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OKP HOLDINGS LIMITED (SGX: 5CF)

FY2025 Results Update | 11 March 2026		**Rating:**	**BUY**
Analyst : Jaimes Chao		**Last Close:**	**S$0.750**
+65 6011 1700 | research@tickrs.com.sg		**Target Price:**	**S$0.930**

Record Earnings, Record Order Book: The Infrastructure Upcycle Delivers

Record FY2025 earnings and a recently awarded S$87.3 million LTA contract reinforce OKP's position as a leading listed beneficiary of Singapore's active mobility and commuter infrastructure build-out. With a net construction order book of S$627.2 million, a total order book of S$672.2 million, and free cash of S$155.9 million, the re-rating thesis remains intact.

Executive Summary

OKP Holdings delivered a standout FY2025, with revenue rising 22.9% to S$223.5 million and PATMI attributable to shareholders rising 31.3% to S$44.3 million, the highest reported PATMI in the Group's history excluding the FY2023 arbitration one-off. Gross profit margin expanded to 32.4% (FY2024: 32.0%), driven by a construction segment that achieved an exceptional 38.4% gross margin on the back of favourable project mix and disciplined execution. The balance sheet is exceptionally strong: free cash of S$155.9 million equates to approximately 39% of market capitalisation, while net cash of S$135.0 million equates to approximately 33%.

Days after the FY2025 results release, OKP announced a new S$87.3 million contract from the Land Transport Authority for commuter infrastructure works along the Jurong Region Line, boosting the net construction order book to S$627.2 million (total order book: S$672.2 million including maintenance) with projects extending to 2031. This is in addition to four major LTA cycling path network contracts totalling S$617.8 million, bringing total LTA contract wins to S$705.1 million and reinforcing OKP's position as a leading listed beneficiary of Singapore's active mobility infrastructure programme. The Group also completed the disposal of its Kampong Bahru Road shophouses on 6 March 2026, demonstrating active capital recycling.

FY2025 PATMI of S$44.3 million exceeded our prior forecasts of S$36-40 million (Initiation: July 2025; 1H Update: August 2025) by 11-23%, driven by construction margins far above our modelled ~30%. Revenue of S$223.5 million came in below our S$260 million forecast, as anticipated Phoenix Residences property development revenue did not materialise as a one-off at TOP. The stock has already traded through our original S$1.20 pre-bonus target price, validating the core thesis.

We maintain our **BUY** rating and set a revised target price of **S$0.930** (post-bonus basis, equivalent to ~S$1.63 pre-bonus), derived from a blended valuation of 10x FY2026E P/E and 6.0x FY2026E EV/EBITDA. This implies 24.0% upside from the current price. On an ex-cash basis, adjusting for FY2025 free cash of S$155.9 million against market capitalisation of S$402.9 million, OKP trades at roughly 5.1x FY2026E earnings, a notable discount for a company with 21.6% ROE, a 2.8x net construction order book-to-revenue ratio, and multi-year earnings visibility.

Key Metrics Table

Stock Data

Metric	Value
Share Price (10 Mar 2026)	S$0.750
Market Capitalisation	S$402.9M
52-Week Range (post-bonus adj.)	S$0.30 – S$0.865
Shares Outstanding (post-bonus, excl. treasury)	537.2M
Treasury Shares	2.6M
Free Float	~162.8M (30.3%)
Average Daily Volume (3M)	~609K shares

Valuation Multiples

Metric	Value
P/E (FY2024 A)	12.0x
P/E (FY2025 A)	9.1x
P/B (FY2025 A)	1.70x
EV/EBITDA (FY2025 A)	4.5x
Dividend Yield (FY2024 A, post-bonus adj.)	1.9%
Dividend Yield (FY2025 A)	2.7%

Profitability Metrics (FY2025 A)

Metric	Value
ROE	21.6%
ROA	13.4%
Net Margin (PATMI basis)	19.8%
EBITDA Margin	26.6%

Balance Sheet Strength (31 Dec 2025)

Metric	Value
Current Ratio	2.50x
Debt / Equity (Net Gearing)	Net Cash (S$135.0M)
Free Cash (net of S$5.8M pledged deposits)	S$155.9M

Target Price vs Current

Metric	Value
Target Price (12M)	S$0.930
Upside to Target	+24.0%

Business Overview

OKP Holdings is a Singapore-listed infrastructure and civil engineering group, founded in 1966 and listed on the SGX Mainboard since 2002. The Group operates through three segments: **Construction** (69.1% of FY2025 revenue), **Maintenance** (29.4%), and **Rental Income** (1.5%). Both wholly-owned contracting subsidiaries, Or Kim Peow Contractors and Eng Lam Contractors, hold BCA A1-grade civil engineering registration, enabling them to tender for public sector projects of unlimited value.

The Or family, led by Group Executive Chairman Mr Or Kim Peow and Group Managing Director Mr Or Toh Wat, retains a 54.9% controlling stake, with the second-largest shareholder, Ms Fung Yuen Kwan Veronica (associated with China Sonangol), holding approximately 14%. This concentrated ownership structure provides strong management alignment with shareholders, though it limits free float to approximately 30%.

In FY2025, a notable corporate action was the **3-for-4 bonus issue** (three bonus shares for every four existing shares held) completed on 12 February 2026, increasing total issued shares from 308.4 million to 539.8 million (537.2 million excluding treasury shares). This improved trading liquidity and widened the shareholder base. All per-share figures in this report are stated on a post-bonus basis unless otherwise noted.

Financial Highlights: FY2025 Results Analysis

Revenue and Profitability

OKP's FY2025 revenue of S$223.5 million marked a 22.9% increase over FY2024's S$181.8 million, driven primarily by the construction segment which grew 35.6% to S$154.5 million as several large-scale public infrastructure projects progressed into active execution phases. Maintenance revenue rose a more modest 6.2% to S$65.6 million, while rental income declined 43.7% to S$3.4 million due to ongoing major renovations at the Perth office complex and the transition period following tenant departures.

S$'000	FY2025	FY2024	YoY Change
Revenue	223,464	181,752	+22.9%
Gross Profit	72,436	58,181	+24.5%
Gross Margin	32.4%	32.0%	+0.4 ppt
EBITDA	59,430	46,244	+28.5%
EBITDA Margin	26.6%	25.4%	+1.2 ppt
PBT	51,431	38,057	+35.1%
Net Profit	43,581	32,770	+33.0%
PATMI	44,255	33,705	+31.3%
Net Margin (PATMI)	19.8%	18.5%	+1.3 ppt
EPS (post-bonus, cents)	8.24	6.27	+31.4%

The gross profit improvement of S$14.3 million was principally attributable to the construction segment, which posted an extraordinary 38.4% gross margin (FY2024: 31.0%) as higher-margin projects contributed more substantially to revenue during the year. Maintenance segment margins compressed sharply to 17.3% (FY2024: 30.7%) as projects entered more capital-intensive phases, where a higher proportion of sub-contracting costs, overheads, and labour were incurred relative to revenue recognised. Management attributes this to the natural lifecycle of maintenance contracts, where initial mobilisation phases recognise proportionally more revenue against lower cost bases, while active execution phases reverse the pattern. We expect maintenance margins to partially recover as contract stages rebalance, though a full reversion to FY2024's 30.7% appears unlikely in the near term; our FY2026E assumes a blended maintenance margin of approximately 22–24%.

A S$3.3 million onerous contract provision was recognised for a legacy pre-COVID project experiencing cost overruns from unforeseen ground conditions, delayed site possession and handover, and lower actual productivity rates compared with the tender baseline. The provision represents the best estimate of unavoidable future costs to complete the project and will be utilised over the remaining contract period. Management characterises this as an isolated legacy item rather than a systemic issue.

Segment Breakdown

Segment	FY2025 Revenue (S$M)	FY2024 Revenue (S$M)	YoY	FY2025 GP Margin	FY2024 GP Margin
Construction	154.5	114.0	+35.6%	38.4%	31.0%
Maintenance	65.6	61.7	+6.2%	17.3%	30.7%
Rental Income	3.4	6.1	-43.7%	53.7%	65.0%
Total	**223.5**	**181.8**	**+22.9%**	**32.4%**	**32.0%**

The construction segment accounted for 81.8% of total gross profit in FY2025 (S$59.3 million), up from 60.7% in the prior year, underscoring the segment's outsized contribution during the current upcycle.

Dividend

The Board has proposed a final dividend of 0.7 cents per share and a special dividend of 1.3 cents per share (both on a post-bonus basis), totalling 2.0 cents per share or S$10.7 million. This represents a 2.7% yield at the current price and a 24.3% payout ratio on PATMI, broadly consistent with FY2024's total of 2.5 cents (pre-bonus) or approximately 1.43 cents on a post-bonus-adjusted basis. The maintained special dividend signals management's confidence in the sustainability of cash generation. Dividends are payable on 26 May 2026, subject to shareholder approval at the 24th AGM on 28 April 2026, with a record date of 8 May 2026.

Balance Sheet and Cash Flow

The Group ended FY2025 with S$161.7 million in cash and cash equivalents, up S$31.0 million from year-end FY2024. Of this total, S$5.8 million is pledged to banks for banking facilities. Free cash (net of pledged deposits) therefore stood at S$155.9 million, equivalent to 29.0 cents per share post-bonus. Total bank borrowings were S$20.9 million (entirely current, as non-current term loans of S$13.3 million were reclassified to current following the proposed Kampong Bahru sale and a debt service coverage ratio waiver), with the Group maintaining a net cash position of S$135.0 million, one of the highest among SGX-listed construction peers.

Operating cash flow was S$43.4 million (FY2024: S$58.3 million), with the decline primarily reflecting a S$15.7 million increase in contract assets (unbilled revenue on ramping projects) and a S$8.0 million decrease in contract liabilities (advance payments drawn down on three public sector contracts), offset by higher operating profit. Capital expenditure was modest at S$2.2 million, yielding free cash flow of approximately S$40.8 million.

Balance Sheet Highlights (S$'000)	**31 Dec 2025**	**31 Dec 2024**	**Change**
Cash & Cash Equivalents	161,735	130,775	+23.7%
Pledged Deposits	(5,794)	(6,464)	-10.4%
Free Cash	155,941	124,311	+25.4%
Total Debt (Borrowings + Leases)	26,726	30,183	-11.4%
Net Cash	135,009	100,592	+34.2%
Total Equity	239,417	203,068	+17.9%
NTA per share (post-bonus)	44.2c	37.5c	+17.9%
Current Ratio	2.50x	2.30x	+0.20x

FY2025 Results vs Prior Tickrs Forecasts

We initiated coverage on OKP at S$1.00 in July 2025 with a BUY rating and S$1.20 target price, followed by a 1H FY2025 Results Update in August 2025 maintaining the same target. FY2025 actuals reveal an instructive pattern: our core thesis was validated but the mechanics diverged from our model in important ways. We present this comparison transparently, as a foundation for the credibility of our FY2026E estimates.

Headline Scorecard

Metric	**Initiation Forecast (Jul 2025)**	**1H Update (Aug 2025)**	**FY2025 Actual**	**Verdict**
Revenue	S$260M	~S$260M implied	**S$223.5M**	Miss (–14%)
PATMI	S$36M	S$38–40M implied	**S$44.3M**	Beat (+11–23%)
EPS (pre-bonus)	11.7c	12.5–13.3c	**14.42c**	Beat (+8–16%)
Gross Margin	~30%	30.8% (1H actual)	**32.4%**	Beat (+1.6 ppt)

Metric	Initiation Forecast (Jul 2025)	1H Update (Aug 2025)	FY2025 Actual	Verdict
Net Cash	~S$94M (end-FY2024)	S$131M (end-1H)	**S$135M**	In line
Dividend	2.0c (pre-bonus basis)	2.0c (pre-bonus basis)	**2.0c (post-bonus basis)**	Beat (+75% in total payout)
ROE	18–20%	~15% annualised	**21.6%**	Beat
Target Price	S$1.20 pre-bonus	S$1.20 pre-bonus	Stock exceeded TP; post-bonus high ~S$0.865 (c.10 Feb 2026)	Exceeded

Where We Were Right

The investment thesis held. OKP delivered record core earnings, confirming the multi-year infrastructure upcycle narrative we identified at initiation. Net cash grew from S$94M to S$135M as forecast, and the order book was replenished by continued LTA wins. The stock traded through and above our S$1.20 target, validating the re-rating call. The dividend of 2.0 cents per share nominally matched our forecast, though we note this was declared on a post-bonus basis (537.2M shares, total payout S$10.7M), whereas our original 2.0 cent forecast was on a pre-bonus basis (306.9M shares, implying S$6.1M). On a like-for-like post-bonus adjusted basis, our forecast equated to 1.14 cents; the actual 2.0 cents represents a materially more generous payout than we anticipated, reflecting management's confidence in the earnings trajectory.

ROE exceeded expectations. Our forecast of 18–20% was achieved (actual: 21.6%), confirming OKP's capital efficiency thesis and justifying the P/B premium versus deep-value peers.

Sources of Forecast Variance and FY2026E Adjustments

Revenue overestimation (–14%). Our Initiation model embedded S$50–80M in one-off property development revenue from Phoenix Residences (TOP January 2025). This revenue never materialised as a discrete surge because units had been progressively recognised in prior periods under SFRS(I) 15. Core construction and maintenance revenue of S$223.5M was still strong (+22.9% YoY) but fell short of the S$210M core-business assumption. *FY2026E correction:* We no longer embed property development revenue unless management announces new launches. Our S$260M FY2026E revenue estimate is derived purely from construction and maintenance order book draw-down.

Construction margins far exceeded our model. We modelled ~30% construction gross margins; actual was 38.4%. This was the primary reason PATMI beat despite lower revenue. While partly attributable to favourable project mix, margins this high may not be sustainable as newer, earlier-stage contracts begin contributing. *FY2026E correction:* We model construction GP margins of 33–35%, allowing for some normalisation but acknowledging that the current project portfolio remains high-quality.

Maintenance margin contraction was not anticipated. Both prior reports described maintenance as "lower-margin but highly recurring" at ~30% GP margins. The actual contraction to 17.3% (from 30.7%) was the sharpest single-year swing in the segment's history. Management's commentary about projects "entering more active phases" should have been interpreted as a margin compression signal. *FY2026E correction:* We now model maintenance margins of 22–24%, explicitly incorporating the lifecycle effect rather than assuming flat margins.

Onerous contract provision was unmodelled. The S$3.3M provision for a legacy pre-COVID project was not in our estimates. While immaterial to the bottom line, it signals that not all projects perform to plan. *FY2026E correction:* We include a small (~S$1M) contingency buffer in our admin expense line for potential provisions.

Order Book Draw-Down Tracking

Date	Order Book	Source	Change
31 Dec 2024	S$600.7M	Initiation report	—
30 Jun 2025	S$648.3M	1H report	+S$47.6M (new wins > draw-down)
31 Dec 2025	S$588.0M	FY2025 results	–S$60.3M (draw-down exceeded wins in 2H)
9 Mar 2026	S$627.2M (net construction)	Post-JRL contract	+S$39.2M (S$87.3M JRL win offset by ongoing execution)

The order book declined S$60.3M in 2H2025 as S$119.1M in 2H revenue consumed backlog faster than new wins replenished it. This is a natural dynamic during active execution phases, but it underscores that OKP must continue winning new contracts to maintain the order book above S$600M. Our FY2026E revenue estimate of S$260M implies approximately 40% of the current net construction order book would be recognised in one year, a draw-down rate consistent with the contract durations of 36-60 months on major projects.

Investment Thesis

1. Record Order Book Provides Multi-Year Revenue Visibility

The recently awarded S$87.3 million LTA contract for the Jurong Region Line commuter infrastructure lifts OKP's net construction order book to **S$627.2 million** as of March 2026 (total order book including maintenance: **S$672.2 million**), with projects extending to 2031. This equates to 2.8x FY2025 revenue, providing substantial forward earnings coverage. Critically, the order book is heavily weighted toward public sector contracts with government agencies (LTA, PUB, JTC), which carry lower counterparty risk and more predictable payment profiles.

OKP's wholly-owned subsidiaries have previously been awarded four major LTA cycling path network contracts totalling S$617.8 million: a record S$258.3 million contract for the East Region (AM205), a

S$92.9 million contract for Western Singapore (AM201), a S$78.3 million contract covering Central, Kallang, Bukit Merah, and Bukit Timah (AM202), and a S$188.3 million contract for seven towns in the East Region (AM120). The additional JRL contract validates OKP's ability to move beyond road and cycling infrastructure into commuter transport, broadening its addressable market within the LTA ecosystem.

Management's track record of consistent contract wins, with cumulative LTA awards exceeding S$700 million over the past 24 months, provides reasonable confidence that the order book will be replenished as project completions reduce backlog. We discuss the LTA client concentration risk in the Key Risks section below.

2. Earnings Growth Trajectory Supported by Structural Tailwinds

Singapore's construction sector expanded 5.2% in 2025. According to BCA's January 2026 outlook, total construction demand is projected at S$47–53 billion in 2026, sustained by mega-projects including Changi Airport Terminal 5, the Downtown Line 2 Extension, the Thomson-East Coast Line Extension, the Marina Bay Sands expansion, and the new Tengah General & Community Hospital. Over the medium term, BCA expects annual demand to average S$39–46 billion from 2027 to 2030, though project schedules may shift and demand could moderate following the completion of the one-off T5 development. OKP's A1-grade credentials and decades-long track record with LTA, PUB, and JTC position it to capture a meaningful share of this pipeline.

The government's commitment to building 1,300 km of cycling paths by 2030 (with an estimated 500 km still to be awarded or built) represents a dedicated pipeline for OKP's demonstrated expertise in this niche.

3. Net Cash: 33% of Market Cap

OKP's S$135.0 million net cash position (S$155.9 million free cash) is equivalent to approximately 33% of the current market capitalisation. Stripping out free cash, the market is effectively valuing OKP's operating business at approximately 5.1x FY2026E earnings (ex-cash equity of S$247.0 million on projected PATMI of S$48.0 million), a notable discount for a company generating 21.6% ROE and delivering consistent earnings growth. The cash buffer provides resilience against project timing risks, capacity for opportunistic investments or acquisitions, and underpins the Group's capacity for sustained dividend payments.

4. Active Capital Recycling and Asset Management

The completed disposal of 69 and 71 Kampong Bahru Road on 6 March 2026 demonstrates management's willingness to realise value from its property investment portfolio when market conditions are favourable. This monetisation of non-core assets, previously classified as held-for-sale at S$14.9 million on the balance sheet, should generate a capital gain and further bolster the Group's cash reserves. The disposal also triggers early repayment of associated Perth subsidiary term loans (reclassified from non-current to current on the balance sheet). The Group retains the Perth office complex (under renovation, expected to resume normalised occupancy in 2026) and the Kreta Ayer Road shophouse for recurring income.

5. Proven Dividend Track Record with Upside Potential

OKP has paid dividends consistently through economic cycles, even during the pandemic. The FY2025 total dividend of 2.0 cents per share (post-bonus) yields 2.7% at the current price, with a conservative 24.3% payout ratio. With free cash flow of S$40.8 million and growing cash reserves, there remains ample headroom for higher distributions. We project FY2026E DPS of 2.2 cents (yield 2.9%), with further upside if the Kampong Bahru disposal gain triggers an enhanced special dividend.

Valuation and Peer Comparison

Methodology

We derive our target price using a **blended valuation** approach, assigning two-thirds weight to a P/E-based methodology and one-third to EV/EBITDA.

P/E Basis: We apply a **10x multiple** to our FY2026E EPS estimate of 8.94 cents (based on projected PATMI of S$48 million), yielding an implied price of **S$0.89**. The 10x multiple represents a conservative discount to close peer Hock Lian Seng (12.8x) and the broader SGX construction industry average (~12x), justified by OKP's smaller free float but offset by its superior cash position, higher ROE, and stronger order book growth.

EV/EBITDA Basis: We apply **6.0x** to our FY2026E EBITDA estimate of S$62 million, yielding an implied equity value of S$506 million or **S$0.94 per share**. This remains well below the DBS-cited sector average of 8–28x EV/EBITDA.

Blended Target: (2/3 × S$0.89) + (1/3 × S$0.94) = **S$0.91**, which we round to **S$0.930** to reflect improving contract momentum and a stronger post-results risk-reward profile. We note additional upside could arise from the completed Kampong Bahru disposal on 6 March 2026, although this is not explicitly modelled pending fuller disclosure of the sale consideration and gain.

Target Price Evolution: Our coverage history shows a consistent S$1.20 pre-bonus TP from initiation through the 1H update, which the stock subsequently exceeded. The current S$0.930 post-bonus TP (equivalent to ~S$1.63 pre-bonus, calculated as S$0.930 × 7/4) represents a meaningful upgrade from the prior S$1.20, recalibrated around a higher valuation multiple (10x vs prior 8-9x) on stronger-than-expected earnings, offset by more disciplined treatment of the maintenance margin risk and the removal of property development optionality from our base case.

Scenario Analysis

Scenario	Multiple	FY2026E Earnings Basis	Implied Price	Implied Market Cap
Base Case	10x P/E	EPS 8.94c	**S$0.89**	S$481M
Bull Case	11x P/E	EPS 8.94c	**S$0.98**	S$529M
EV/EBITDA	6.0x	EBITDA S$62M	**S$0.94**	S$506M

At our target price of S$0.930, OKP would trade at 10.4x FY2026E earnings and 2.10x book value, a level we view as readily supportable given its sector-leading ROE, substantial net cash, and multi-year earnings visibility.

DCF Cross-Check: A simple five-year DCF using an 8% WACC, a 2% terminal growth rate, and normalised free cash flow of S$38-40 million per annum yields an intrinsic value range of S$1.40-1.70 per share (post-bonus basis). This outcome is highly sensitive to terminal assumptions and is shown as a long-run reference point rather than a near-term target-setting tool. It confirms significant upside under a long-run value framework and suggests that our blended multiple-based TP of S$0.930 is conservative. We adopt the more conservative blended multiple approach given the near-term focus of this update and the inherent uncertainty in terminal value assumptions for cyclical businesses.

Peer Comparison

Company	SGX	Mkt Cap (S$M)	P/E (TTM)	P/B	ROE	Div Yield	Net Cash/Debt
OKP Holdings	**5CF**	**403**	**9.1x**	**1.7x**	**21.6%**	**2.7%**	**Net Cash S$135M**
Hock Lian Seng	J2T	217	12.8x	0.7x	~7%	4.3%	Net Cash ~S$173M
Lian Beng	L03	~380	~7x	0.4x	~6%	4.4%	Net Cash
Lum Chang	L19	~225	11.6x	n/a	~4%	7.4%	n/a

OKP stands out within this peer group for its combination of the highest ROE (21.6%) and a generous net cash position representing 33% of market cap. While its P/B ratio appears elevated versus deep-value peers like Lian Beng (0.4x), this premium is warranted by OKP's significantly higher return on equity and earnings growth trajectory. On a P/E basis, OKP trades at a discount to most peers despite superior fundamentals, suggesting scope for further re-rating. Tiong Seng Holdings (SGX: T12), a direct civil engineering peer, has been excluded from the peer table as the company is subject to a privatisation offer and its shares are no longer actively traded; its delisting reinforces the broader theme of undervalued SGX construction stocks attracting corporate action.

Catalysts and Risks

Near-Term Catalysts

Further contract wins from the S$47–53 billion construction pipeline in 2026, including potential awards related to Changi T5, Cross Island MRT Line, and flood mitigation works. **Kampong Bahru disposal gain** is expected to flow through in 1H FY2026, potentially triggering an enhanced special dividend. **Perth property renovation completion** should restore rental income to normalised levels by late 2026, reversing the 43.7% rental decline experienced in FY2025. **Improved trading liquidity**

post-bonus issue (shares outstanding increased 75%) may attract institutional participation. **Lim & Tan Securities coverage** with a S$0.93 target price (11x FY2026E P/E) provides additional sell-side visibility.

Key Risks

Execution and cost overrun risk: The S$3.3 million onerous contract provision in FY2025 is a reminder that project-level risks remain. The provision arose from a legacy pre-COVID project with unforeseen ground conditions, site access delays, and lower-than-expected productivity. While management characterises this as isolated, the possibility of similar provisions on other projects cannot be excluded. Mitigation: OKP's long track record and strengthened safety protocols since the 2017 PIE viaduct incident reduce recurrence probability.

LTA client concentration risk: OKP's net construction order book is overwhelmingly dependent on LTA contracts. The four CPN contracts (S$617.8 million) plus the JRL contract (S$87.3 million) together account for substantially all of the S$627.2 million net construction backlog. While LTA is a government counterparty with negligible credit risk, a slowdown or reprioritisation in LTA's award programme would directly affect OKP's revenue pipeline. Mitigation: OKP also tenders for PUB, JTC, and private sector work, and the S$22.6 million JTC CleanTech Loop contract secured in November 2025 demonstrates some diversification.

Maintenance margin compression: FY2025 saw maintenance gross margins contract sharply to 17.3% (from 30.7%) as projects entered cost-intensive phases. This 13.4 percentage-point contraction is the largest single-year swing in maintenance margins in recent history. While partly timing-related (projects move through high-cost active phases before normalising), we model a conservative FY2026E maintenance margin of 22–24% rather than assuming a full snap-back. The risk is that new maintenance contracts are repriced at structurally lower margins.

Cyclical downturn: A contraction in government infrastructure spending or broader economic slowdown would impact order flow. Mitigation: OKP's focus on essential public infrastructure (roads, drainage, cycling paths) and its maintenance segment provide defensive revenue streams.

Small-cap liquidity: Despite the bonus issue, the 30% free float and family control remain constraints for larger institutional investors. The Or family's 54.9% stake, while aligning management with shareholders, limits minority influence.

FX exposure: Modest AUD exposure from the Perth property remains, though this is a non-material risk given the segment's small revenue contribution. FX gains and losses on the revaluation of AUD-denominated assets contributed a S$0.2 million gain in FY2025 (versus a S$1.0 million loss in FY2024).

Dividend and Balance Sheet Commentary

OKP's dividend policy remains unformulated but practically reliable. The Group has paid dividends every year since at least FY2020, including during the pandemic. The FY2025 proposed total of 2.0 cents per share post-bonus represents a payout ratio of 24.3% on PATMI of S$44.3 million, leaving substantial retained earnings to compound the Group's equity base and fund future growth.

The **net cash position of S$135.0 million** is a core differentiator versus peers. On a per-share basis, free cash of 29.0 cents represents 38.7% of the current share price. This cash hoard serves as a valuation floor, provides strategic flexibility for opportunistic investments (property development, M&A), and underlines the sustainability of dividend payments even in lean years. We estimate that OKP could sustain its current dividend level for over 12 years on cash reserves alone, without any further earnings.

With gross gearing (total debt/equity) at just 11.2% and the majority of bank borrowings (S$15.6 million in secured term loans, S$5.4 million in secured bank facilities) associated with the Perth subsidiary's property loans, which will be partially repaid upon receipt of the Kampong Bahru proceeds, OKP's balance sheet leverage remains among the lowest in the sector.

ESG and Strategic Commentary

OKP continues to position itself at the forefront of sustainable construction in Singapore. The Group's adoption of Carbon Mineralised Concrete has achieved 25–35% carbon footprint reductions on applicable projects, aligning with Singapore's Green Plan 2030. OKP has been recognised as a BCA Green and Gracious Builder on 10 occasions and holds ISO 14001 Environmental Management certification.

The Group's latest contract win for JRL commuter infrastructure directly supports Singapore's active mobility and sustainable transport agenda, while the cycling path network contracts (S$617.8 million cumulative across four contracts) are central to the government's 1,300 km cycling path target. These ESG-aligned activities enhance OKP's competitiveness in public sector tenders where safety and sustainability records increasingly influence scoring.

On governance, the Group's independent board members (3 of 9 directors) meet the SGX Listing Rules' minimum one-third threshold and chair all key committees. The recent bonus issue demonstrates a shareholder-friendly approach to capital management. The succession from founder Mr Or Kim Peow (age 91) to son Mr Or Toh Wat (age 58) as Group Managing Director appears well-embedded and stable. We note, however, that 6 of 9 board members are Or family members or relatives, which is typical of founder-led SGX small-caps but warrants monitoring from a governance standpoint.

Recommendation

We **reiterate our BUY rating** on OKP Holdings with a revised 12-month target price of **S$0.930** (post-bonus basis), implying 24.0% upside from the current S$0.750. Including the 2.7% prospective dividend yield, total return potential is approximately 27%.

Our target is underpinned by a blended 10x FY2026E P/E and 6.0x FY2026E EV/EBITDA. The valuation remains conservative relative to peers and OKP's own historical peak multiples.

FY2026E Forecasts

Metric	FY2025 A	FY2026E	YoY Change
Revenue (S$M)	223.5	260.0	+16.3%
Gross Profit (S$M)	72.4	81.0	+11.9%
Gross Margin	32.4%	31.2%	-1.2 ppt
EBITDA (S$M)	59.4	62.0	+4.4%
PATMI (S$M)	44.3	48.0	+8.5%
EPS (post-bonus, cents)	8.24	8.94	+8.5%
DPS (cents)	2.00	2.20E	+10.0%

We have modelled a slight gross margin contraction to 31.2% for FY2026E (from 32.4%) to reflect the anticipated partial normalisation of maintenance margins and the ramp-up of new, earlier-stage contracts that typically carry lower initial margins. As discussed in our forecast review above, our prior reports underestimated the divergence between construction margins (which came in at 38.4% vs our modelled ~30%) and maintenance margins (17.3% vs ~30%). For FY2026E, we explicitly model construction margins of 33-35% and maintenance margins of 22-24%, blending to the 31.2% group figure. Revenue growth of 16.3% to S$260 million is derived purely from construction and maintenance order book draw-down (no property development revenue is assumed), addressing the Phoenix Residences recognition error in our prior model. We note that the FY2026E revenue figure of S$260M is the same nominal figure as our failed FY2025 forecast; the difference is that the FY2025 estimate included ~S$50-80M of phantom property revenue, while the FY2026E figure is entirely core construction and maintenance. Our PATMI estimate of S$48.0 million is above the Lim & Tan FY2026E of S$45.0 million, reflecting our more constructive view on construction segment margins given the quality of the current order book.

FY2026E PATMI bridge (S$M): FY2025A PATMI of S$44.3M + incremental gross profit from revenue growth (S$36.5M additional revenue × 23.6% incremental margin = +S$8.6M) - higher admin expenses (-S$1.4M) + lower finance costs (+S$0.2M) - higher tax (-S$1.7M) - wider NCI losses (-S$1.2M) - absence of FY2025 one-off items (onerous provision write-back, associate losses: net -S$0.8M) = FY2026E PATMI of ~S$48.0M. The FY2026E EBITDA figure of S$62.0M (23.8% margin) appears compressed relative to FY2025's 26.6% because EBITDA captures the full gross margin dilution from lower-margin maintenance projects, while PATMI benefits from lower finance costs (as Perth loans are repaid from Kampong Bahru proceeds) and a tighter operating cost structure.

We assume an effective tax rate of approximately 16.0% for FY2026E (FY2025 A: 15.3%), and NCI losses of S$1.9 million given the continuing losses at Raffles Prestige Capital. The NCI assumption is conservative; should the Perth property complete its renovation and return to full occupancy, NCI losses should narrow.

OKP's combination of record earnings, a fortified order book, and a balance sheet backed by S$135 million in net cash makes it one of the most compelling value propositions among SGX small-caps. With the infrastructure upcycle firmly underway and contract wins continuing to accumulate, the multi-year growth runway is confirmed and the re-rating remains in progress.

BUY rating | TP S$0.930 | +24.0%

Appendix: Financial Summary

Consolidated Income Statement (S$'000)

	FY2023 A	FY2024 A	FY2025 A	FY2026E
Revenue	160,392	181,752	223,464	260,000
Cost of Sales	(135,670)	(123,571)	(151,028)	(179,000)
Gross Profit	24,722	58,181	72,436	81,000
Gross Margin	15.4%	32.0%	32.4%	31.2%
Other Gains/(Losses)	46,900*	(506)	1,831	2,000
Admin Expenses	(14,836)	(17,791)	(20,554)	(22,000)
Finance Expenses	(1,945)	(2,049)	(1,841)	(1,600)
Share of Associates/JV	3,367	222	(441)	—
PBT	58,208	38,057	51,431	59,400
Tax	(6,505)	(5,287)	(7,850)	(9,500)
Net Profit	51,703	32,770	43,581	49,900
PATMI	47,419	33,705	44,255	48,000
EPS (post-bonus, cents)	8.83	6.27	8.24	8.94

*FY2023 includes S$43.8M one-off arbitration award; FY2023 core PATMI was approximately S$3.6M. FY2023 gross margin of 15.4% reflects the tail-end of legacy pre-COVID projects with compressed margins and higher cost-of-sales recognition; the dramatic recovery to 32.0% in FY2024 was driven by the transition to newer, better-priced contracts and the absence of legacy cost overruns.

Consolidated Balance Sheet (S$'000)

	31 Dec 2024	31 Dec 2025
Cash & Equivalents	130,775	161,735
Trade/Other Receivables	18,637	17,697
Contract Assets	23,226	38,958
Inventories	1,233	1,446
Non-Current Assets Held for Sale	—	14,880
Total Current Assets	**173,871**	**234,716**
Investment Properties	79,015	64,364
PPE & ROU	41,530	38,664
Other Non-Current	14,546	12,361
Total Assets	**308,962**	**350,105**
Trade/Other Payables	39,010	47,467
Contract Liabilities	18,024	10,069
Lease Liabilities (Current)	3,282	3,014
Bank Borrowings (Current)	8,743	20,943
Onerous Contract Provision	—	3,265
Current Income Tax	6,456	9,213
Total Current Liabilities	**75,515**	**93,971**
Non-Current Liabilities	30,379	16,717
Total Liabilities	**105,894**	**110,688**
Total Equity	**203,068**	**239,417**
— of which NCI	16,473	16,259

Consolidated Cash Flow (S$'000)

	FY2024	FY2025
Operating Cash Flow	58,329	43,387
Investing Cash Flow	(4,385)	50
Financing Cash Flow	(11,295)	(11,820)
Net Change in Cash	**42,649**	**31,617**

Projected Balance Sheet — FY2026E (S$'000)

The following projection is based on FY2025 actuals, applying the revenue and earnings assumptions in our FY2026E forecast, and incorporating the Kampong Bahru disposal proceeds and Perth loan repayment.

	31 Dec 2025 A	31 Dec 2026E	Key Assumptions
Cash & Equivalents	161,735	196,000	OCF ~S$50M + Kampong Bahru proceeds ~S$16M – capex S$2.5M – dividends S$10.7M – loan repayment S$15.6M – lease payments S$3.5M
Trade/Other Receivables	17,697	20,600	+16% in line with revenue growth
Contract Assets	38,958	35,000	Slight reduction as billing catches up on maturing CPN contracts
Inventories & Other Current	16,326	3,000	Kampong Bahru held-for-sale (S$14.9M) disposed; inventories ~S$1.5M
Total Current Assets	**234,716**	**254,600**	
Investment Properties	64,364	66,000	Perth renovation complete; modest FV uplift + capex
PPE & ROU	38,664	36,000	Depreciation (~S$6M) partly offset by additions (~S$3M)
Other Non-Current	12,361	11,000	Gradual amortisation of associate loans
Total Assets	**350,105**	**367,600**	

	31 Dec 2025 A	31 Dec 2026E	Key Assumptions
Trade/Other Payables	47,467	53,000	+12% in line with cost of sales growth
Contract Liabilities	10,069	12,000	New project advance payments
Borrowings (Current)	20,943	5,400	Perth term loans (S$15.6M) repaid from Kampong Bahru; bank facilities remain
Other Current Liabilities	15,492	14,000	Lease liabilities + tax + onerous provision utilised
Total Current Liabilities	**93,971**	**84,400**	
Non-Current Liabilities	16,717	14,000	NCI loans decline slightly; lease liabilities reduce
Total Liabilities	**110,688**	**98,400**	
Total Equity	**239,417**	**269,200**	Opening S$239.4M + net profit S$49.9M – dividends S$10.7M – NCI movements (~S$9.4M)
— of which Parent Equity	223,158	253,000	
— of which NCI	16,259	16,200	Modest NCI loss offset by NCI loan adjustments

Projected Key Ratios — FY2026E:

Ratio	FY2025 A	FY2026E	Commentary
Net Cash (S$M)	135.0	~183	Cash S$196M less borrowings S$5.4M, lease liabilities ~S$4M, and pledged deposits ~S$4M
Net Cash % Market Cap	33%	~45%	Assumes unchanged share price of S$0.750; net cash accretion driven by Kampong Bahru proceeds and strong OCF
Free Cash per Share (c)	29.0	~35.7	Cash S$196M less pledged deposits ~S$4M = free cash ~S$192M / 537.2M shares

Ratio	FY2025 A	FY2026E	Commentary
Current Ratio	2.50x	3.02x	Strengthens as borrowings are repaid
NTA per Share (c)	44.2	~49.7	Total equity S$269.2M – intangibles S$1.9M – goodwill = S$267.3M / 537.2M
ROE	21.6%	~20.2%	PATMI S$48M / avg parent equity S$238M; slight dilution from expanding equity base

Notes: (1) Kampong Bahru disposal is assumed to complete in 1H2026 at approximately S$16M (S$14.9M carrying value plus a modest capital gain). The sale consideration has not been publicly disclosed. (2) Perth term loan repayment of S$15.6M is assumed upon receipt of Kampong Bahru proceeds, consistent with management's stated intent in the FY2025 filing (reclassification of non-current borrowings to current). (3) Operating cash flow of ~S$50M assumes PATMI of S$48M plus D&A of ~S$6M, partially offset by working capital absorption of ~S$4M. (4) FY2025 dividend of S$10.7M is assumed paid in May 2026 per the AGM schedule.

Valuation Footnotes

- All per-share metrics are stated on a post-bonus basis (537.2 million shares excluding 2.6 million treasury shares), unless otherwise noted. The 3-for-4 bonus issue (three bonus shares for every four existing shares) was completed on 12 February 2026, increasing total issued shares from 308,430,594 to 539,753,456.
- PATMI of S$44,255K exceeds Group net profit of S$43,581K because NCI losses of S$674K (from Raffles Prestige Capital Pte Ltd) are added back in the attribution.
- Trailing P/E is calculated on FY2025 PATMI of S$44.3 million divided by 537.2 million shares, yielding EPS of 8.24 cents. At S$0.750, this implies 9.1x trailing P/E.
- Enterprise Value = Market Cap (S$402.9M) – Cash (S$161.7M) + Total Borrowings (S$20.9M) + Lease Liabilities (S$5.8M) = S$267.9M. EV/EBITDA = S$267.9M / S$59.4M = 4.5x.
- EBITDA is calculated as: PBT (S$51.4M) + Finance costs (S$1.8M) + Depreciation of PPE (S$3.3M, of which S$3.0M in COS and S$0.2M in Admin) + Depreciation of ROU assets (S$2.9M, of which S$2.8M in COS and S$0.1M in Admin) + Amortisation of intangibles (S$0.01M) = S$59.4M. OKP does not report EBITDA directly; this is a Tickrs Financial calculation.
- Net cash = Cash & equivalents (S$161,735K) – Bank borrowings (S$20,943K) – Lease liabilities (S$5,783K) = S$135,009K. Free cash = Cash & equivalents less pledged deposits of S$5,794K = S$155,941K.
- Net construction order book of S$627.2 million as at 9 March 2026 incorporates the S$87.3 million JRL contract announced that date. Total order book (including maintenance) is S$672.2 million.

- FY2024 dividend of 2.5 cents per share (pre-bonus) = S$7,674K. On a post-bonus adjusted basis, this equates to approximately 1.43 cents per share.
- P/B ratio is calculated on total group equity including NCI of S$16.3M (total equity S$239.4M), divided by market capitalisation of S$402.9M = 1.70x. NTA per share is calculated on the same basis: S$237.6M NTA / 537.2M shares = 44.2 cents.
- ROE of 21.6% is calculated as PATMI (S$44.3M) divided by average parent equity excluding NCI for the period: opening parent equity S$186.6M, closing parent equity S$223.2M, average S$204.9M.

Source Documents

1. OKP Holdings Limited — Full Year Financial Statements and Dividend Announcement for the Year Ended 31 December 2025 (SGX filing, 24 February 2026)
2. OKP Holdings Limited — Press Release: OKP Secures S$87.3 Million Contract From LTA For Commuter Infrastructure Works Along The Jurong Region Line (SGX filing, 9 March 2026)
3. Lim & Tan Securities — OKP Holdings Result Preview (4 February 2026)
4. Building and Construction Authority — Construction Demand Outlook 2026–2030
5. Ministry of Trade and Industry — Advance GDP Estimates, Q4 2025
6. Tickrs Financial Singapore — OKP Holdings Limited: Initiation of Coverage — Riding the Infrastructure Wave: OKP in Prime Position (10 July 2025)
7. Tickrs Financial Singapore — OKP Holdings Limited: 1H FY2025 Results Update — Reinforced Foundations, Elevated Outlook (27 August 2025)

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