Goodwill Entertainment Holding

BUY

Share price (S$)	**0.17**
Target price (S$)	**0.22**
Up / downside (%)	**29.4%**

Company Profile
Goodwill Entertainment Holding (GEH) is a multi-entertainment concept operator, comprising a network of family friendly karaoke facilities with F&B concepts, performance halls and dance clubs. It operates under the brand names HaveFun Family Karaoke, FATEbyhavefun and HaveFun Live Show.

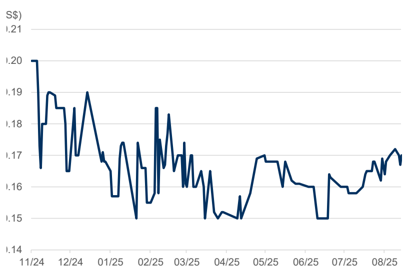
Ticker	GWEH SP
Market cap (S$m)	67.9
3M ADV (S$'000)	9.7
Free float (m shares)	68.3
Total shares outstanding (m)	399.6
52W High / Low (S$)	0.21 / 0.15

Top shareholders	**(%)**
Flint Lu	64.1
Thang Teck Jong	18.8

Price performance (%)

1M	**3M**	**12M**
7.6	6.3	-

52W price chart



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Execution of growth initiatives underway

1H25 Earnings Update

- **We maintain our BUY rating on GEH with a TP of S$0.22, pegged to the peer average FY27E P/E of 10.7x, representing an upside of approximately 29.4%.** The firm remains committed to expanding its overall portfolio and product offerings, which we opine the market has not priced in while peers' growth appears to be somewhat lacklustre. Hence, we believe the company remains underappreciated given the limited liquidity despite the STI having performed well on a YTD basis so far in 2025.
- **Revenue somewhat in line with expectations.** In 1H25, GEH's HaveFun Family Karaoke (HFK) and HaveFun Live Show (HLS) segments remained the firm's largest revenue contributors, amounting to 52.8% and 41.9% of 1H25 revenue, respectively. However, revenue from HFK declined by -6.4% YoY on the back of lower average spending per customer despite higher customer traffic and room occupancy. On the other hand, demand for HLS' offerings remained resilient, registering 4.4% YoY growth while its F&B segment (Yakitori One) ramped up faster than we initially anticipated, contributing to 4.6% of 1H25 revenue (S$1.1m in 1H25 vs. S$0.2m in FY24). Overall, 1H25 revenue grew by 3.5% YoY.
- **Expect growth from upcoming initiatives.** We expect near term growth to be driven by its upcoming flagship two-storey Kuala Lumpur entertainment center, which is anticipated to be larger than its Singapore Bugis+ outlet, as well as its F&B segment to a lesser extent. Hence, we revise our revenue growth forecasts to 5.7%, 29.5% and 12.3% YoY in FY25E, FY26E and FY27E respectively.
- **Near-term profitability hit but pick up likely in FY26.** In 1H25, while gross profit grew in-line with that of revenue, EBITDA and PATMI declined by approximately -10.1% and -56.3% YoY, respectively. This was largely due to staff costs increasing by 31.9% YoY as the firm increased headcount for its new karaoke outlet as well as its F&B and manufacturing segments. While there would likely be near-term profitability impact due to a ramp up in OpEx, we expect profitability to pick up in FY26E once the Malaysia entertainment center becomes operational, with FY26E EBITDA and PATMI growing by 36.7% and 114% YoY, respectively, in part due to the low base effect. Additionally, FY27E EBITDA and PATMI are expected to grow by 16.3% and 45.7%, respectively.

Key Financials (YE 31st Dec, S$m)	FY22	FY23	FY24	FY25E	FY26E	FY27E
Revenue	16.5	23.9	53.0	56.0	72.5	81.5
Gross profit	13.2	20.2	42.9	45.4	58.8	66.0
EBITDA	4.9	9.4	17.5	15.1	20.6	24.0
PATMI	1.1	2.9	4.4	2.6	5.6	8.1
CFO	6.3	7.8	20.5	14.6	19.7	22.6
EPS (S cents)	0.7	1.3	1.1	0.7	1.4	2.0
DPS (S cents)	-	-	0.8	0.2	0.4	0.6
Dividend yield (%)	-	-	4.4%	1.2%	2.5%	3.6%
Net gearing (%)	167.7%	249.7%	17.9%	7.2%	Net cash	Net cash
P/E (x)	59.3	23.4	15.4	26.1	12.2	8.4
P/B (x)	20.3	8.3	3.0	3.1	2.5	1.9
ROE (%)	52%	38%	22%	14%	24%	28%
ROA (%)	7.7%	7.4%	8.2%	4.9%	9.5%	12.1%

Source: Evolve Capital, Bloomberg, Company

1H25 Earnings Update

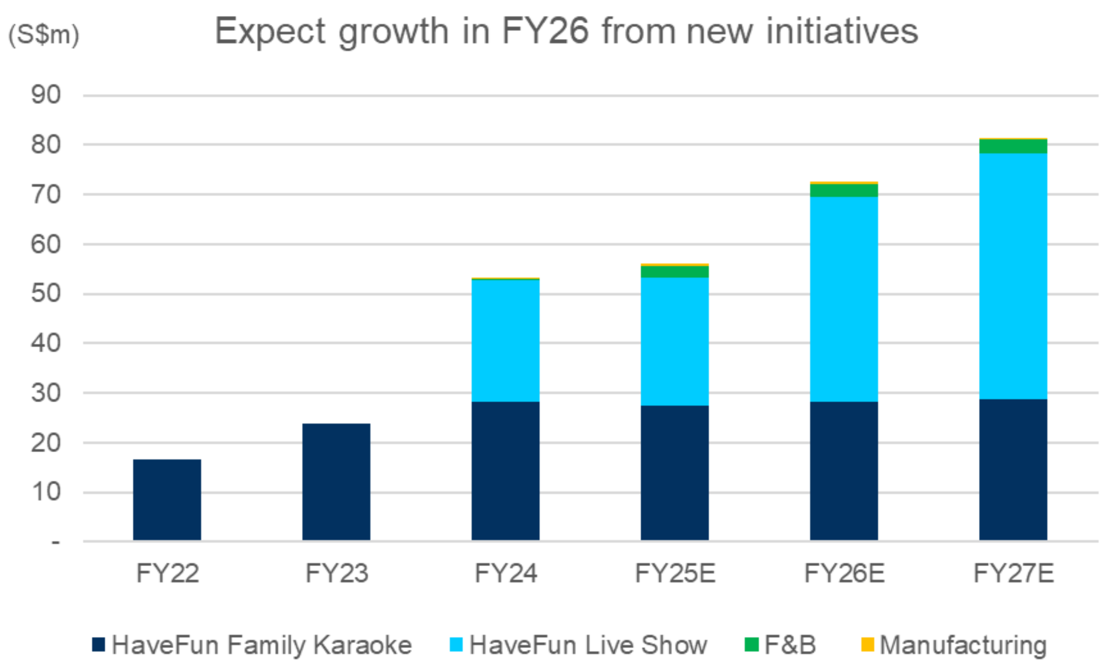
Revenue somewhat in line with expectations, expect growth from upcoming initiatives

In 1H25, GEH's HaveFun Family Karaoke (HFK) and HaveFun Live Show (HLS) segments remained the firm's largest revenue contributors, amounting to 52.8% and 41.9% of 1H25 revenue, respectively. However, revenue from HFK declined by -6.4% YoY on the back of lower average spending per customer despite higher customer traffic and room occupancy. On the other hand, demand for HLS' offerings remained resilient, registering 4.4% YoY growth while its F&B segment (Yakitori One) ramped up faster than we initially anticipated, contributing to 4.6% of 1H25 revenue (S$1.1m in 1H25 vs. S$0.2m in FY24). **Overall, 1H25 revenue grew by 3.5% YoY.**

Looking ahead, in FY25E, while GEH continues vying for market share within the Karaoke market, with its upcoming outlet at Seletar Mall scheduled to begin construction in Sep 2025, we expect near-term revenue growth from its HFK segment to remain slightly subdued, given recent signs of structural shifts in consumer spending within Singapore's entertainment industry. Hence, we remain conservative with an estimated 3% decline in HFK revenue in FY25E, before picking up again from FY26E onwards.

On the HLS front, GEH has continued focusing on its regional expansion efforts, with a flagship two-storey venue in Kuala Lumpur, Malaysia featuring a live performance stage on the ground floor and a suite of multi-room KTV facilities upstairs, targeted for completion by end 2025. While details around the new venue remains limited, we note that **it is expected to be larger than Singapore's Bugis+ outlet**. Hence, we expect the segment to record a modest 5% YoY growth in FY25E, and minimum 60% growth in FY26E upon the introduction of its Malaysia entertainment center. Any incremental growth would be the upside risk to our forecasts.

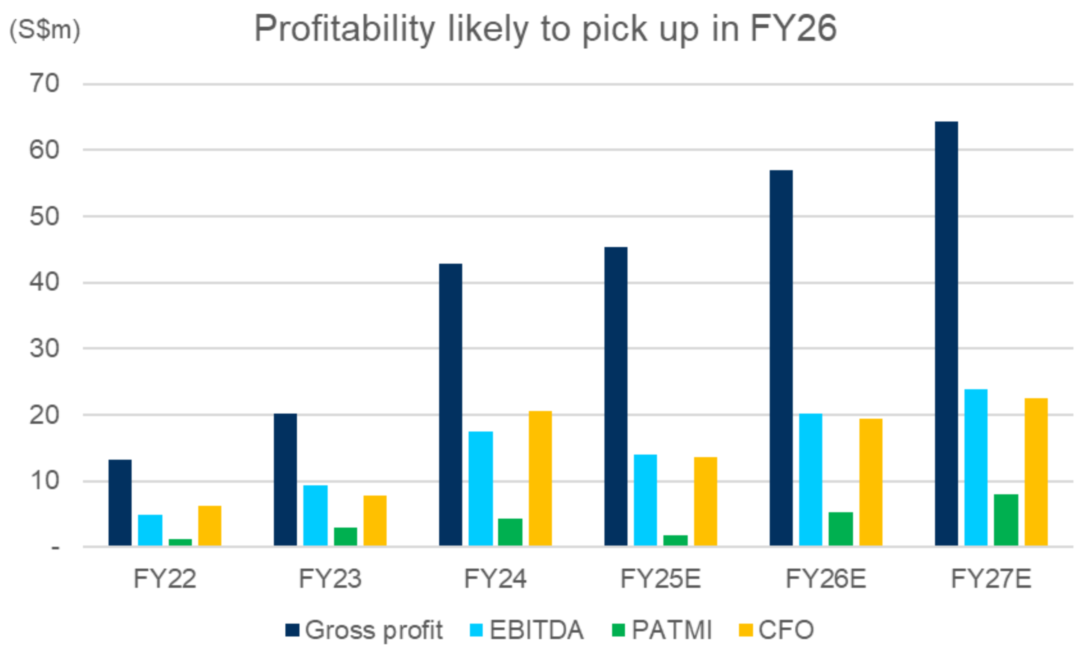
On the F&B front, we anticipate 26.8% HoH growth in 2H25 as seasonality effects are likely to underpin stronger consumer traffic due to festive periods, consistent with historical trends, which would bring our forecasts for its F&B segment up to approximately S$2.5m for FY25E (vs. S$1.1m in 1H25). **Given the above, we revise our revenue growth forecasts to 5.7%, 29.5% and 12.3% YoY in FY25E, FY26E and FY27E respectively.**



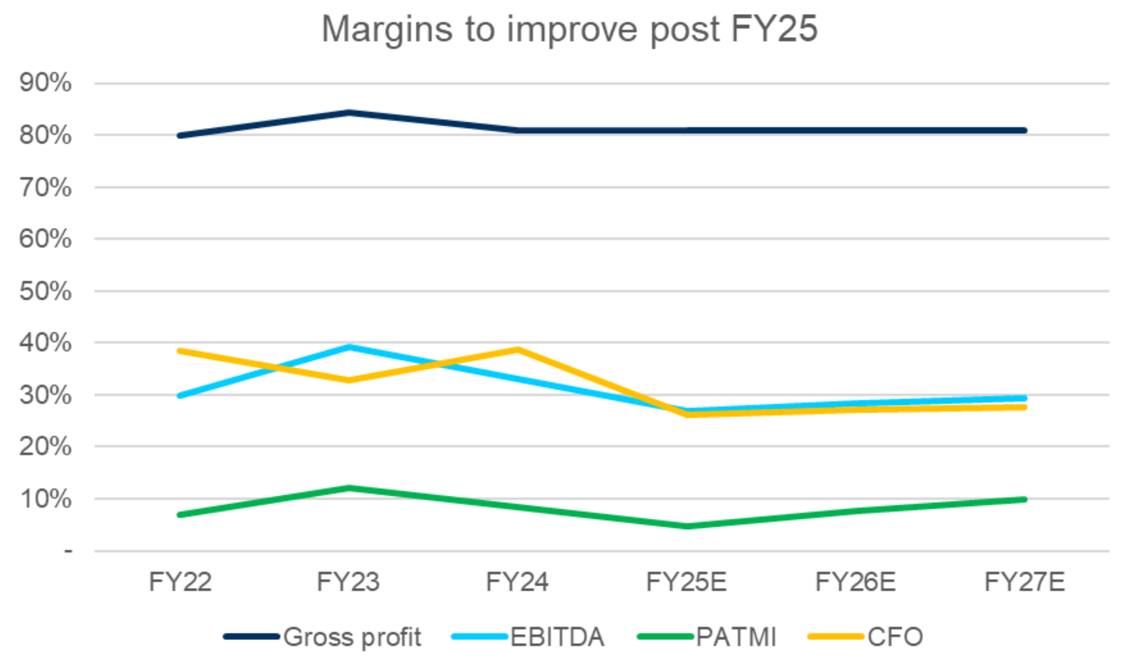
Near-term profitability hit but pick up likely in FY26

In 1H25, while gross profit grew in-line with that of revenue, EBITDA and PATMI declined by approximately -10.1% and -56.3% YoY, respectively. This was largely due to staff costs increasing by 31.9% YoY as the firm increased headcount for its new karaoke outlet as well as its F&B and manufacturing segments. We expect the firm to start increasing headcount for its Malaysia entertainment center as well in 2H25, which we estimate would bring staff costs up to approximately 35% of FY25E revenue (vs. 33% in 1H25).

Hence, while there would likely be near-term profitability impact due to a ramp up in OpEx, we expect profitability to pick up in FY26E once the Malaysia entertainment center becomes operational, with FY26E EBITDA and PATMI growing by 36.7% and 114% YoY, respectively, in part due to the low base effect. Additionally, FY27E EBITDA and PATMI are expected to grow by 16.3% and 45.7%, respectively.



On the margins front, we expect EBITDA and PATMI margins to decline by 6ppts and 3.7ppts, respectively in FY25E, before normalizing and improving by 1.5ppts and 3.0ppts, respectively in FY26E.



Government support to revitalize Singapore's nightlife industry

Per media reports, in early Aug 2025, the Singapore government introduced a number of initiatives aimed at revitalizing Singapore's nightlife industry, including:

- Hybrid restaurant-bars, pubs, bars and nightclubs within the Boat Quay and Clarke Quay area to apply for the extension of liquor licenses until 4am on Thursdays and Fridays.
- Submission of proposals for new bars, pubs and nightclubs along the Boat Quay waterfront, Circular Road, Lorong Telok and Canton Street, ending a 16-year moratorium on new nightlife venues in the historic district.
- Circular Road to resume being a car-free zone for events and pedestrian-friendly activities on weekend evenings and public holidays.

We view the initiatives as a net positive for GEH. While GEH does not have direct exposure to Clarke Quay or Boat Quay, a broader uplift in footfall and consumer appetite for entertainment would likely generate a positive spillover effect by stimulating overall industry demand.

Valuations

Per our earnings assumptions, GEH currently trades at around 12.2x FY26E and 8.4x FY27E P/E while its closest peer Helens trades at around 8.9x FY26E and 9.3x FY27E P/E. The peer average is around 10.9x FY26E and 10.7x FY27E P/E.

Company name	Price	MCap (S$m)	P/E (26E, x)	P/E (27E, x)	EV/S (26E, x)	EV/S (27E, x)	Rev Growth (26E, %)	Profit Growth (26E, %)
Goodwill Entertainment Holding	0.17	67.9	12.2	8.4	1.0	0.9	29.5	114.0
Simple average			**10.8**	**10.7**	**1.5**	**1.4**		
Helens International Holdings	HKD1.31	278.7	8.9	9.3	2.1	1.9	8.9	(24.0)
Kimly Ltd	0.36	447.9	12.4	11.6	1.5	1.4	4.2	3.6
Jumbo Group Ltd	0.28	168.3	11.2	11.2	0.9	0.9	2.5	4.2

Source: Bloomberg, Company, Evolve Capital

We maintain our BUY rating on GEH with a TP of S$0.22, pegged to the peer average FY27E P/E of 10.7x. This represents an upside of approximately 29.4%. The firm remains committed to expanding its overall portfolio and product offerings, which we opine the market has not priced in while peers' growth appears to be somewhat lacklustre. Hence, we believe the company remains underappreciated given the limited liquidity despite the STI having performed well on a YTD basis so far in 2025. It should minimally trade between Helens and its local F&B peers, in our view.

Key Risks

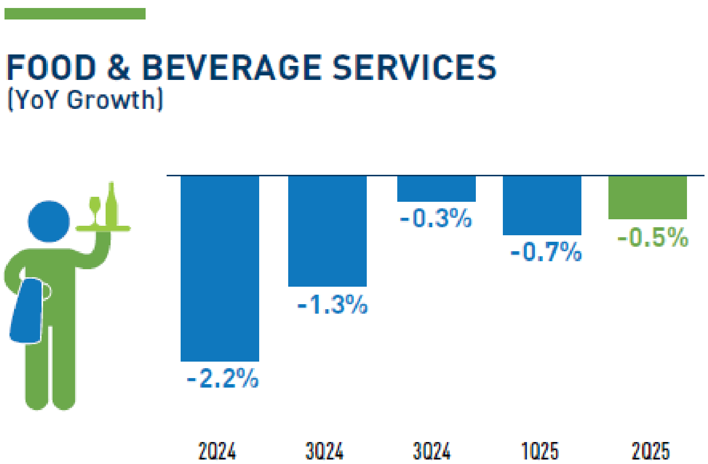
Relatively saturated entertainment market

Singapore and Malaysia's entertainment markets are relatively saturated, as there are plenty of bars and other nighttime establishments such as night clubs, karaoke bars and other nighttime establishments. Some key competitors in Singapore include K Star, Red Live House, Cash Studio and Zouk, while competitors in KL, Malaysia include An Livehouse, Play Livehouse and several other venues within TREC KL.

The food and service offerings amongst peers are similar as well, many of which offer bar bites and drinks. Additionally, other local establishments such as full-service restaurants have begun offering KTV options where patrons are able to sing while enjoying their meals. Hence, GEH will have to remain competitive not only through continuously differentiating its local offerings, but by expanding its regional presence as well.

Weak F&B market outlook in the near term

While there aren't any specific market statistics for the nightlife industry, using the Food & Beverage (F&B) services market as a proxy, F&B services was the only sector that registered negative growth of -0.5% within Singapore's economy in 2Q25 while all other sectors registered positive YoY growth, per MTI's statistics. Hence, the soft market might weigh on GEH's prospects in the near term.



Geopolitical risks

While Singapore has [maintained](#) a baseline tariff rate from 10% from the US since early Aug 2025, US President Trump has been known to make sudden policy shifts on a whim. Hence, heightened political uncertainty and geopolitical risks remain given the president's unpredictability as any new tariffs could result in supply chain shocks.

Key Financial Items

Income statement

YE 31st Dec, S$m	FY22	FY23	FY24	1H25	FY25E	FY26E	FY27E
Revenue	16.5	23.9	53.0	24.1	56.0	72.5	81.5
Gross profit	13.2	20.2	42.9	19.5	45.4	58.8	66.0
EBITDA	4.9	9.4	17.5	6.7	15.1	20.6	24.0
PATMI	1.1	2.9	4.4	0.9	2.6	5.6	8.1
Margins (%)							
Gross profit	80.0%	84.3%	81.0%	80.9%	81.0%	81.0%	81.0%
EBITDA	29.8%	39.3%	33.0%	27.9%	27.0%	28.5%	29.5%
PATMI	6.9%	12.1%	8.3%	3.8%	4.7%	7.7%	10.0%
YoY Growth (%)							
Revenue	1,671.9%	45.1%	121.4%	3.5%	5.7%	29.5%	12.3%
Gross profit	2,557.7%	52.9%	112.9%	4.0%	5.7%	29.5%	12.3%
EBITDA	n.m.	91.2%	85.9%	(10.1%)	(13.6%)	36.7%	16.3%
PATMI	n.m.	153.5%	51.8%	(56.3%)	(40.9%)	114.0%	45.7%

Source: Evolve Capital, Company

Balance sheet

YE 31st Dec, S$m	FY22	FY23	FY24	1H25	FY25E	FY26E	FY27E
PPE	4.1	13.5	16.1	14.8	14.9	14.2	13.5
Inventories	0.2	0.4	1.5	1.3	1.6	2.0	2.3
Trade receivables	0.4	0.8	0.6	0.6	0.7	0.9	1.0
Cash and cash equivalents	2.1	2.8	18.4	15.8	21.0	28.1	36.7
Bank deposits	0.4	0.0	0.5	0.5	0.5	0.5	0.5
Others	7.7	21.5	17.0	14.2	14.5	12.9	12.9
Total assets	**14.8**	**39.0**	**53.9**	**47.1**	**53.2**	**58.6**	**66.9**
Non-current liabilities							
Borrowings	0.03	1.8	5.7	4.6	6.5	5.5	4.5
Lease liabilities	4.9	12.5	7.2	4.7	6.0	7.7	9.9
Others	0.4	0.9	1.4	1.2	1.4	1.4	1.4
Current liabilities							
Borrowings	1.5	3.4	3.2	3.5	4.4	4.4	4.4
Lease liabilities	1.7	5.5	6.7	6.6	5.7	4.7	3.7
Trade and notes payables	0.3	1.0	1.7	1.1	1.4	1.9	2.1
Others	2.6	5.7	5.8	5.1	5.8	5.8	5.8
Total liabilities	**11.5**	**30.8**	**31.7**	**26.8**	**31.2**	**31.2**	**31.7**
Share capital	5.8	8.9	17.0	17.0	17.0	17.0	17.0
Other reserves	1.3	0.8	0.6	0.6	0.6	0.6	0.6
Retained earnings / (losses)	(4.8)	(1.9)	2.5	0.4	1.5	5.5	11.1
Total shareholders' equity	**2.2**	**7.7**	**20.1**	**18.0**	**19.2**	**23.1**	**28.8**
NCI	1.1	0.4	2.2	2.2	2.8	4.3	6.4
Total equity	**3.3**	**8.2**	**22.3**	**20.3**	**22.0**	**27.4**	**35.2**

Source: Evolve Capital, Company

Cash flows

YE 31st Dec, S$m	FY22	FY23	FY24	1H25	FY25E	FY26E	FY27E
CFO	6.3	7.8	20.5	6.4	14.6	19.7	22.6
CFI	(0.8)	(11.4)	(6.6)	(0.8)	(2.9)	(4.5)	(5.0)
CFF	(3.9)	4.2	1.6	(8.2)	(9.0)	(8.2)	(9.0)
Net change in cash	1.6	0.7	15.5	(2.6)	2.7	7.0	8.6
Beg. cash and cash equivalents	0.5	2.1	2.8	18.4	18.4	21.0	28.1
End cash and cash equivalents	2.1	2.8	18.4	15.8	21.0	28.1	36.7

Source: Evolve Capital, Company

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