

LUM CHANG CREATIONS
BUY

Share Price: S\$0.31
 Target Price: S\$0.52
 Upside: +67.7%

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)	2,073.5
3M Avg Daily Trading Val (\$'000)	780.3
Major Shareholder / Holdings	Lum Chang Holdings (64.2%) Lim Thiam Hooi (10.4%)
Shares Outstanding (m)	660.0
Market Capitalisation (\$m)	204.6
52 week Share Price High/Low	0.56 / 0.22

STOCK PRICE PERFORMANCE

	1M	3M	12M
Absolute Return (%)	-15.1	-30.7	8.8

PRICE CHART


Source : Bloomberg

Earnings Supported By Higher-Margin Projects

▶ **Lum Chang Creations (LCC) delivered strong FY26 net profit growth as higher-margin projects helped to offset weaker revenue from project timing and mix. Revenue declined 11% yoy to S\$101.6m while net profit rose 72% yoy to S\$22.3m, coming in at 73%/93% of our full year forecast respectively. Gross profit rose 61% to S\$36.0m with a 15.8 pp uptick in margins as the Group benefitted from efficient cost management and the tail-end of several projects. Management has announced 2H26 dividends of 1.0 S ct, bringing full year dividends to 2.25 S cts (FY25: 1.1 S cts adjusted), representing a 65% DPR and an attractive 7.3% yield. Order book of S\$141.7m provides revenue visibility over the next two to three years.**

LCC achieved a major milestone through its Catalyst listing transfer to the SGX Mainboard in July. The Group expects a vibrant pipeline of projects as more modernist icons and heritage sites are identified for conservation. We believe LCC's strong track record places them in a strong position for current and future project wins. Potential tenders up for grabs include refurbishment and restoration works for Alexandra Hospital, OCBC Centre and Queenstown library. Expansion into regional markets, specifically Malaysia, is a key focus. We lower FY27F revenue and net profit forecasts by 21%/7% respectively to account for more conservative growth estimates. At current price levels, LCC remains well-supported at an undemanding 8.2x forward P/E, dividend yields in excess of 6% and high ROEs of ~40%. Maintain BUY with an unchanged target price of S\$0.52, pegged to 13.8x FY27F P/E.

Exhibit 1: FY26 Financial Results

	FY26 (\$'000)	FY25 (\$'000)	+ / (-) %
Revenue	101,573	113,550	-10.5%
Gross Profit	36,042	22,381	61.0%
Gross Profit Margin	35.5%	19.7%	15.8 pp
Profit Before Tax	28,084	16,504	70.2%
Net Profit to Equity Holders	22,262	12,911	72.4%

Source: Lum Chang Creations, Lim & Tan Research

KEY FINANCIALS

Jun YE	FY24	FY25	FY26	FY27F	FY28F
Revenue (\$m)	59.0	113.6	101.6	121.9	134.1
EBITDA (\$m)	7.1	16.8	28.8	31.7	33.8
EBITDA Margin (%)	12.0	14.8	28.4	26.0	25.2
PATMI (\$m)	4.7	12.9	22.3	24.9	26.5
P/E (x)	43.3	15.8	9.2	8.2	7.7
P/B (x)	15.3	9.6	4.3	3.4	2.8
ROE (%)	35.4	60.7	46.3	41.7	36.2
Adj. EPS (\$)	0.75	2.05	3.37	3.78	4.01
EPS Growth (%)	4.1	173.4	64.6	12.0	6.3
Adj. DPS (\$)	—	1.1	2.25	2.0	2.1
Dividend Yield (%)	—	3.5	7.3	6.5	6.8

Source: Lum Chang Creations, Lim & Tan Research

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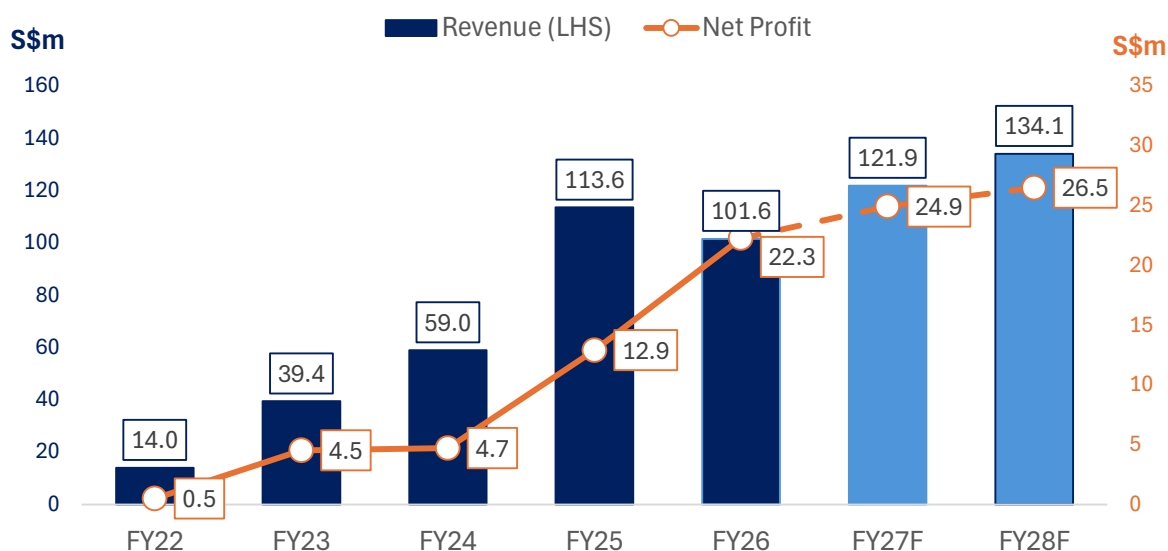
LUM CHANG CREATIONS

Looking Ahead

- Healthy project pipeline.** Order book remained resilient at S\$141.7mln, backed by contract wins in FY26. Projects secured during the year include the S\$31.9mln redevelopment of the Registries of Civil and Muslim Marriages Building, the S\$31.5mln project for Orchard Road Presbyterian Church and the S\$21.7mln contract for Covenant Evangelical Free Church. The URA's emphasis on the adaptive reuse of heritage buildings aligns perfectly with the Group's specialized capabilities in conservation and restoration. While elevated construction costs remain a potential headwind, LCC noted that supply chain risks are managed by locking in prices with suppliers for project durations, minimizing exposure to material cost fluctuations.

According to Mr. Lim Thiam Hooi, Managing Director: "The transfer of our listing to the SGX Mainboard, barely a year after our IPO, reflects the strength of our fundamentals and the confidence that our shareholders have placed in us. With a healthy order book, a strong balance sheet and our expanded presence in Malaysia, we are well-positioned to pursue disciplined, sustainable growth and to continue creating long-term value for our shareholders."

Exhibit 2: Revenue and Net Profit Trend



Source: Lum Chang Creations, Lim & Tan Research

Regional expansion. LCC's Malaysian subsidiary has obtained the Construction Industry Development Board ("CIDB") certificate for unlimited tender qualification. This paves the way for the Group to pursue larger interior fit-out and refurbishment projects in Malaysia. LCC expects higher revenue recognition in Malaysia by FY27, with potential regional expansion into another ASEAN country in the next 1-2 years. Other growth plans highlighted by the Group include high-end residential projects such as Good Class Bungalows (GCBs), and inorganic growth through M&A with synergetic companies.

Dividends to provide share price support. FY26 dividends of 2.25 S cts (adjusted for 1-for-1 bonus issue) represents a 65% payout ratio, well above LCC's IPO commitment to distribute dividends of at least 30% of net profit attributable to equity holders for FY25 and FY26. While market consensus had previously expected final dividends to be unchanged on a h-o-h basis at 1.25 S cts, we believe the actual 1.0 S cts dividends likely accounted for an enlarged share base post-placement, and to provide firepower for its order book + regional expansion plans. Based on our FY27F dividend estimates of 2.0 S cts, yield remains attractive at 6.5% with 16% of market cap backed by net cash.

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