

Singapore



## NON RATED

Current price:	S\$0.24
Consensus Tgt Price:	S\$
Up/downside:	N/A
Reuters:	OKPH.SI
Bloomberg:	OKP SP
Market cap:	US\$54.41m
	S\$73.67m
Average daily turnover:	US\$0.02m
	S\$0.03m
Current shares o/s:	307.0m
Free float:	27.2%

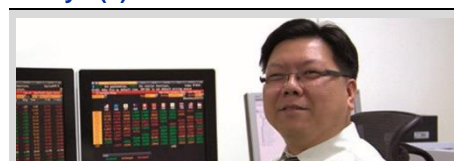


Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	2.1	43.7	29.7
Relative (%)	4.8	46	28.8
Major shareholders	% held		
Or Kim Peow Investments Pte	54.7		

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# OKP Holdings Ltd

## Potentially higher dividends in FY24

- OKP is a transport infrastructure and civil engineering group in Singapore.
- OKP announced that it was awarded c.S\$43.8m in an arbitration. It also guided for better margins in FY23F and possibly higher dividend in FY24F.
- As at Feb 2023, OKP had a net orderbook of c.S\$454.1m, the highest in its history, according to its FY22 Annual Report.

### A transport infrastructure and civil engineering group in Singapore

Founded in 1966 and listed on the SGX in 2002, OKP is a transport infrastructure and civil engineering group in Singapore. According to OKP's 2022 Annual Report, it specialises in the construction of airport runways and taxiways, expressways, flyovers, vehicular bridges, and roads, among other things. OKP also carries out maintenance works for roads and road-related facilities as well as provides building construction-related works. Its three business segments are: (1) construction; (2) road-related maintenance; and (3) rental income from its diversification into property development and investment. Construction contributed c.69.6% to total revenue in FY22, as per its 2022 Annual Report.

### Succeeded in arbitration; c.S\$43.8m one-time gain in FY23F

On 14 Jul 2017, a road viaduct under construction collapsed at the Pan-Island Expressway (PIE) to the Tampines Expressway (TPE) in Singapore, killing one worker and injuring 10 others, according to OKP's announcement on 14 Jul 2017. OKP had clinched the viaduct project in 2015 for S\$94.6m and engaged CPG Consultants (CPG) to provide design services for it. OKP announced on 6 Mar 2023 that it succeeded in its arbitration suit against CPG and that CPG was ordered by the Arbitration Tribunal to pay c.S\$43.8m to OKP. OKP expects the c.S\$43.8m payment to be accretive to its FY23 net profit compared to the loss of c.S\$1.0m in FY22. OKP's BV/share as at FY22 was c.38.7 Scts, according to its FY22 Annual Report. Had the c.S\$43.8m gross payment been recorded in FY22, its adjusted FY22 BV/share would have been raised 36.9% to c.53.0 Scts.

### Margins could improve in FY23F; ongoing contracts with LTA

Despite registering record-high revenue in FY22, OKP slipped into a net loss of c.S\$1.0m due to litigation costs relating to the abovementioned 2017 accident and increased costs for labour, materials, and sub-contractors, as explained in the minutes of its 21<sup>st</sup> Annual General Meeting (AGM) published on 5 May 2023. OKP expects its gross margins to improve in FY23F from higher tender prices for contracts secured post the Covid-19 pandemic as well as stabilising costs, according to the 21<sup>st</sup> AGM minutes. On 16 Feb 2023, OKP announced that it secured a 36-month S\$95.9m contract from the Land Transport Authority (LTA) for 1Q23 to 1Q26F.

### Potentially higher dividends in FY24F

OKP has consistently paid dividends of at least 0.7 Scts/share each year since FY15 and management said it may consider paying a higher dividend in FY24F, according to its 21<sup>st</sup> AGM minutes. OKP is trading at 0.62x CY22 P/BV relative to peers, which are trading at an average of c.0.41x CY22 P/BV.

Financial Summary	FY18	FY19	FY20	FY21	FY22
FYE 31 Dec (S\$m)					
Revenue	90.45	81.40	69.63	90.03	117.65
Gross profit	17.93	10.85	7.38	6.79	10.82
Gross profit margin (%)	19.8%	13.3%	10.6%	7.5%	9.2%
Net profit	6.49	(0.38)	3.33	1.51	(1.02)
EPS (Scts)	2.10	(0.12)	1.07	0.49	(0.33)
EPS growth (%)	-49.0%	-105.7%	-991.7%	-54.2%	-167.3%
DPS (Scts)	1.00	0.70	0.70	0.70	0.70
P/E (x)	11.4	n.m	22.4	49.0	n.m
BVPS (Scts)	40.35	39.23	39.79	39.65	38.69
P/BV (x)	0.59	0.61	0.60	0.61	0.62
ROE	5.2%	-0.3%	2.7%	1.2%	-0.9%
Net gearing (x)	(0.37)	(0.29)	(0.39)	(0.09)	0.09

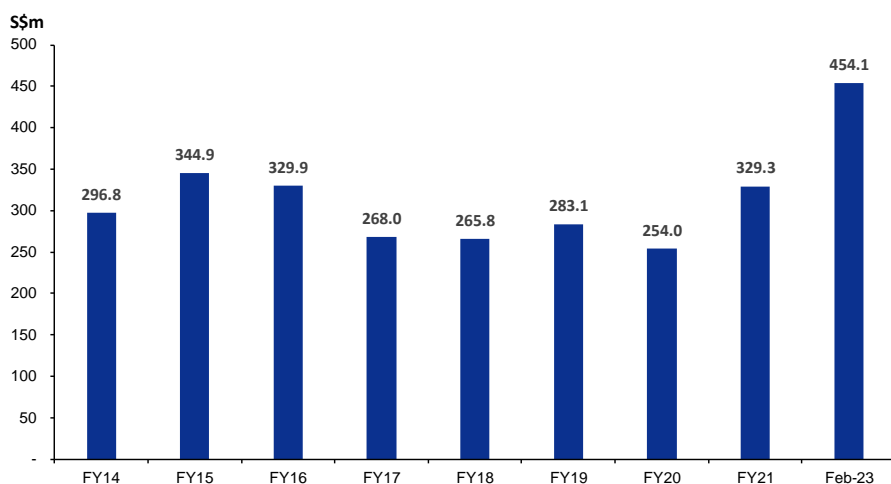
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## Potentially higher dividends in FY24F

### Highest orderbook in history as at 20 Feb 2023 ►

According to OKP's FY22 Annual Report, its record-breaking orderbook of S\$454.1m as at 20 Feb 23 was boosted by two projects won in Oct 2022 and Feb 2023 worth a total of c.S\$196.2m, or c.43.2% of orderbook. These projects extend into 2026F, according to its FY22 Annual Report.

**Figure 1: OKP's orderbook as at Feb 2023 is the highest in its history, according to its FY22 Annual Report**



SOURCES: CGS-CIMB RESEARCH, OKP FY22 ANNUAL REPORT

**Figure 2: Contracts announced since 2021 extend till 2026F (list as at 26 May 2023)**

Date announced	Customer	Details	Amount (S\$m)	Project commenced	Estimated completion
16-Feb-23	LTA	Maintenance of roads, road-related, and commuter-related facilities along the South East Sector	95.9	06-Feb-23	1Q26
09-Nov-22	LTA	Construction of covered linkways and cycling paths at new Mass Rapid Transit (MRT) stations along the new Thomson-East Coast Line (TEL), Circle Line 6 extension (CCL6), North East Line (NEL) extension, and Downtown Line (DTL)	100.3	28-Oct-22	4Q26
08-Nov-21	PUB	Drainage improvement works at Benoi Road Outlet Drain	39.9	06-Dec-21	05-Dec-24
15-Sep-21	PUB	Construction of link sewers for the Deep Tunnel Sewerage System Phase 2 (DTSS2) project	57.2	21-Sep-21	20-Jun-25
30-Aug-21	PUB	Drainage improvement works at Sungei Selarang	49.6	08-Sep-21	07-Jun-24

LTA: Land Transport Authority  
PUB: Public Utilities Board

SOURCES: CGS-CIMB RESEARCH, VARIOUS COMPANY ANNOUNCEMENTS

**Figure 3: OKP is involved in an ongoing term contract for road-related facilities, road structures, and road safety schemes for East Sector at the Parliament Place**



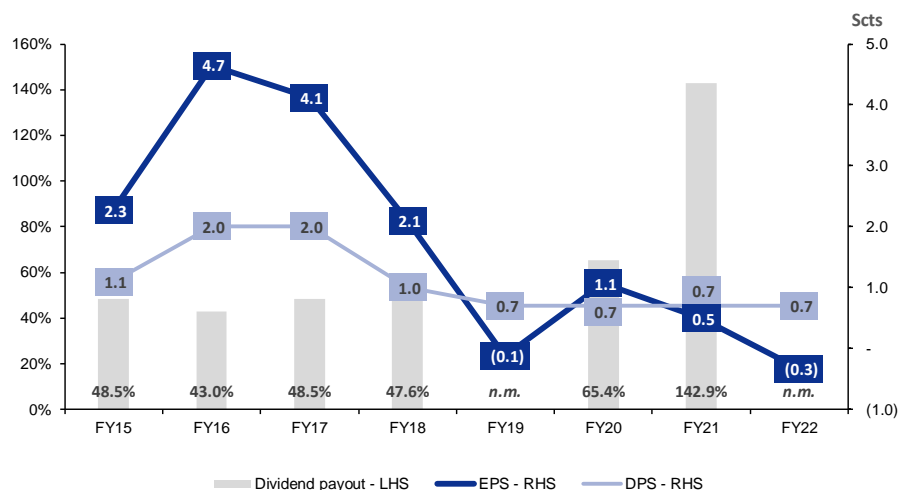
SOURCES: CGS-CIMB RESEARCH, OKP FY22 ANNUAL REPORT

**Figure 4: OKP completed the covered linkway at Sengkang East Way under LTA's Walk2Ride programme**



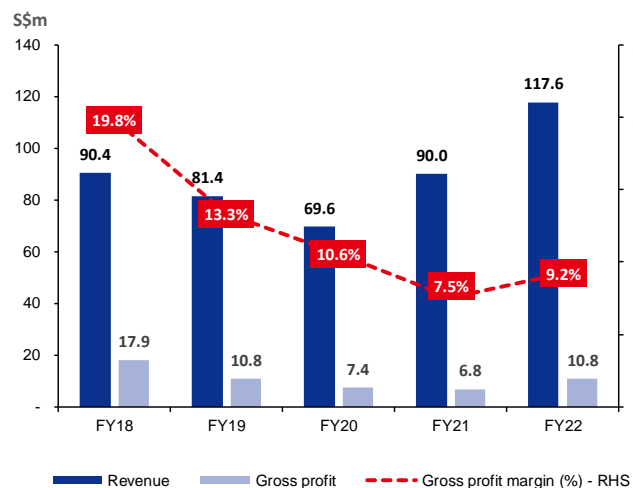
SOURCES: CGS-CIMB RESEARCH, OKP FY22 ANNUAL REPORT

**Figure 5: OKP has consistently paid DPS p.a. of at least 0.7 Scts since FY15**



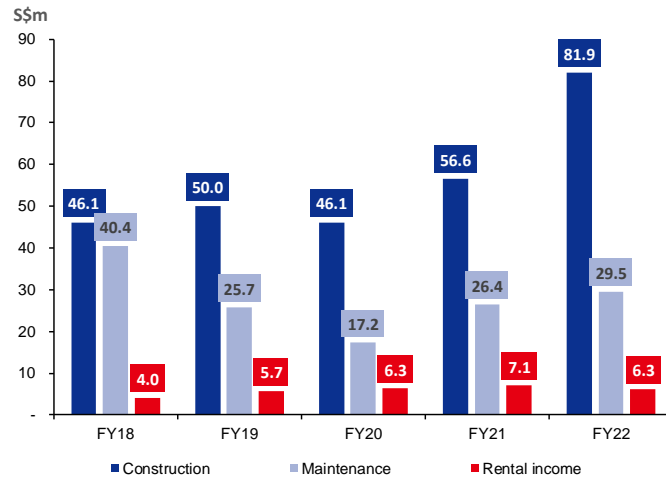
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 6: Revenue and gross profit trend**



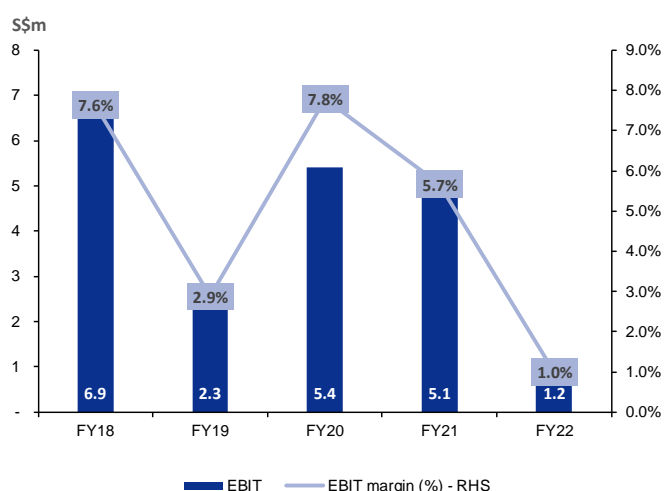
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 7: Segmental breakdown of revenue**



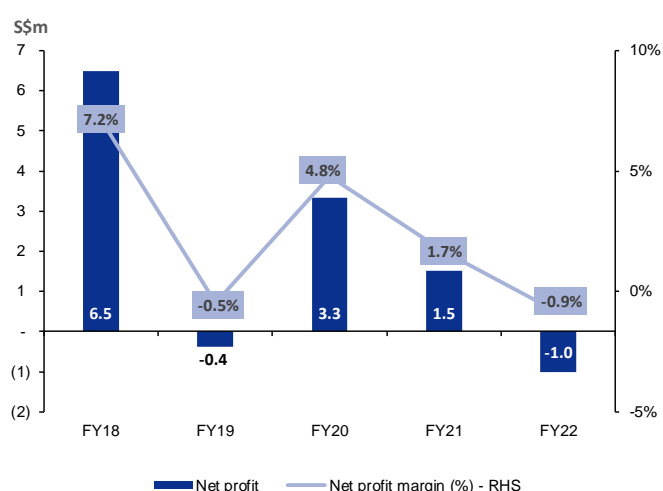
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 8: EBIT and EBIT margin trend



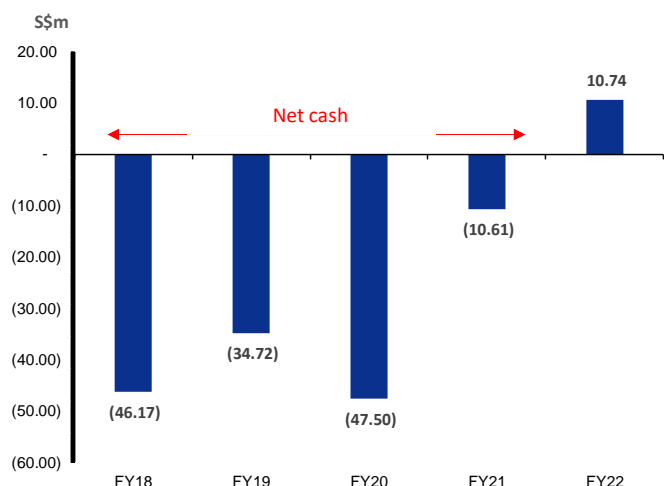
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 9: Net profit and net profit margin trend



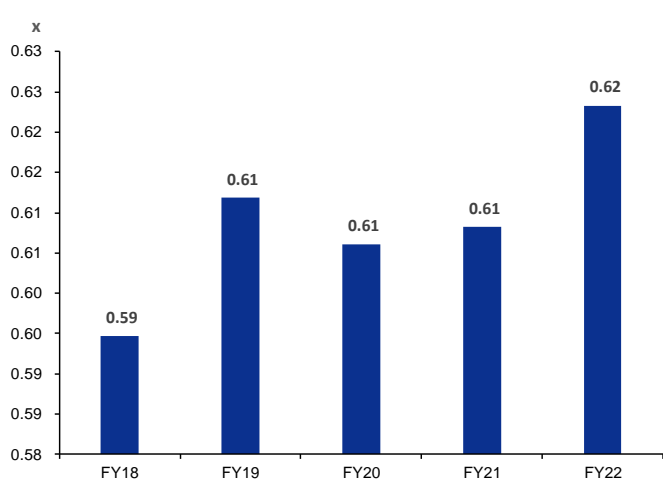
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 5: Net debt/(cash) trend



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 6: P/BV trend



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 7: Peer comparison

Company	Bloomberg Ticker	Recom.	Price (lcl curr)	Target Price (lcl curr)	Market Cap (US\$ m)	P/E (x) CY21	P/E (x) CY22	3-year EPS CAGR (%)	P/BV (x) CY22	Recurring ROE (%) CY22	Dividend Yield (%) CY22
<b>Singapore</b>											
OKP Holdings Ltd	OKP SP	NR	0.24	na	54	49.0	na	na	0.62	-0.8%	2.9%
Hock Lian Seng Holdings Ltd	HLSH SP	NR	0.26	na	98	5.3	8.1	na	0.56	7.1%	3.8%
KSH Holdings Ltd	KSHH SP	NR	0.34	na	141	na	7.9	na	na	na	na
Wee Hur Holdings Ltd	WHUR SP	NR	0.19	na	132	277.1	2.6	na	0.36	14.5%	2.6%
Lian Beng Group Ltd	LBG SP	NR	0.68	na	253	13.0	7.8	na	na	na	na
Lum Chang Holdings Ltd	LCH SP	NR	0.36	na	99	44.9	na	na	na	na	na
Koh Brothers Group Ltd	KOH SP	NR	0.15	na	44	8.7	9.9	na	0.21	2.1%	1.4%
Tiong Seng Holdings Ltd	TSNG SP	NR	0.09	na	31	na	na	na	0.43	-59.8%	2.7%
TA Corp Ltd	TACL SP	NR	0.09	na	33	na	3.7	na	0.57	16.4%	0.0%
Keong Hong Holdings Ltd	KHHL SP	NR	0.35	na	61	na	na	na	na	na	na
BBR Holdings S Ltd	BBR SP	NR	0.11	na	26	22.0	6.3	na	0.35	5.8%	2.7%
<b>Simple Average excluding OKP</b>						<b>61.8</b>	<b>6.6</b>	<b>na</b>	<b>0.41</b>	<b>-2.3%</b>	<b>2.2%</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, BLOOMBERG  
NOTE: FORECASTS FOR NOT RATED COMPANIES ARE BLOOMBERG CONSENSUS ESTIMATES  
DATA AS AT 26 MAY 2023

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Distribution of stock ratings and investment banking clients for quarter ended on 31 March 2023		
647 companies under coverage for quarter ended on 31 March 2023		
	Rating Distribution (%)	Investment Banking clients (%)
Add	64.6%	1.1%
Hold	27.0%	0.2%
Reduce	8.3%	0.2%

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## Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

*The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.*

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- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

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