UOBKayHian

Country Daily | Singapore

Monday, 31 August 2026

Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	53560.0	(0.0)	0.5	2.0	11.4
S&P 500	7711.8	(0.2)	0.5	3.0	12.7
FTSE 100	10824.3	0.3	0.1	(0.4)	9.0
AS30	9294.3	0.6	0.3	1.7	3.1
CSI 300	4609.2	(0.5)	(0.2)	0.5	(0.4)
FSSTI	5699.9	0.3	0.2	1.3	22.7
HSCEI	8490.4	0.0	(1.7)	(1.4)	(4.7)
HSI	25584.8	0.1	(1.6)	(1.2)	(0.2)
JCI	6518.1	(0.1)	0.3	4.5	(24.6)
KLCI	1725.9	(0.9)	(0.6)	0.1	2.7
KOSPI	6788.9	(1.8)	1.4	2.9	61.1
Nikkei 225	66405.6	0.4	0.6	3.2	31.9
SET	1588.2	(0.8)	(1.6)	(2.2)	26.1
TWSE	46331.5	0.8	2.4	7.4	60.0
BDI	3186	2.5	12.1	16.6	69.7
CPO (RM/mt)	4613	0.4	(0.6)	1.8	17.3
Brent Crude (US$/bbl)	90	1.8	(2.7)	(0.5)	47.4

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
Analyst Marketing by Julia Pan on Greater China Internet Sector	Singapore	07 Sep	08 Sep
Analyst Marketing by Julia Pan on Greater China Internet Sector	Malaysia	09 Sep	11 Sep
17th Asian Gems Conference 2026 (Virtual)	Singapore	22 Sep	23 Sep
Post-results NDR with Sunny Optical (2382 HK)	Taipei	22 Sep	23 Sep

Corporate and Macro Calendar

Economic Indicator/Event	Date
Bank Lending JUL	31 Aug
MAS 12-Week Bill Auction	1 Sep
MAS 36-Week Bill Auction	1 Sep
MAS 4-Week Bill Auction	1 Sep

Top Stories

Company Results | Lum Chang Creations (LUCC SP/**BUY**/S$0.32/Target: S$0.46)

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- LCC reported FY26 earnings of S$22.3m (+72% yoy), slightly below our estimate at 97% as project timing and mix weighed on top-line. The group declared a final dividend of 1.0 S cent/share, bringing total FY26 dividends to about 2.24 S cents/share on an enlarged share base. Maintain BUY with a 10% lower target price of S$0.46, pegged to 13x 2027F PE.

Market Spotlight

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- US stocks were lower on Friday, with all indices sliding as the information technology, utilities and industrials sectors fell. There were more decliners than advancers on both NYSE and NASDAQ.
- The FSSTI rose 15.81 points to 5,699.93, on the back of strength in DBS, Singtel and OCBC Bank, with both mid- and small-cap indices rising with a broad market advance on a S$1.55b turnover.

Technical Analysis

Wilmar International (WIL SP)

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- Trading Buy Range: S$3.79-3.80

iFAST (IFAST SP)

Page 6 →

- Trading Buy Range: S$8.87-8.88

Disclaimer: In Traders' Corner, technical analysis is carried out purely based on charting patterns, price movements and trends, and is thus independent of the fundamental research views of our analysts. As a result, and from time to time, we may make a technical recommendation that is opposite to our fundamental BUY/HOLD/SELL rating.

Lum Chang Creations (LUCC SP)

FY26: Strong Margin Expansion; Top-line Weakness Due To Timing

Highlights

- LCC reported FY26 earnings of S$22.3m (+72% yoy), slightly below our estimate of 97% due to a project timing and mix impacting top-line.
- LCC declared a final dividend of 1.0 S cent/share, bringing the total dividend payout to about 2.24 S cents/share over an enlarged share base.
- Maintain BUY with a 10% lower target price of S$0.46 (S$0.51 previously), pegged to an unchanged 13x 2027F PE.

FY26 Results

Year to 30 Jun (S$m)	2H2026	2H2025	yoy (%)	FY2026	FY2025	yoy (%)
Total revenue	48.1	72.7	-33.9	101.6	113.6	-10.5
Gross profit	18.1	13.8	31.7	36.0	22.4	61.0
Gross margin (%)	37.7	18.9	+18.8 ppt	35.5	19.7	+15.8 ppt
Net profit	11.3	7.6	48.6	22.3	12.9	72.4
Net profit margin (%)	23.5	10.5	+13.0 ppt	21.9	11.4	+10.5 ppt

Source: LCC, UOB Kay Hian

Analysis

- **FY26 earnings supported by margin expansion.** Lum Chang Creations (LCC) reported FY26 earnings of S$22.3m (+72% yoy), slightly below our estimate at 97% due to a weaker 2H26 top-line. FY26 revenue came in at S$101.6m (-11% yoy), representing 80% of our full-year forecast, largely due to project timing and mix. This weakness was offset by higher margin projects, lifting gross margin by 15.8ppt to 35.5% in FY26. Net margin improved by 10.5ppt to 21.9%, partially offset by higher staff and listed company costs.
- **Final dividend declared.** LCC declared a final dividend of 1.0 S cent/share, following the company's recent placement and bonus issue. This brings the total dividend payout to about 2.24 S cents/share using the current enlarged share base of 660m, and represents a payout ratio of around 65%. We expect dividend payout to remain strong going forward at 60%, This also implies a 6.9% dividend yield for 2026, supported by a net cash position of S$32.0m.
- **Strong orderbook continues to drive momentum.** LCC maintained a healthy orderbook of approximately S$142m as at end-Aug 26, supported by key FY26 wins including the S$31.9m Registries of Civil and Muslim Marriages Building redevelopment, S$31.5m Orchard Road Presbyterian Church, and S$21.7m Covenant Evangelical Free Church. The orderbook also included the recent S$32.9m contract in Jul 26 for architectural and associated works at Teck Ghee Station. Collectively, these projects provide the group with strong revenue visibility over the next 2-3 years.

Key Financials

Year to 30 Jun (S$m)	2025	2026	2027F	2028F	2029F
Net turnover	113.6	101.6	110.7	121.8	133.3
EBITDA	16.8	28.5	29.1	30.8	33.7
Operating profit	16.2	27.4	27.5	29.1	31.8
Net profit (rep./act.)	12.9	22.3	23.4	24.9	28.0
Net profit (adj.)	12.9	22.3	23.4	24.9	28.0
EPS (S$ cent)	2.0	3.6	3.6	3.8	4.2
PE (x)	16.4	9.0	9.0	8.5	7.5
P/B (x)	9.9	4.4	3.7	3.2	2.7
EV/EBITDA (x)	9.3	5.5	5.4	5.1	4.6
Dividend yield (%)	2.4	7.0	6.9	7.1	8.0
Net margin (%)	11.4	21.9	21.2	20.5	21.0
Net debt/(cash) to equity (%)	(121.1)	(66.5)	(101.1)	(101.1)	(100.5)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.	n.a.
ROE (%)	74.6	64.2	44.6	40.2	38.6
Consensus net profit (S$m)	-	-	26	29	-
UOBKH/Consensus (x)	-	-	0.89	0.86	-

Source: LCC, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	S$0.32
Target Price	S$0.46
Upside	+43.8%
Previous TP	S$0.51

Stock Data

Sector	Industrials
Bloomberg ticker	LUCC SP
Shares issued (m)	660.0
Market cap (S$m)	211.2
Market cap (US$m)	166.2
3-mth avg daily t'over (US$m)	0.6

Price Performance (%)

52-week high/low S$0.555 /S$0.218

1mth	3mth	6mth	1yr	YTD
(14.7)	(35.1)	(21.6)	17.2	24.0

Major Shareholders (%)

Lum Chang Holdings	67.2
Lim Thiam Hooi	10.9

Balance Sheet Metrics

FY26 NAV/Share (S$)	0.09
FY26 Net Cash/ Share (S$)	0.09

Price Chart

Source: Bloomberg

Company Description

Lum Chang Creations operates as a property management, interior designing and construction firm.

- **Margins to remain elevated but normalise gradually.** We expect LCC's higher-margin project mix, selective tendering and disciplined cost management to support profitability, though construction and labour cost pressures should cap further upside. We forecast gross margin easing from FY26's exceptional 35.5% to 32.5% in FY27 and 32.0% in FY28-29, still well above FY25's 19.7%.
- **New S$32.9m Teck Ghee Station contract strengthens orderbook.** LCC also recently announced in Jul 26 that the company has secured a S$32.9m contract for architectural and associated works at Teck Ghee Station under the North-South Corridor project under its subsidiary, with works running from Jul 26 to Jul 29. The win enhances medium-term revenue visibility, broadens LCC's public-sector exposure and reinforces its capabilities in complex specialist architectural works.
- **Malaysia offers an option on regional growth.** LCC's Malaysian subsidiary obtained a Construction Industry Development Board certificate with unlimited tender qualification in 2HFY26, enabling the group to pursue larger interior fit-out and refurbishment projects in Malaysia as part of its regional expansion strategy. This broadens LCC's addressable market beyond Singapore while retaining its asset-light approach and selective tendering discipline, providing an additional avenue for medium-term growth.
- **Mainboard transfer enhances market profile.** LCC completed its transfer from the Catalist Board to the SGX-ST Mainboard on 16 Jul 26, barely a year after its IPO. Management expects the Mainboard listing to raise the group's profile among institutional investors and broaden its shareholder base, complementing its recent placement and bonus issue that strengthened institutional participation and trading liquidity.
- **Construction backdrop remains robust.** Singapore construction demand is expected to remain healthy, with BCA projecting S$47b-53b of demand in 2026 and S$39b-46b annually over 2027-30, supported by a sustained pipeline of public and private sector projects. LCC is well-positioned to capture this activity, particularly from Urban Redevelopment Authority-led adaptive reuse and conservation initiatives, which directly align with its core capabilities in heritage restoration, refurbishment and specialist architectural works.

Earnings Revision/Risk

- We lower our FY27-29 revenue forecasts by 19% each, and our FY27-29 earnings estimates by 10%/14%/13% respectively, adopting more conservative growth forecasts following a weaker 2HFY26.

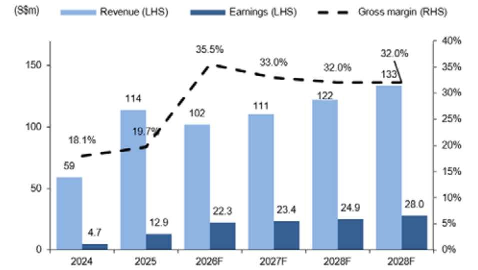
Valuation/Recommendation

- **Maintain BUY with a slightly lower target price of S$0.46** (S$0.51 previously)**,** implying 41.5% upside, following our earnings revision after a weaker 2HFY26. Our target price is pegged to an unchanged 13.0x 2027F PE, a 27% premium over the broader industry peers of 10.2x 2027F PE due to LCC being a leading urban revitalisation specialist in Singapore. We also believe is justified by LCC's improving earnings visibility, sustained earnings growth and expanding orderbook. It is also currently trading at 9.2x 2027F PE, a 10% discount to peers' average.
- We continue to highlight LCC's orderbook momentum, which is expected to continue to provide earnings visibility. Stronger project execution and order wins, alongside more overseas projects, should provide further share price performance and re-rating potential (2026-29 earnings CAGR: 6.1%).

Share Price Catalyst

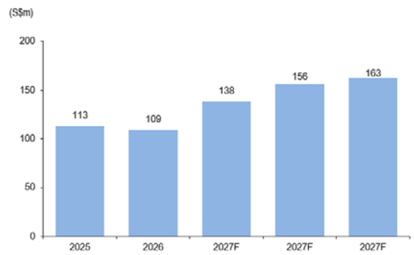
- Stronger-than-expected contract wins/orderbook replenishment.
- Faster earnings conversion from the existing orderbook.
- Margins staying elevated for longer.
- Successful expansion into Malaysia.

Revenue And Earnings Forecasts



Source: LCC, UOB Kay Hian

Orderbook Growth (2025-27)



Source: LCC, UOB Kay Hian

Profit & loss

Year to 30 Jun (S$m)	2026	2027F	2028F	2029F
Net turnover	101.6	110.7	121.8	133.3
EBITDA	28.5	29.1	30.8	33.7
Deprec. & amort.	1.1	1.6	1.7	1.9
EBIT	27.4	27.5	29.1	31.8
Total other non-operating income	0.4	0.4	0.4	0.4
Associate contributions	0.0	0.0	0.0	0.0
Net interest income/(expense)	0.3	0.7	1.0	2.0
Pre-tax profit	28.1	28.6	30.4	34.2
Tax	(5.2)	(5.1)	(5.5)	(6.1)
Minorities	(0.6)	0.0	0.0	0.0
Net profit	22.3	23.4	24.9	28.0
Net profit (adj.)	22.3	23.4	24.9	28.0

Balance Sheet

Year to 30 Jun (S$m)	2026	2027F	2028F	2029F
Fixed assets	4.0	4.3	4.8	5.2
Other LT assets	4.5	4.5	4.5	4.5
Cash/ST investment	33.6	59.1	69.2	80.1
Other current assets	40.1	29.5	32.5	35.6
Total assets	82.2	97.5	110.9	125.3
ST debt	0.4	0.3	0.3	0.3
Other current liabilities	28.6	35.1	38.6	41.8
LT debt	1.2	1.2	1.2	1.2
Other LT liabilities	1.5	1.5	1.5	1.5
Shareholders' equity	48.1	57.0	67.0	78.2
Minority interest	2.4	2.4	2.4	2.4
Total liabilities & equity	82.2	97.5	110.9	125.3

Cash flow

Year to 30 Jun (S$m)	2026	2027F	2028F	2029F
Operating	13.2	41.3	26.2	28.1
Pre-tax profit	22.9	23.4	24.9	28.0
Tax	(3.6)	(5.1)	(5.5)	(6.1)
Deprec. & amort.	1.1	1.6	1.7	1.9
Associates	0.0	0.0	0.0	0.0
Working capital changes	(12.2)	17.0	0.6	0.1
Non-cash items	0.2	0.0	0.0	0.0
Other operating cashflows	4.8	4.4	4.5	4.2
Investing	0.5	(1.2)	(1.2)	(0.4)
Capex (growth)	(2.0)	(2.0)	(2.2)	(2.4)
Proceeds from sale of assets	2.0	0.0	0.0	0.0
Others	0.5	0.7	1.0	2.0
Financing	(7.1)	(14.5)	(15.0)	(16.8)
Dividend payments	(14.8)	(14.5)	(15.0)	(16.8)
Proceeds from borrowings	0.0	0.0	0.0	0.0
Loan repayment	(1.7)	0.0	0.0	0.0
Others/interest paid	9.4	0.0	0.0	0.0
Net cash inflow (outflow)	6.5	25.5	10.1	10.9
Beginning cash & cash equivalent	27.0	33.6	59.1	69.2
Changes due to forex impact	0.1	0.0	0.0	0.0
Ending cash & cash equivalent	33.6	59.1	69.2	80.1

Key Metric

Year to 30 Jun (%)	2026	2027F	2028F	2029F
Profitability				
EBITDA margin	28.0	26.3	25.3	25.3
Pre-tax margin	27.6	25.8	25.0	25.6
Net margin	21.9	21.2	20.5	21.0
ROA	29.8	26.1	23.9	23.7
ROE	64.2	44.6	40.2	38.6
Growth				
Turnover	(10.5)	9.0	10.0	9.5
EBITDA	69.8	2.2	5.8	9.5
Pre-tax profit	70.2	1.8	6.4	12.4
Net profit	72.4	5.3	6.4	12.4
Net profit (adj.)	72.4	5.3	6.4	12.4
EPS	81.7	(0.1)	6.4	12.4
Leverage				
Debt to total capital	3.0	2.4	2.1	1.8
Debt to equity	3.3	2.6	2.2	1.9
Net debt/(cash) to equity	(66.5)	(101.1)	(101.1)	(100.5)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.

Market News

US stocks were lower on Friday, as the information technology, utilities and industrials sectors led shares lower. At the close of the NYSE, the Dow Jones fell 0.02%, while the S&P 500 Index was down 0.25%, and the NASDAQ Composite Index slid 0.52%. Falling stocks outnumbered advancing ones on the NYSE by 1,571 to 1,160 and 105 ended unchanged; on the Nasdaq Stock Exchange, 3,331 declined and 1,564 advanced, while 186 ended unchanged.

During the last trading session, the FSSTI Index rose 15.81pt to 5,699.93. Among the top active stocks were Singtel (+0.2%), DBS (+0.7%), OCBC Bank (+0.6%), ISDN (-1.4%) and SIA (-0.4%). The FTSE ST Mid Cap Index fell 0.3%, while the FTSE ST Small Cap Index declined 0.6%. The broader market had 253 gainers and 290 losers with a total trading value of S$1.55b.

Technical Analysis

Analyst(s)

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Wilmar International (WIL SP)

Trading buy range:	S$3.79-3.80
Last price:	S$3.81
Target price:	S$4.28
Protective stop:	S$3.67

Price action successfully maintained its upward sequence by establishing a fresh higher high. The RSI continues to advance into positive territory above its neutral 50-midline. Expect the price to maintain its bullish trajectory and push higher, with shallow intraday pullbacks expected to find active support above the prior breakout pivot.

The potential upside target is S$4.28. Stop-loss could be placed at S$3.67.

Approximate timeframe on average: 1-2 weeks (initiate this trade idea if the stock hits the entry price range within three trading days)

Our institutional research has a fundamental HOLD and target price of S$3.50.

iFAST (IFAST SP)

Trading sell range:	S$8.87-8.88
Last price:	S$8.86
Target price:	S$7.70
Protective stop:	S$9.14

Price is characterised by a sequence of lower highs and lower lows, currently compressing within a potential pennant continuation pattern. The RSI continues to operate below its neutral 50-midline. Watch for a decisive breakdown below the pennant support boundary to trigger momentum-following shorts and initiate another accelerated leg down.

The potential downside target is S$7.70. Stop-loss could be placed at S$9.14.

Approximate timeframe on average: 1-2 weeks (initiate this trade idea if the stock hits the entry price range within three trading days)

Our institutional research has a fundamental BUY and target price of S$12.18.