

# PropNex Ltd

More launches in 2H25 to sustain growth



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## SINGAPORE | REAL ESTATE (AGENCIES) | UPDATE

16 June 2025

### BUY (Maintained)

LAST DONE PRICE	SGD 1.070
FORECAST DIV	SGD 0.065
TARGET PRICE	SGD 1.330
TOTAL RETURN	30.4%

#### COMPANY DATA

BLOOMBERG CODE:	PROP SP Equity
O/S SHARES (MN) :	740.0
MARKET CAP (USD mn / SGD mn) :	611 / 784
52 - WK HI/LO (SGD) :	1.14 / 0.74
3M Average Daily T/O (mn) :	0.6

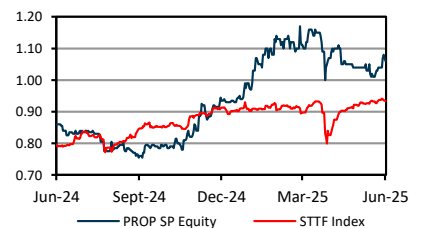
#### MAJOR SHAREHOLDERS

P&N HOLDINGS PTE LTD	55.6%
FONG KENG SEONG	10.3%
GAFOORE MOHAMED ISMAIL	8.6%

#### PRICE PERFORMANCE (%)

	1MTH	3MTH	YTD
COMPANY	2.9	1.4	19.2
STTF	1.5	4.4	6.3

#### PRICE VS. STTF



#### KEY FINANCIALS

Y/E Dec, SGD (mn)	FY23	FY24	FY25e	FY26e
Revenue	838	783	942	999
Gross Profit	81.0	71.0	98.9	105.8
Operating Profit	55.0	44.2	67.9	74.0
PATMI	47.8	40.9	59.7	64.7
P/E (x)	16.6	19.3	13.3	12.2
P/B (x)	6.3	6.3	6.4	5.6
EPS (cents)	6.5	5.5	8.1	8.7
DPS (cents)	6.0	7.8	6.5	6.7
Dividend yield (%)	5.6	7.2	6.1	6.2
ROE (%)	37.9	32.8	47.9	45.5

Source: Company, PSR

#### Valuation Method

DCF (Cost of equity 9.5%, Terminal growth 1.5%)

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- YTD5/25 new home sales (excl. EC) are up an estimated 163% YoY to 4,339 units. However, June sales are expected to be slower due to fewer launches during school holidays. 2H25 pipeline of planned new launches (excl. EC) of 7,168 units will drive sales, especially from July. 2H25 new launches are around 50% more than 1H25's 4,669 units.
- After the huge 24% bounce in 2024, private resale (excl. EC) grew 6% YoY for YTD5/25 to 5,764 units. The growth is within PropNex's guidance of 0% to 7%. However, HDB resale volumes have been weak, down 6% YTD5/25.
- We maintain our FY25e earnings. There is upside to our forecast due to the stellar performance of new home sales. We believe the sentiment for new launches remains healthy and is supported by low interest rates. The two major projects launched post-2 April tariff or liberation day have seen 40-50% take-up rates despite being located in the higher price RCR region. Our BUY recommendation and target price of S\$1.33 are maintained. PropNex has an enviable 64% market share of property transactions with an attractive dividend yield of 6.1%. The S\$48mn p.a. dividends are backed by an annual free cash flow of S\$64mn and net cash (and fixed income securities) of S\$152m. Regulatory catalysts include the relaxation of foreign buyer ABSD and the reduction of the wait-out period for downgraders.

### Key Highlights

**Surge in new home sales.** New home sales have been strong this year with a 168% jump in YTD5/25 (excl. EC). Recognition of new home sales commission revenue is 2-3 months after the property transaction. PropNex 1H25 results will reflect the spike in new home sales, especially the robust Nov/Dec 24 volumes. June is typically slower due to fewer launches during school holidays. Only Arina East was launched in June with 107 units. We believe there were no launches in May due to the elections.

**Stable resale, but HDB resale is slower.** Private resale recorded 6% growth YTD5/25 to 5,764 units. HDB resale volumes are trending below forecast (Figure 1) with a decline of 6.3% YoY to 11,172 units. We believe fewer available minimum occupancy period (MOP) units and more built-to-own (BTO) flats were launched.

### Outlook

We are positive on 2H25 sales due to the large pipeline of new launches. However, of the 7,168 units planned, only 24% or 1,726 units are Outside Central Region (OCR). The remaining 36% and 40% are in the pricier Rest of Central Region (RCR) and Core Central Region (CCR) regions respectively. This may keep volumes subdued. Lifting of foreign buyers 60% Additional Buyer Stamp Duty (ABSD) could support sales of OCR and keep unsold inventory levels stable.

**Figure 1: New launches trending above PropNex forecast**

YoY Change	2023	2024	2025
Private - New	-9.6%	0.7%	+24% to +39%
- Resale	-19.2%	24.0%	+0% to +7%
HDB	-4.2%	8.4%	+0% to +3%
Price - Private	6.8%	3.9%	+3% to +4%
- HDB	4.9%	9.7%	+5% to +7%

Source: PropNex, PSR, as at Feb 25

**Maintain BUY with unchanged TP of S\$1.33**

## Financials

### Income Statement

SGD mn, Y/E Dec	FY22	FY23	FY24	FY25e	FY26e
Revenue	1,029.2	838.1	783.0	942.3	998.5
Cost of services	(924.5)	(757.1)	(712.0)	(843.4)	(892.7)
<b>Gross profit</b>	<b>104.7</b>	<b>81.0</b>	<b>71.0</b>	<b>98.9</b>	<b>105.8</b>
Staff costs	(18.4)	(17.7)	(19.6)	(20.4)	(21.2)
Finance and other income	17.3	12.4	15.4	9.0	9.1
Other costs and expenses	(24.5)	(16.1)	(16.9)	(14.6)	(14.7)
<b>Operating profit</b>	<b>77.9</b>	<b>55.0</b>	<b>44.2</b>	<b>67.9</b>	<b>74.0</b>
<b>Profit before tax</b>	<b>79.1</b>	<b>59.5</b>	<b>49.8</b>	<b>72.9</b>	<b>79.0</b>
Tax	(13.7)	(9.9)	(8.2)	(12.0)	(13.0)
PAT	65.4	49.6	41.6	60.9	66.0
Minority Interest	(3.0)	(1.8)	(0.7)	(1.2)	(1.3)
<b>PATMI</b>	<b>62.4</b>	<b>47.8</b>	<b>40.9</b>	<b>59.7</b>	<b>64.7</b>
<b>PATMI, adjusted</b>	<b>62.4</b>	<b>46.9</b>	<b>40.9</b>	<b>59.7</b>	<b>64.7</b>

### Per share data

SGD cents, Y/E Dec	FY22	FY23	FY24	FY25e	FY26e
EPS	8.4	6.5	5.5	8.1	8.7
DPS	6.8	6.0	7.8	6.5	6.7
NAV per share	17.1	17.1	16.9	16.8	19.2

### Cash Flow

SGD mn, Y/E Dec	FY22	FY23	FY24	FY25e	FY26e
<b>CFO</b>					
PAT	65.4	49.6	41.6	60.9	66.0
Adjustments	16.7	8.2	5.9	14.3	15.4
WC changes	(17.2)	14.0	0.2	1.7	0.9
Interest and Taxes paid, others	(13.4)	(13.6)	(9.8)	(12.0)	(13.0)
<b>Cashflow from operations</b>	<b>51.4</b>	<b>58.3</b>	<b>38.0</b>	<b>64.9</b>	<b>69.3</b>
<b>CFI</b>					
Caoex	(0.4)	(0.7)	(0.3)	(0.5)	(0.5)
Others	(4.0)	(10.8)	(14.0)	-	-
<b>Cashflow from investments</b>	<b>(4.4)</b>	<b>(11.6)</b>	<b>(14.3)</b>	<b>(0.5)</b>	<b>(0.5)</b>
<b>CFE</b>					
Payment of dividends	(51.5)	(49.8)	(43.1)	(61.1)	(48.5)
Others	(2.3)	(2.4)	(2.2)	(2.3)	(2.3)
<b>Cashflow from financing</b>	<b>(53.8)</b>	<b>(52.2)</b>	<b>(45.3)</b>	<b>(63.4)</b>	<b>(50.8)</b>
<b>Net change in cash</b>	<b>(6.8)</b>	<b>(5.5)</b>	<b>(21.5)</b>	<b>1.1</b>	<b>18.0</b>
<b>CCE, end</b>	<b>138.8</b>	<b>133.4</b>	<b>111.8</b>	<b>112.9</b>	<b>130.9</b>

Source: Company, Phillip Securities Research (Singapore) Estimates

### Balance Sheet

SGD mn, Y/E Dec	FY22	FY23	FY24	FY25e	FY26e
<b>ASSETS</b>					
PP&E	1.4	1.2	1.0	1.2	1.3
Others	6.0	18.4	12.2	10.2	8.2
<b>Total non-current assets</b>	<b>7.4</b>	<b>19.6</b>	<b>13.2</b>	<b>11.4</b>	<b>9.5</b>
Trade & other receivables	223.4	184.6	129.4	141.3	149.8
Cash and cash equivalents	138.9	133.4	111.8	112.9	130.9
<b>Total current assets</b>	<b>368.0</b>	<b>323.5</b>	<b>272.5</b>	<b>285.5</b>	<b>311.9</b>
<b>Total Assets</b>	<b>375.4</b>	<b>343.1</b>	<b>285.7</b>	<b>296.9</b>	<b>321.5</b>
<b>LIABILITIES</b>					
Trade & other payables	228.3	200.7	146.6	160.2	169.6
Current tax liabilities	13.8	10.1	8.7	8.7	8.7
Others	3.8	4.9	4.4	4.4	4.4
<b>Total current liabilities</b>	<b>245.9</b>	<b>215.7</b>	<b>159.6</b>	<b>173.3</b>	<b>182.7</b>
Deferred tax liability	0.2	0.2	0.0	0.0	0.0
Others	2.8	0.9	1.3	(1.0)	(3.3)
<b>Total non-current liabilities</b>	<b>2.9</b>	<b>1.1</b>	<b>1.3</b>	<b>(1.0)</b>	<b>(3.3)</b>
<b>Total Liabilities</b>	<b>248.9</b>	<b>216.8</b>	<b>161.0</b>	<b>172.3</b>	<b>179.4</b>
<b>EQUITY</b>					
Share capital	57.5	57.5	57.5	57.5	57.5
Merger reserve	(17.7)	(17.7)	(17.7)	(17.7)	(17.7)
Translation reserve	0.0	0.0	0.0	0.0	0.0
Capital reserve	0.6	0.6	0.6	0.6	0.6
Accumulated profits	85.1	84.7	83.0	81.6	97.8
Non-controlling interests	0.9	1.1	1.3	2.6	3.9
<b>Total Equity</b>	<b>126.5</b>	<b>126.2</b>	<b>124.8</b>	<b>124.6</b>	<b>142.1</b>

### Valuation Ratios

Y/E Dec	FY22	FY23	FY24	FY25e	FY26e
P/E (x)	12.7	16.6	19.3	13.3	12.2
P/B (x)	6.3	6.3	6.3	6.4	5.6
Dividend Yield (%)	6.3	5.6	7.2	6.1	6.2
<b>Growth &amp; Margins</b>					
<b>Growth</b>					
Revenue	7.5%	-18.6%	-6.6%	20.4%	6.0%
Gross profit	2.8%	-22.6%	-12.4%	39.4%	7.0%
PBT	0.5%	-24.8%	-16.3%	46.4%	8.4%
PAT	3.9%	-23.3%	-14.4%	45.8%	8.4%
<b>Margins</b>					
GP margin	10.2%	9.7%	9.1%	10.5%	10.6%
PBT margin	7.7%	7.1%	6.4%	7.7%	7.9%
PAT Margin	6.1%	5.7%	5.2%	6.3%	6.5%
<b>Key Ratios</b>					
ROE (%)	49.3%	37.9%	32.8%	47.9%	45.5%
ROA (%)	16.6%	13.9%	14.3%	20.1%	20.1%
Gearing (x)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash



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