SINGAPORE EQUITY RESEARCH

Lum Chang Creations Ltd

<First Take> FY26 Results - Margin expansion fuels earnings growth

What's New

- Gross profit margin nearly doubled to 35.5% in FY2026 (FY25: 19.7%)
- Healthy order book of c. SGD141.7 mn, providing revenue visibility through July 2029
- Declared final dividend of 1.0 Scts/share, bringing total FY2026 dividends to a payout ratio of c.65%
- Maintain BUY with unchanged TP of SGD0.51

FY26 earnings in line. Lum Chang Creations (LCC) delivered a strong FY26 despite a softer topline, with revenue declining 11% y/y to SGD101.6mn due to the timing and progress of its project mix. Gross profit margin nearly doubled to 35.5% in FY26 from 19.7% in FY25, driving PATMI up 72% y/y to SGD22.3mn, supported by the contribution from higher-margin projects, disciplined cost management and efficient resource utilisation. Administrative expenses rose 37%y/y to SGD8.5mn, mainly reflecting higher staff-related costs and additional corporate expenses following its listing.

LCC declared a final dividend of 1.0 Sct/share, representing a payout ratio of c.58% in 2H26, while the 2.5 Scts/share interim dividend declared prior to the June 2026 placement and July 2026 bonus issue represented a payout ratio of c.72% in 1H26, bringing the overall FY26 payout ratio to c.65%. Orderbook remains healthy at SGD141.7mn, equivalent to c.1.4x FY26 revenue, providing good earnings visibility. This is anchored by the SGD31.9mn Registries of Civil and Muslim Marriages redevelopment, SGD31.5mn Orchard Road Presbyterian Church project and SGD21.7mn Covenant Evangelical Free Church contract. The orderbook was further strengthened by the SGD32.9mn Teck Ghee Station contract secured in July 2026, which extends revenue visibility through July 2029.

Our View:

The FY26 results reinforce our positive outlook on LCC, with strong earnings growth despite a softer topline reflecting healthy project execution and margins. While FY26's gross margin of 35.5% may be difficult to sustain given fluctuations in project mix and revenue recognition, the SGD141.7mn orderbook, equivalent to c.1.4x FY26 revenue, provides good earnings visibility into FY27 and beyond. The outlook remains favourable, supported by BCA's projected construction demand of SGD47-53bn in 2026 and SGD39-46bn p.a. over 2027-30. More importantly, URA's continued push towards adaptive reuse and heritage conservation should play well to LCC's established capabilities in conservation and restoration, opening up a growing pipeline of higher-value opportunities. The potential tender pipeline remains healthy, with opportunities including interior decoration works for the Alexandra Hospital redevelopment, the potential refurbishment of the OCBC Centre cluster, and the heritage revamp of Queenstown Public Library. We believe LCC is well positioned to ride Singapore's multi-year construction upcycle, with further contract wins providing potential upside, complemented by an attractive yield proposition backed by its c.65% FY26 dividend payout ratio. Margin sustainability remains the key factor to watch.

SGD mn	2H26	2H25	y/y	FY26	FY25	y/y
Revenue	48.1	72.7	-34%	101.6	113.6	-11%
Gross profit	18.1	13.8	+32%	36.0	22.4	+61%
Gross profit margin	37.7%	18.9%	+18.8 ppt	35.5%	19.7%	+15.8 ppt
Net profit	11.3	7.6	+49%	22.3	12.9	+72%
Net profit margin	23.5%	10.5%	+13.0 ppt	21.9%	11.4%	+10.5 ppt
EPS (Scts)	1.79	1.36	+32%	3.55	2.31	+54%

Source: Company

Analyst

Jia Hui NG | jiahuing@dbs.com

Key Financial Data (FY Jun)

Bloomberg Ticker	LUCC SP
Sector	Capital Goods
Share Price(SGD)	0.34
DBS Rating	BUY
12-mth Target Price (SGD)	0.51
Market Cap (USDbn)	0.1
3m Avg. Daily Val (USDmn)	0.6
Dividend yield (%)	3.6
Fwd. P/E (x)	7.8
P/Book (x)	6.1
ROE (%)	80.1

Closing Price as of 25/08/2026

Source: Twelve Data, DBS, Visible Alpha

Lum Chang Creations Ltd Share Price

Source: Twelve Data

Target Price & Ratings History - Lum Chang Creations Ltd (LUCC_SP_Equity)

S.No.	Date of Report	Closing Price	12-mth Target Price	Rating
1	08 Mar'26	0.535	0.540	NOT RATED

Source: DBS
Analyst: Jia Hui NG

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FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)
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**Share price appreciation + dividends*

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DBS Regional Research Offices

HONG KONG
DBS Bank (Hong Kong) Ltd

Contact: Dennis Lam
13th Floor One Island East,
18 Westlands Road,
Quarry Bay, Hong Kong
Tel: 852 3668 4181
Fax: 852 2521 1812
e-mail: dbsvhk@dbs.com

SINGAPORE
DBS Bank Ltd

Contact: Derek TAN
12 Marina Boulevard,
Marina Bay Financial Centre Tower 3
Singapore 018982
Tel: 65 6878 8888
e-mail: groupresearch@dbs.com
Company Regn. No. 196800306E

INDONESIA
PT DBS Vickers Sekuritas (Indonesia)

Contact: William Simadiputra
DBS Bank Tower
Ciputra World 1, 32/F
Jl. Prof. Dr. Satrio Kav. 3-5
Jakarta 12940, Indonesia
Tel: 62 21 3003 4900
Fax: 6221 3003 4943
e-mail: indonesiaresearch@dbs.com

THAILAND
DBS Vickers Securities (Thailand) Co Ltd

Contact: Chanpen Sirithanarattanakul
989 Siam Piwat Tower Building,
14th-15th Floor
Rama 1 Road, Pathumwan,
Bangkok Thailand 10330
Tel. 66 2 857 7831
Fax: 66 2 658 1269
e-mail: DBSVTresearch@dbs.com
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