source: Malaysia Smelting Corporation Berhad FY2025 results.

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