UOBKayHian

Company – Results | Singapore

Monday, 28 September 2026

Reclaims Global (RGL SP)

1HFY27: Healthy Results; Margins Remain Resilient

Highlights

- 1HFY27 revenue of S$33.3m and earnings of S$3.8m formed 62% and 56% of our forecasts respectively, driven by stronger demand across all segments.
- Its orderbook of S$25m, which comprises mostly earthworks projects, provides earnings visibility through 1H28.
- Maintain BUY with an unchanged target price of S$0.27. Reclaims currently trade at 8.8x 2027F PE, representing a 15% discount vs peers.

1HFY27 Results

Year to 31 Jan (S$m)	1H27	1H26	yoy (%)	2H26	hoh (%)
Total revenue	**33.3**	**21.8**	**52.9**	**24.8**	**34.5**
Gross profit	**12.5**	**10.4**	**20.9**	**12.1**	**3.4**
Gross margin (%)	37.6	47.6	(10.0) ppt	49.0	(11.4) ppt
Net profit	**3.8**	**2.5**	**53.1**	**4.4**	**(13.1)**
Net profit margin (%)	11.4	11.4	0 ppt	17.6	(6.2) ppt

Source: Reclaims, UOB Kay Hian

Analysis

- **1HFY27 results ahead of expectations; margins remained stable yoy.** Reclaims Global (Reclaims) reported 1HFY27 revenue of S$33.3m (+53% yoy), stronger-than-expected and representing 62% of our FY27 forecast. This was largely driven by stronger market demand across all business segments. Net profit of S$3.8m (+53.1% yoy) is also ahead of expectations, accounting, accounted for 55.7% of our FY27 forecast, underpinned by revenue growth. Gross margin declined 10ppt yoy to 37.6% (1HFY26:47.6%) largely due to higher diesel prices, while net profit margin remained stable yoy at 11.4%, demonstrating improved operational efficiencies despite the incremental costs arising from higher diesel prices and two property acquisitions. On a hoh basis, revenue grew 34.5% on stronger project demand, but both gross and net margin fell 11.4ppt and 6.2ppt respectively largely due to higher diesel costs.
- **By segment, excavation services grew 47% yoy to S$24.1m,** logistics and leasing services grew 52% yoy to S$7.2m, while recycling more than doubled yoy to S$1.7m. Growth in its key business - excavation services - is expected to remain strong, supported by its current orderbook of around S$25m, consisting of largely earthworks projects and some demolition projects. This also provides earnings visibility through to 1H28.
- **Interim dividend declared.** Reclaim declared an interim dividend of 25 S cents per share, equivalent to a 20% payout ratio (FY26: 54%). Management reiterated that they are prioritising the maintenance of a sustainable payout while preserving cash amid the current volatile operating environment. The interim dividend also comes after an enlarged share base following the 1:1 bonus issue in Mar 26. This is also supported by a cash balance of S$12.2m.

Key Financials

Year to 31 Jan (S$m)	2025	2026	2027F	2028F	2029F
Net turnover	44.4	46.5	52.6	55.6	58.7
EBITDA	8.4	9.7	9.5	10.8	11.4
Operating profit	6.3	7.9	8.0	9.3	9.8
Net profit (rep./act.)	5.6	6.8	6.8	7.8	8.2
Net profit (adj.)	5.6	6.8	6.8	7.8	8.2
EPS (S$ cent)	1.9	2.3	2.3	2.6	2.7
PE (x)	10.7	8.7	8.8	7.6	7.3
P/B (x)	1.8	1.3	1.2	1.0	1.0
EV/EBITDA (x)	2.9	2.5	2.5	2.2	2.1
Dividend yield (%)	6.0	7.5	3.8	4.5	5.0
Net margin (%)	12.5	14.7	12.9	14.0	14.0
Net debt/(cash) to equity (%)	(41.4)	(59.2)	(67.6)	(68.2)	(70.6)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.	n.a.
ROE (%)	17.5	16.9	13.8	14.3	13.7
Consensus net profit (S$m)	-	-	7.0	7.7	8.5
UOBKH/Consensus (x)	-	-	1.0	1.0	1.0

Source: Reclaims, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	S$0.20
Target Price	S$0.27
Upside	+35.0%

Stock Data

Sector	**Industrials**
Bloomberg ticker	RGL SP
Shares issued (m)	294.4
Market cap (S$m)	58.9
Market cap (US$m)	46.1
3-mth avg daily t'over (US$m)	0.1

Price Performance (%)

52-week high/low				S$0.258 /S$0.190
1mth	**3mth**	**6mth**	**1yr**	**YTD**
(4.8)	0.5	(11.1)	(14.9)	3.6

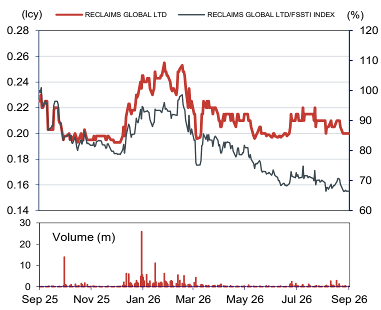
Major Shareholders (%)

Leh Chan Chew	30.8
Huat Tan Kok	30.8

Balance Sheet Metrics

FY26 NAV/Share (S$)	0.17
FY26 Net Cash/ Share (S$)	0.12

Price Chart



Source: Bloomberg

Company Description

Reclaims Global provides waste management services. The Company offer recycling facilities, demolition works, disposal of construction, earth moving, and mass excavation, as well as focuses on machinery such as tipper, truck, dump trucks, and other equipment. Reclaims Global serves customers in Singapore.

- **Cost pass-through from higher diesel prices.** Amid rising diesel prices, Reclaim has been able to partially pass on the higher costs to its customers given the flexibility of short-term projects. Management indicated that 40-60% of these increases are being passed on to customers. Price-adjustment mechanisms and surcharges are also incorporated into contracts to mitigate the impact on long-term projects.
- **Strategic assets strengthen long-term earnings profile.** Reclaims' two property acquisitions in 1HFY27 should enhance recurring earnings and operating efficiency. The freehold Serangoon Road property already generates around S$70,000 in monthly rental income, with further upside as improvement works progress. Tagore Industrial Avenue is being redeveloped into a 160-bed worker dormitory, with completion targeted by end-FY28. Management is expecting around S$100,000 in monthly cost savings once the dormitory is operational.
- **Disciplined project selection and resilient 2HFY27 outlook.** We remain constructive on the 2HFY27 outlook, supported by continued business momentum. Reclaims remains selective in its project selection, targeting 10-13% net margins and prioritising earnings quality. However, sustained high oil prices could pressure full-year margins. Management also plans to optimise existing properties rather than aggressively expanding the portfolio, while remaining open to opportunistic acquisitions or disposals.
- **Strong industry pipeline provides medium-term tender opportunities.** Singapore's construction outlook remains supportive, with BCA forecasting S$47b-53b in demand in 2026 and S$39b-46b annually during 2027-30. Major infrastructure and redevelopment projects, alongside longer-term plans for the western island, Jurong Island links, Long Island and Sentosa-Brani, should provide tender opportunities for Reclaims through its established relationships with main contractors.

Earnings Revision/Risk

- We increase our FY27 revenue forecast by 3.2% following the stronger-than-expected 1HFY27 results. We keep our earnings forecasts unchanged, staying conservative to take into account a prolonged elevated diesel price environment which might potentially impact Reclaims's costs for 2HFY27.

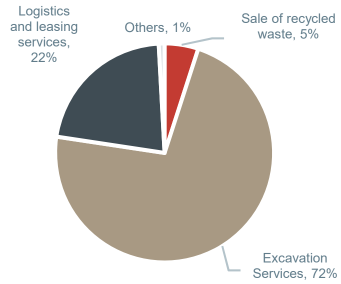
Valuation/Recommendation

- **Maintain BUY and an unchanged target price of S$0.27**, implying a 35.0% upside. Our target is pegged to an unchanged 12.0x FY27F PE (+0.5SD above mean historical PE).
- **Attractive valuation.** We believe Reclaims' current valuation of 8.8x FY27F PE is undervalued, given its high ROE of around 17%, supported by strong construction industry tailwinds and its healthy orderbook.

Share Price Catalyst

- Higher-than-expected margins on better operating leverage and economies of scales.
- More sizeable contract wins and orderbook replenishment from public institutional projects, housing developments, and major infrastructure initiatives.
- Growing recurring income contributions from its property portfolio.

Revenue By Business Segment (1HFY27)



Source: Reclaims, UOB Kay Hian

Historical PE Band

Source: Reclaims, Bloomberg UOB Kay Hian

Profit & loss

Year to 31 Jan (S$m)	2026	2027F	2028F	2029F
Net turnover	**46.5**	**52.6**	**55.6**	**58.7**
EBITDA	9.7	9.5	10.8	11.4
Deprec. & amort.	1.8	1.5	1.5	1.6
EBIT	7.9	8.0	9.3	9.8
Total other non-operating income	0.0	0.0	0.0	0.0
Associate contributions	0.0	0.0	0.0	0.0
Net interest income/(expense)	0.1	0.1	0.1	0.1
Pre-tax profit	**7.9**	**8.1**	**9.4**	**9.9**
Tax	(1.1)	(1.3)	(1.6)	(1.7)
Minorities	0.0	0.0	0.0	0.0
Net profit	**6.8**	**6.8**	**7.8**	**8.2**
Net profit (adj.)	6.8	6.8	7.8	8.2

Balance Sheet

Year to 31 Jan (S$m)	2026	2027F	2028F	2029F
Fixed assets	8.1	8.5	9.1	9.2
Other LT assets	0.0	0.0	0.0	0.0
Cash/ST investment	27.9	35.0	39.0	44.3
Other current assets	19.2	18.5	19.1	19.8
Total assets	**55.3**	**62.0**	**67.2**	**73.3**
ST debt	0.0	0.0	0.0	0.0
Other current liabilities	7.4	9.4	9.1	9.5
LT debt	0.0	0.0	0.0	0.0
Other LT liabilities	0.7	0.8	1.0	1.1
Shareholders' equity	47.2	51.7	57.2	62.7
Minority interest	0.0	0.0	0.0	0.0
Total liabilities & equity	**55.3**	**62.0**	**67.2**	**73.3**

Cash flow

Year to 31 Jan (S$m)	2026	2027F	2028F	2029F
Operating	**3.1**	**10.8**	**8.1**	**9.2**
Pre-tax profit	7.9	8.1	9.4	9.9
Tax	(1.2)	(1.2)	(1.4)	(1.6)
Deprec. & amort.	1.8	1.5	1.5	1.6
Associates	0.0	0.0	0.0	0.0
Working capital changes	(5.1)	2.8	(1.0)	(0.2)
Non-cash items	(0.2)	(0.3)	(0.3)	(0.4)
Other operating cashflows	(0.1)	(0.1)	(0.1)	(0.1)
Investing	**4.3**	**(1.5)**	**(1.7)**	**(1.3)**
Capex (maintenance)	0.0	0.0	0.0	0.0
Investment	0.0	0.0	0.0	0.0
Proceeds from sale of assets	6.6	1.3	1.5	1.9
Others	(2.3)	(2.8)	(3.3)	(3.2)
Financing	**(0.9)**	**(2.3)**	**(2.4)**	**(2.7)**
Dividend payments	(0.9)	(2.3)	(2.4)	(2.7)
Proceeds from borrowings	0.0	0.0	0.0	0.0
Loan repayment	0.0	0.0	0.0	0.0
Others/interest paid	0.0	0.0	0.0	0.0
Net cash inflow (outflow)	**6.5**	**7.0**	**4.0**	**5.3**
Beginning cash & cash equivalent	**14.0**	**27.9**	**35.0**	**39.0**
Changes due to forex impact	0.0	0.0	0.0	0.0
Ending cash & cash equivalent	**20.4**	**35.0**	**39.0**	**44.3**

Key Metric

Year to 31 Jan (%)	2026	2027F	2028F	2029F
Profitability				
EBITDA margin	20.7	18.0	19.5	19.5
Pre-tax margin	17.1	15.3	16.9	16.8
Net margin	14.7	12.9	14.0	14.0
ROA	14.3	11.6	12.1	11.7
ROE	16.9	13.8	14.3	13.7
Growth				
Turnover	4.8	13.0	5.6	5.6
EBITDA	15.2	(1.9)	14.4	5.6
Pre-tax profit	23.2	1.5	16.1	5.4
Net profit	23.0	(0.6)	14.7	5.0
Net profit (adj.)	23.0	(0.6)	14.7	5.0
EPS	23.0	(0.6)	14.7	5.0
Leverage				
Debt to total capital	0.0	0.0	0.0	0.0
Debt to equity	0.0	0.0	0.0	0.0
Net debt/(cash) to equity	(59.2)	(67.6)	(68.2)	(70.6)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.