

LHN Limited

Realising more value



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SINGAPORE | REAL ESTATE | 1H25 RESULTS

19 May 2025

- 1H25 results were within expectations. 1H25 revenue and PATMI were 53% and 40% of our FY25e forecasts, respectively. Growth was driven by a jump in co-living and the sale of food factory units. Coliwoo keys increased 20% YoY to 2,593 units. The interim dividend was unchanged at 1 cent.
- LHN is trading at a 20% discount to its book value of S\$0.634. We view the proposed spinoff of Coliwoo on the SGX Mainboard as a positive development, it will better realize the underlying value of the franchise. The additional capital and asset-light model can accelerate the growth of the franchise, especially overseas. If the listing is via the issuance of new shares, there is unlikely to be a special dividend by LHN. However, the plan to dispose of and lease back three freehold properties, we believe, is an avenue for special dividends.
- We maintain our FY25e earnings and BUY recommendation. We raised our target price to S\$0.61 (prev. S\$0.56) as we nudge up valuations from 6.5x to 7x PE. A discount to peer hospitality groups. The growth outlook remains intact for Coliwoo, with a pipeline of 428 additional keys (or 16%) under renovation. This excludes any future contracts secured for healthcare accommodation.

Key Highlights

SGD '000	1H25	1H24	YoY	Comments
Revenue	70,569	54,547	29.4%	Excl. development, a 7% increase.
- Industrial	12,920	12,556	2.9%	
- Facilities management	19,419	17,243	12.6%	
- Co-living	23,080	20,017	15.3%	Increase in capacity and utilisation.
- Property Dev.	12,110	0	n.m.	Sale of 7 units food factory
Profit before tax	15,253	17,849	-14.5%	
Adj PBT	18,049	15,253	18.3%	
- Industrial	8,885	8,323	6.8%	
- Facilities management	2,292	1,771	29.4%	
- Co-living	17,449	9,055	92.7%	Sub-lease gains.
- Property Dev.	1,355	-7	n.m.	
Coliwoo (keys)	2,595	2,151	20.6%	4 new properties.
Coliwoo (Occupancy)	97.7%	91.8%	6.4%	
Adj. PATMI	14,121	12,973	8.8%	
DPS (cts) - Interim	1.00	1.00	0.0%	

Source: Company, PSR

The Positive

+ Healthy growth in co-living. Co-living or Coliwoo's revenue grew 15% YoY in 1H25 to S\$23mn. Growth was supported by a 21% increase in keys and a higher utilisation rate. Demand remains healthy from foreign professionals and students. Adding more facilities and services helps to support room rates.

The Negative

- Higher net debt. Net debt has increased to S\$218.9mn in 1H25 (1H24: S\$145.7mn). The increase is mainly due to purchases of investment property for the Coliwoo franchise. Interest expense has been stable at S\$6mn in 1H25. LHN is turning more asset-light to quicken the growth in keys under management.

BUY (Maintained)

CLOSING PRICE	SGD 0.505
FORECAST DIV	SGD 0.024
TARGET PRICE	SGD 0.61
TOTAL RETURN	25.5%

COMPANY DATA

Bloomberg CODE:	LHN SP
O/S SHARES (MN) :	418.3
MARKET CAP (USD mn / SGD mn) :	165 / 213
52 - WK HI/LO (SGD) :	0.54 / 0.3
3M Average Daily T/O (mn) :	1.02

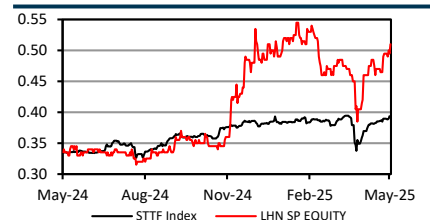
MAJOR SHAREHOLDERS

Hean Nerng Group Pte Ltd	52.8%
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TOTAL PERFORMANCE (%)

	1MTH	3MTH	YTD
COMPANY	17.9	(4.2)	1.5
STTF	8.5	1.7	4.7

PRICE VS. STTF



Source: Bloomberg, PSR

KEY FINANCIALS

Y/E Sep, SGD (mn)	FY23	FY24	FY25e	FY26e
Revenue	93.6	121.0	131.8	142.9
EBITDA	55.3	66.3	63.8	73.0
PATMI	18.5	47.3	35.4	42.3
Adj PATMI	22.3	31.2	35.4	42.3
EPS (SGD cents)	4.5	11.6	8.7	10.3
Adj EPS (SGD cents)	5.4	7.6	8.7	10.3
P/E (x)	9.3	6.6	5.8	4.9
Dividend Yield	5.9%	5.9%	4.8%	4.8%
ROE	8.5%	18.4%	12.7%	13.5%
ROA	3.3%	6.8%	4.9%	5.5%

Source: Company, PSR

VALUATION METHOD

7.0x FY25e adj. PE

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Outlook

We are expecting slower growth for Coliwoo in 2H25e. New capacity FY26e onwards with the commencement of 141 Middle Road (210 keys) and 50 Armenian Street (120 keys). Any award of the healthcare accommodation contracts in 2H25e would be a positive surprise. In 2022, it was mentioned that Singapore needed 22,000 more nurses, allied health professionals, and support care staff. To accommodate the arrival of more foreign healthcare workers, new accommodation is required. Only 1,700 accommodations for healthcare workers have been awarded since last year.

Maintain BUY with higher TP of S\$0.61 (prev. S\$0.56)

We maintain a BUY with a higher TP of S\$0.56. Our valuations are pegged to 7x FY25e PE, while the industry is trading around 13x.

Financials

Income Statement

Y/E Sep, SGD '000	FY22	FY23	FY24	FY25e	FY26e
Revenue	84,463	93,644	121,021	131,774	142,855
Cost of sales	(34,501)	(35,659)	(58,808)	(54,027)	(52,999)
Gross profit	49,962	57,985	62,213	77,747	89,856
Other income	15,386	16,996	6,681	3,500	4,500
Administrative expenses	(31,094)	(34,668)	(21,754)	(28,990)	(32,857)
Other expenses	(2,338)	(4,189)	(3,298)	(2,635)	(2,857)
Share of results of associates	15,442	1,725	8,935	2,800	2,500
Fair value gain/(loss) on IP	12,261	(5,971)	10,459	-	-
EBIT	59,619	31,878	63,236	52,421	61,142
Net Finance Inc/(Exp)	(4,504)	(8,895)	(11,815)	(10,797)	(11,472)
Profit before tax	55,115	22,983	51,421	41,624	49,670
Tax expense	(4,980)	(4,065)	(3,548)	(5,827)	(6,954)
Minority interest	(1,275)	(381)	(583)	(358)	(427)
PATMI	48,860	18,537	47,290	35,438	42,289
Discontinued PAT	(2,621)	21,303	-	-	-
Adjusted PATMI	23,949	22,260	31,199	35,438	42,289

Per share data (SGD Cents)

Y/E Sep	FY22	FY23	FY24	FY25e	FY26e
EPS	11.9	4.5	11.6	8.7	10.3
Adj EPS	5.9	5.4	7.6	8.7	10.3
DPS	1.75	3.00	3.00	2.40	2.40
BVPS	47.0	53.3	62.9	68.4	76.5

Cash Flow

Y/E Sep, SGD '000	FY22	FY23	FY24	FY25e	FY26e
CFO					
Profit before tax	55,115	22,983	51,421	41,624	49,670
Adjustments	11,105	3,561	16,957	19,856	22,357
WC changes	(1,388)	16,166	(14,427)	18,275	(2,369)
Cash generated from ops	46,263	58,265	31,957	76,955	67,157
Income tax paid	(5,219)	(4,640)	(3,820)	(5,827)	(6,954)
Cashflow from ops	41,228	54,072	28,409	73,453	61,158
CFI					
CAPEX, net	(7,691)	(18,438)	(4,882)	(9,000)	(10,000)
Others	(28,501)	5,129	(95,037)	(32,000)	(2,000)
Cashflow from investments	(36,192)	(13,309)	(99,919)	(41,000)	(12,000)
CFE					
Loans, net of repayments	46,999	36,710	113,283	6,006	4,506
Dividends paid	(7,143)	(8,148)	(9,517)	(13,086)	(9,815)
Others	(41,986)	(48,399)	(47,500)	(52,797)	(54,472)
Cashflow from financing	(2,130)	(19,837)	56,266	(59,878)	(59,781)
Net change in cash	2,906	20,926	(15,244)	(27,425)	(10,624)
CCE, end	41,311	62,377	50,662	23,237	12,613

Source: Company, Phillip Securities Research (Singapore) Estimates

Balance Sheet

Y/E Sep, SGD '000	FY22	FY23	FY24	FY25e	FY26e
ASSETS					
Trade and other receivables	25,406	12,858	13,052	15,813	17,143
Cash and bank balances	41,311	62,377	50,662	23,237	12,613
Others	33,302	62,550	62,967	63,055	63,066
Total current assets	100,019	137,785	126,681	102,105	92,822
PPE	48,241	34,874	31,719	32,065	32,811
Investment properties	233,267	303,761	457,978	507,978	557,978
Others	87,359	77,653	80,401	82,471	84,387
Total non-current assets	368,867	416,288	570,098	622,514	675,176
Total Assets	468,886	554,073	696,779	724,618	767,997
LIABILITIES					
Trade and other payables	37,094	42,208	32,904	54,027	52,999
Lease liabilities	29,859	32,144	33,552	33,552	33,552
Bank borrowings	19,319	18,846	25,747	25,747	25,747
Others	4,407	3,682	4,145	4,145	4,145
Total current liabilities	90,679	96,880	96,348	117,471	116,443
Lease liabilities	51,517	79,812	64,227	42,227	19,227
Bank borrowings	128,854	149,453	255,837	261,843	266,349
Others	5,658	9,879	23,331	23,331	23,331
Total non-current liabilities	186,029	239,144	343,395	327,401	308,907
Total Liabilities	276,708	336,024	439,743	444,872	425,350
Net assets	192,178	218,049	257,036	279,746	342,647
Equity					
Share capital	65,496	65,496	68,340	68,340	68,340
Reserves	120,408	150,698	185,841	208,193	240,667
Non-controlling interests	6,274	1,855	2,855	3,213	3,640
Shareholder Equity	192,178	218,049	257,036	279,746	312,647

Valuation Ratios

Y/E Sep	FY22	FY23	FY24	FY25e	FY26e
P/E (x)	8.6	9.3	6.6	5.8	4.9
P/B (x)	1.1	0.9	0.8	0.7	0.7
EV/EBITDA (x)	5.9	6.1	6.7	7.5	6.8
Dividend Yield (%)	3.5%	5.9%	5.9%	4.8%	4.8%
Growth & Margins					
Growth					
Revenue	-30.2%	10.9%	29.2%	8.9%	8.4%
Adj. EBITDA	2.7%	0.7%	20.0%	-3.8%	14.4%
EBIT	52.4%	-46.5%	98.4%	-17.1%	16.6%
Adj. Net profit	-32.3%	-7.1%	40.2%	13.6%	19.3%
Margins					
Gross margin	59.2%	61.9%	51.4%	59.0%	62.9%
EBITDA margin	65.0%	59.0%	54.8%	48.4%	51.1%
EBIT margin	70.6%	34.0%	52.3%	39.8%	42.8%
Net profit margin	57.8%	19.8%	39.1%	26.9%	29.6%
Key Ratios					
ROE	25.4%	8.5%	18.4%	12.7%	13.5%
ROA	10.4%	3.3%	6.8%	4.9%	5.5%
Net Gearing	55.6%	48.6%	89.8%	94.5%	89.4%



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