LUM CHANG CREATIONS

BUY

Share Price:	S$0.87
Target Price:	S$1.04 (Previous TP: S$0.70)
Upside:	+19.5%

COMPANY DESCRIPTION

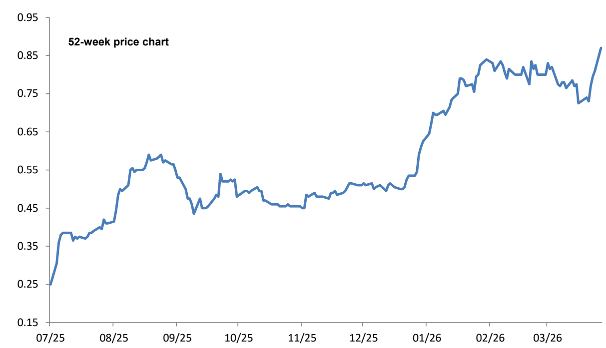
Lum Chang Creations is a leading urban revitalisation specialist in Singapore. The company provides niche conservation and restoration works complementary with interior fit-out works as well as A&A works.

Name	LUM CHANG CREATIONS LTD
Bloomberg Code	LUCC SP Equity
3M Avg Daily Trading Vol (k)	594.2
3M Avg Daily Trading Val (S$'000)	429.5
Major Shareholder / Holdings	Lum Chang Holdings (71.1%) Lim Thiam Hooi (13.3%)
Shares Outstanding (m)	315.0
Market Capitalisation (S$m)	274.1
52 week Share Price High/Low	0.88 / 0.30

STOCK PRICE PERFORMANCE

	1M	3M	12M
Absolute Return (%)	8.8	47.5	—

PRICE CHART



Source : Bloomberg

Upgrade To The Mainboard

Lum Chang Creations' (LCC) 1HFY26 results came in above our expectations with revenue and profits coming in at 38%/61% of our full year forecast. Revenue rose 31% yoy to S$53.5mln from higher project recognition backed by a promising urban revitalisation specialist (URS) industry. Gross profit rose 108% to S$17.9mln with a 12.4 pp uptick in margins as the Group benefitted from efficient cost management and economies of scale. Net profit for 1HFY26 came in at S$11.0mln, an increase of 104% yoy. Interim dividends of 2.5 S cts is based on a 71% payout ratio, more than the entire full year dividends of 2.2 S cts in FY25 and represents an 5.7% annualized yield.

LCC is supported by an asset-light model that provides high ROEs of >50%. We believe its core capabilities in conservation and restoration works will benefit from the rising demand for such specialised services as more modernist icons and non-designated heritage sites are identified for conservation. LCC has been added to the MSCI Global Micro Cap Indexes – Singapore Index in Feb'26. The company has also received in-principal approval from SGX for the proposed upgrade from the Catalist to the Mainboard. We view these as positive signals the company is on the right track, both in terms of operational performance and shareholder outreach. In view of improving margins and strong revenue visibility, we raise our FY26F/FY27F earnings forecast by 34%/36% respectively. Maintain BUY with a higher target price of S$1.04/share (Previous TP: S$0.70), pegged to 12.9x blended FY26F/27F P/E (peers average).

Exhibit 1: 1HFY26 Financial Results

	1HFY26 (S$'000)	1HFY25 (S$'000)	+ / (-) %
Revenue	53,515	40,836	31.0%
Gross Profit	17,902	8,611	107.9%
Gross Profit Margin	33.5%	21.1%	12.4 pp
Profit Before Tax	13,819	6,704	106.1%
Net Profit to Equity Holders	10,966	5,379	103.9%

Source: Lum Chang Creations, Lim & Tan Research

KEY FINANCIALS

Jun YE	FY23	FY24	FY25	FY26F	FY27F
Revenue (S$m)	39.4	59.0	113.6	139.7	153.6
EBITDA (S$m)	5.9	7.1	16.8	30.5	34.1
EBITDA Margin (%)	15.1	12.0	14.8	21.8	22.2
PATMI (S$m)	4.5	4.7	12.9	24.0	26.9
P/E (x)	60.4	58.0	21.2	11.4	10.2
P/B (x)	27.7	20.5	12.9	7.3	5.6
ROE (%)	45.9	35.4	60.7	64.1	55.3
EPS (S¢)	1.44	1.50	4.10	7.63	8.55
EPS Growth (%)	801.8	4.1	173.4	86.2	12.0
DPS (S¢)	—	—	2.2	5.0	5.5
Dividend Yield (%)	—	—	2.5	5.7	6.3

Source: Lum Chang Creations, Lim & Tan Research

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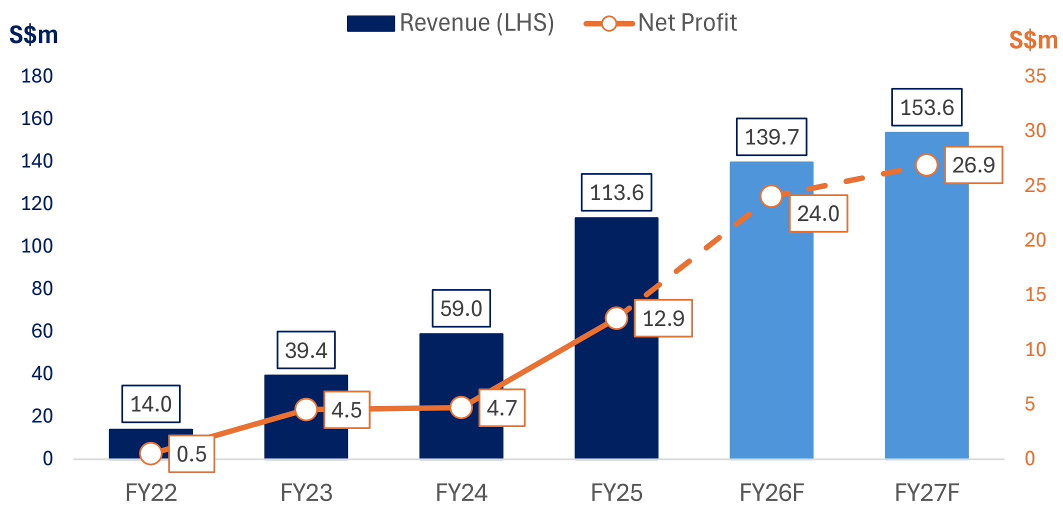
Looking Ahead

- **Healthy project pipeline.** Order book of S$132mln provides LCC revenue visibility for the next two years. These include the S$31.9mln redevelopment of the Registries of Civil and Muslim Marriages Building and the S$31.5mln project for the Orchard Road Presbyterian Church. We believe LCC's strong track record of providing customized solutions for different types of heritage buildings places them in a strong position for current and future project wins. The URA's emphasis on the adaptive reuse of heritage buildings aligns perfectly with the Group's specialized capabilities in conservation and restoration. As part of its regional expansion, LCC has utilized a portion of its IPO proceeds to support its Malaysian subsidiary's application for unlimited tender qualification towards interior fit-out and refurbishment projects.

According to Mr. Lim Thiam Hooi, Managing Director: "Our stellar performance in the first half of FY2026 demonstrates the strength of our specialised business model and our ability to deliver value even amidst a challenging operating environment. With a strengthened balance sheet and a robust order book of approximately S$132 million, we are well-equipped to pursue new growth avenues, including our strategic expansion into Malaysia, while continuing to deliver high-quality outcomes for our clients in Singapore."

Exhibit 2: Revenue and Net Profit Trend



Source: Lum Chang Creations, Lim & Tan Research

Upgrade to the Mainboard. Although LCC has been listed on the Catalist for less than two years (Jul'25), the company has managed to receive a waiver and in-principal approval from SGX to transfer its listing from the Catalist to the Mainboard. Management believes an upgrade to the Mainboard will elevate the company's corporate profile, enhance visibility among institutional investors, and provide a stronger platform for the next phase of growth. We understand that as the public float is only about 15.6% currently, it will be required to be increased to at least 25% to fulfill the Mainboard requirements. This can be done through the issuance of new shares, and/or through the sale of vendor shares (from parent company Lum Chang Holdings and/or Mr. Lim Thiam Hooi). Approval from shareholders at an EGM will also be required for the transfer.

Exhibit 3: Selected Conservation and Restoration Projects

TEMASEK SHOPHOUSE

TYPE:

- Conservation and restoration
- Interior fit-out
- A&A

PROJECT DESCRIPTION:

Temasek Shophouse is a row of shophouses along Orchard Road, with the oldest shophouse dating back to 1925. The site was gazetted for conservation in 2017. The scope of the contract includes the conservation and restoration of the shophouses at 16, 22, 28, and 38 Orchard Road, as well as the rejuvenation of the surrounding community spaces.

NATIONAL MUSEUM OF SINGAPORE

TYPE:

- Conservation and restoration

PROJECT DESCRIPTION:

The National Museum at Stamford Road was first constructed in 1887, and gazetted as a national monument on 14 February 1992. The scope of the contract includes restorative work on the building's ornamental facade and critical repairs to the timber and structural elements.

COMPLETION:

In progress

Source: Lum Chang Creations

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