

BUY

\$1.15
+40%
Target
\$1.61

OLD CHANG KEE | SGX:OCK

FY26 Results – on track for faster growth

Old Chang Kee's revenues increased by an improved **\$1.5 mil in FY26 (vs \$1 mil in FY25)**. This was due to incremental revenue from **the opening of 3 new F&B outlets** in SG (a faster pace vs FY25 when only 1 was opened), **and higher B2B sales of an estimated \$12.9 mil, +8.3%**, also representing an improvement over the 6.3% increase in FY26. **While revenues of a record \$103.5 mil fell \$1 mil short of our projected \$104.5 mil, this was due the absence of revenue from 1 outlet undergoing refurbishment and the closure of certain outlets.** Barring these, revenues could have exceeded our forecasts.

RHTC's investment thesis for OCK for FY26-FY30 is premised on **OCK opening new F&B outlets in SG at a faster pace of 2-3 pa** than in FY23-FY25 and that OCK will grow the higher margin B2B side of the business so that it becomes a second leg and drives margin expansion. **The FY26 result's support our thesis that opportunities still abound for OCK** to open new outlets, particularly in strategic transport hubs such as the MRT, which is undergoing a significant expansion and where OCK is deeply embedded, and B2B sales can start to make a meaningful contribution to the top and bottom lines.

COGS growth of 1.7% yoy illustrated the benefits of OCK's vertically integrated production model in controlling costs, while shifting more production to its factory in lower cost Malaysia. **We would therefore look past the 15.6% dip in net profit margins and focus on the greener pastures beyond.**

The economic backdrop for OCK in FY27 remains favourable. The SG Govt has maintained its GDP growth forecasts of 2% - 4% for 2026 after a better-than-expected growth of 6% yoy in 1Q, and growth in 2026 could top 4% again. OCK untapped pricing power will allow it to raise prices to offset the impending July wage increases for F&B workers, remain competitive and keep margins steady in FY27-28..

If anything, after digesting the FY26 results, **we feel more confident about the outlook for OCK. We maintain our BUY call on OCK with an Intrinsic Value of \$1.61, potential 36% upside**, which may even prove conservative.

Paul SCHYMYCK

Paul.schymyck@rhtgoc.com

Head of Research

George KOH

george.koh@rhtgoc.com

Research Director

Mkt cap: \$140 mil [\$1.18 1-June-26]

Intrinsic Value: \$1.61

10-day advt: 31k

Singapore

Consumer Discretionary, Consumer Services [2530]

| RHTC Forecast | 3/24 | 3/25 | 3/26 | 3/27F |
|------------------------|-------|-------|-------------|-------|
| \$ mil | | | | |
| Revenue | 101.0 | 102.0 | 103.5 | 114.6 |
| EBIT | 10.3 | 11.5 | 10.3 | 14.6 |
| Net Income | 9.7 | 11.3 | 9.6 | 16.3 |
| EPS (\$ cts) | 0.08 | 0.09 | 0.08 | 0.13 |
| P/E (x) | 14.8 | 12.6 | 15.0 | 9.5 |
| PEG (x) | | | 0.95 | 0.17 |
| Rule 40 (%) | na | na | na | na |
| ROAE (%) | 21.7 | 21.5 | 15.7 | 21.5 |
| Div Yield (%) | 1.7 | 1.7 | 1.7 | 2.6 |
| FCF yield (%) | 17.6 | 16.2 | 14.7 | 22.7 |
| Gearing (D/E) % | 6.0 | 2.9 | 0.5 | 0.0 |
| (D/TA) | 3.2 | 1.7 | 0.3 | 0.0 |
| Intrinsic Value | | | 1.61 | |
| % upside | | | 40 | |

| Industry Valuation | 3/26F P/E(x) | 3/27F P/E(x) | 3/26F DY(%) |
|---------------------------|--------------|--------------|-------------|
| OCK | 15.0 | 9.5 | 2.2 |
| Peer Comparables | | | |
| Kimly | 14.4 | 18.0 | 4.9 |
| Jumbo | 25.0 | 12.0 | 4.6 |
| Greggs UK | 14.6 | 14.1 | 4.0 |
| Peer average | 17.7 | 15.0 | 4.5 |
| OCK disc/t peer group (%) | 15.3 | 36.7 | -2.3ppt |

| Mkt Benchmark | STI | OCK disc/t STI (%) |
|--------------------|------|--------------------|
| STI | 16.9 | 15.9 4.4 |
| OCK disc/t STI (%) | 11.2 | 40.3 - 2.2ppt |

DY=Dividend Yield. Source: RHTC, BBG.



Ratios & Valuations

| Mar-yr end | 2024 | 2025 | 2026 | 2027F |
|------------------------|-------|-------|-------|-------------|
| PE | 14.8 | 12.6 | 15.0 | 9.5 |
| PEG | | - | 0.95 | 0.17 |
| ex-Cash PE | | | 8.93 | 4.52 |
| Intrinsic Value | | | | 1.61 |
| (potential upside) | | | | 36% |
| Mkt Cap / Sales | 1.42 | 1.40 | 1.38 | 1.25 |
| Div Yield | 1.7% | 1.7% | 1.7% | 2.5% |
| FCF Yield | 17.6% | 16.2% | 14.7% | 21.7% |
| P/B | 3.0 | 2.5 | 2.2 | 1.9 |
| ROAE | 21.7% | 21.5% | 15.7% | 21.5% |
| ROAA | 11.3% | 12.1% | 9.6% | 13.7% |

Growth & Margins (%)

| Mar-yr end | 2024 | 2025 | 2026 | 2027F |
|----------------|-------|-------|--------|-------|
| Revenue growth | 12.4% | 1.0% | 1.5% | 10.7% |
| PBT growth | 63.3% | 7.5% | -12.5% | 57.5% |
| EPS growth | 57.2% | 17.4% | -15.8% | 57.5% |
| FCF growth | 19.7% | -8.0% | -9.7% | 48.4% |
| Asset growth | 16.0% | 4.4% | 7.4% | 13.0% |
| Gross margin | 67.6% | 69.2% | 69.2% | 69.0% |
| SG&A margin | 57.4% | 58.0% | 59.2% | 57.2% |
| Net margin | 9.6% | 11.1% | 9.2% | 13.1% |
| FCF margin | 25.0% | 22.8% | 20.3% | 27.2% |

Source: Company data, RHTC estimates

Income Statement \$mil

| Mar-yr end | 2024 | 2025 | 2026 | 2027F |
|-----------------------|---------------|---------------|---------------|---------------|
| Revenue | 100,953 | 101,952 | 103,476 | 114,590 |
| Cost of goods sold | (32,722) | (31,364) | (31,888) | (35,523) |
| Gross profit | 68,231 | 70,588 | 71,588 | 79,067 |
| SG&A | (57,924) | (59,113) | (61,295) | (65,586) |
| EBIT | 10,307 | 11,475 | 10,293 | 13,482 |
| Interest income | 1,080 | 1,339 | 787 | 1,069 |
| Interest expense | 1,088 | 1,229 | 1,121 | 1,191 |
| Others | 2,203 | 1,858 | 1,797 | 1,707 |
| Pre-tax profit | 12,502 | 13,443 | 11,756 | 18,517 |
| Tax | (2,834) | (2,095) | (2,203) | (3,470) |
| Tax rate (%) | 22.7% | 15.6% | 18.7% | 18.7% |
| Net profit | 9,668 | 11,348 | 9,553 | 15,047 |

Top shareholders

| # | Beneficial owner | Total shares (mil) | Est % o/s shrs |
|---|---------------------------|--------------------|----------------|
| 1 | Han Keen Juan | 72.136 | 58.61 |
| 2 | Far East Organization | 14.564 | 12 |
| 3 | Lim Tao-E William | 8.892 | 7.33 |
| 4 | Ng Choi Hong | 8.892 | 7.33 |
| | Sub-total | 104.484 | 85.3 |
| | Implied Free Float | | 14.7 |

Balance Sheet \$mil

| Mar-yr end | 2024 | 2025 | 2026 | 2027F |
|----------------------------------|---------------|---------------|----------------|----------------|
| Cash | 44,098 | 52,438 | 57,916 | 75,200 |
| Prepayments | 903 | 1,061 | 936 | 842 |
| Deposits | 1,022 | 1,051 | 1,106 | 995 |
| Trade & Rec | 991 | 433 | 492 | 541 |
| Inventories | 1,624 | 1,028 | 1,465 | 1,612 |
| Others | 2,500 | 2,500 | 2,500 | 250 |
| Total Current Assets | 51,138 | 58,511 | 64,415 | 79,440 |
| PPE | 15,981 | 15,256 | 15,219 | 14,889 |
| Right of use assets | 22,178 | 19,328 | 20,404 | 19,108 |
| Intangible assets | 241 | 191 | 143 | 95 |
| Deferred tax assets | 12 | 346 | 491 | 368 |
| LT deposits | 2,512 | 2,481 | 2,592 | 2,777 |
| Total LT assets | 40,924 | 37,602 | 38,849 | 37,237 |
| Total Assets | 92,062 | 96,113 | 103,264 | 116,677 |
| Trade & payables | 11,148 | 10,700 | 10,913 | 11,459 |
| Other liabilities | 145 | 156 | 160 | 168 |
| Provisions | 780 | 929 | 1,128 | 1,241 |
| Bank loans | 1,253 | 1,317 | 336 | - |
| Finance lease liabilities | 298 | 361 | 335 | 369 |
| Lease liabilities | 10,309 | 9,924 | 10,914 | 11,241 |
| Provision for Taxation | 2,774 | 2,650 | 2,319 | 2,551 |
| Total Current Liabilities | 26,707 | 26,037 | 26,105 | 27,028 |
| Bank loans | 1,657 | 337 | - | - |
| Provisions | 1,466 | 1,325 | 1,208 | 1,268 |
| Finance lease liabilities | 723 | 665 | 750 | 788 |
| Lease liabilities | 13,019 | 10,473 | 10,872 | 11,416 |
| Deferred tax liabilities | 282 | 22 | 23 | 250 |
| LT liabilities | 17,147 | 12,822 | 12,853 | 13,722 |
| Share Capital | 13,964 | 13,964 | 13,964 | 13,964 |
| Retained Earnings | 33,945 | 42,865 | 49,990 | 61,396 |
| FX reserve | 299 | 425 | 352 | 352 |
| Total equity | 48,208 | 57,254 | 64,306 | 75,712 |

CashFlow \$mil

| Mar-yr end | 2024 | 2025 | 2026F | 2027F |
|------------------------------|-----------------|-----------------|-----------------|-----------------|
| Cashflow | | | | |
| PBT | 12,502 | 13,443 | 16,844 | 19,633 |
| Working capital changes | 306 | 1,831 | 389 | 401 |
| Income taxes paid | - 1,984 | - 2,818 | - 2,291 | - 2,670 |
| Net CF from operating | 26,794 | 25,063 | 29,219 | 31,630 |
| Purchase PPE | - 1,527 | - 1,833 | 222 | 78 |
| Interest income received | 1,052 | 1,406 | 973 | 1,155 |
| Others | - 365 | - 465 | | |
| CF in Investing | - 826 | - 693 | 1,195 | 1,233 |
| Repayment of fin lease | - 287 | - 347 | - 397 | - 437 |
| Repayment of lease | - 10,720 | - 10,877 | - 10,222 | - 10,528 |
| Interest portion of lease | - 869 | - 1,074 | - 1,116 | - 1,162 |
| Interest paid | - 219 | - 155 | - 17 | |
| Bank borrowings | - 1,191 | - 1,256 | - 337 | |
| Dividends paid | - 2,428 | - 2,428 | - 3,034 | - 3,641 |
| CF from Financing | - 15,714 | - 16,137 | - 15,123 | - 15,769 |
| Net change in CF | 10,254 | 8,233 | 15,291 | 17,094 |
| Cash beg | 33,927 | 44,098 | 52,438 | 67,729 |
| FX | - 83 | 107 | | |
| Cash end of period | 44,098 | 52,438 | 67,729 | 84,822 |

EXECUTIVE SUMMARY

Despite Old Chang Kee FY26 results showed record revenues of \$103.5 mil, up 1.5%, earnings dipped 15.8% to \$9.6 mil on the back of higher wage costs – SG&A expenses rose 3.7%. We would look past this and focus on the acceleration in growth in B2B revenues of 8.3%, also to a record \$12.9 mil, and the opening of 3 new F&B outlets in Singapore. These are in line with RHTC's investment thesis for OCK for FY26-FY30 of faster growth in revenues, driven by a combination of the opening of new F&B outlets at a significantly faster pace than in the past and the higher growth in B2B sales. **We thus remain upbeat about the prospects for the growth in OCK's revenues in FY27 and through to FY30 and reiterate our BUY call on OCK.**

Several things in the FY26 results stand out. The first is the \$1 mil or 8.3% increase in higher margin non-retail or B2B (catering and delivery) revenues to a record \$12.9 mil (12.5% of the total). **B2B sales** thus contributed \$1 mil or two-thirds of the \$1.5 mil increase in revenues in FY26, making it **the main growth driver of revenues – an important milestone**. B2B sales rather than retail sales is where the growth is for F&B companies in Singapore. OCK should be able to improve further on the 8.3% growth in FY27 as this still lagged the growth in catering sales in Singapore of 17.1% yoy in the corresponding April 25-March 26 period based on official estimates, with 13.7% yoy achieved in March - the first month of the Iran war. We are predicting double-digit growth for OCK's B2B sales during FY27- FY30. **This will pave the way for net profit margin expansion for OCK of several ppts by FY2030**

The second big takeaway from OCK's FY26 report card was the opening of 3 new F&B outlets in Singapore in FY26, up from only 1 in FY25. This caught us by surprise. One of the key planks of our investment thesis for OCK is that Singapore is far from being saturated with OCK's kiosks despite it already having one of the largest number of F&B outlets in Singapore. **The massive expansion in the MRT network that is currently underway**, with 46 new stations planned, and not forgetting the RTS link to Johore which will throw up even more opportunities for OCK, **provides OCK with a long and wide runway to open a significant number of new F&B outlets every year for at least the next 5 years**. OCK's kiosks are deeply embedded in Singapore's transport infrastructure – more than 20% of its portfolio is in MRT stations and this rises to more than 30% if one includes the kiosks located just outside the MRT station such as the one at Toa Payoh Hub.

We had pencilled into our FY26-FY30 forecasts for OCK 2 to 3 new F&B outlets opening every year from FY27 though to FY30. We had kept the number of F&B outlets unchanged in FY26. We then predicted the number would rise by 2 in FY27, 3 in FY28, 2 in FY29 and 3 in FY30 as OCK opened 2-3 outlets pa due to the massive expansion in the MRT network. We have been too conservative in our upbeat assessment. **OCK is already well ahead of our forecasts by a margin of 3 outlets in FY26 or 1**

financial years' worth. This augurs well for revenue growth in FY27 especially as the F&B outlet that was being refurbished in FY26 comes back online..

Other highlights in FY26 include **COGS growth of 1.7% illustrating OCK's tight cost controls on its production line at its Woodland's factory** and the benefits of shifting some production to its factory in Johore where costs are lower. We would expect this trend of shifting production to lower cost Malaysia, which is in line with what other F&B companies in Singapore are doing, to continue in FY27. **With the Woodlands factory still accounting for around 90% of OCK's production there are significant costs savings to be had by shifting production to Malaysia.** This is especially the case given the impending 6-7% increase in minimum monthly wages for F&B workers in July.

OCK did increase F&B prices in March by approximately 5% and this will support revenues and margins in FY27. OCK has room to increase prices because it has some of the most competitive in the F&B industry. We would expect it to also increase prices in FY28.

The only blemish in the FY26 results was the dip in earnings to \$9.6 mil in FY26, a decline of 15.8% yoy from \$11.3 mil in FY25. We would recommend investors to look through this to the greener pastures beyond of faster revenue growth and net margin expansion.

GDP growth in Singapore also remains buoyant despite the ongoing energy crisis and conflict in the Middle East. This is thanks to the global AI boom which could continue for at least several more years and Singapore's pole position in the global IT eco-system. 1Q growth was a much better than expected 6% yoy. The government has stuck to its GDP growth forecast of 2%-4% for 2026. It's looking to us like 2026 will be a repeat of 2025, and we would not be surprised if growth exceeds 4% again this year. In fact, **Singapore could be in store for a third year of 5% growth and even a fourth year.**

Meanwhile, Singapore's CPI inflation remains steady and below market forecasts at 1.8% in April, with the strong Singapore dollar in the driving seat helping to keep inflation low.

OCK therefore has the best of both worlds: strong GDP growth supporting consumer spending and F&B sales, and a massive rollout of new high footfall MRT stations for OCK to open new F&B outlets in and capture more impulse buyers for its curry puffs and other savoury snacks.

If anything, after digesting the FY26 results, we are even more confident that RHTC's investment thesis for OCK of faster growth in revenues driven by the opening of more F&B outlets in Singapore and a more significant contribution from higher B2B sales is correct and on track. **Our intrinsic valuation of \$1.61 stands (36% upside from 1 June's share price of \$1.18).** It remains firmly grounded for the reasons specified above and may even prove conservative.

Disclosures/Disclaimers

This report is issued and distributed by RHT Capital Pte Ltd (“**RHTC**”). RHTC is a capital markets services licensee under the Securities and Futures Act 2001. Accordingly, it is exempted from the requirement to hold a financial adviser’s licence under the Financial Advisers Act, 2001.

This report is prepared for general circulation and for information purposes only and under no circumstances should it be considered or intended as an offer or a solicitation to deal in the securities of the company(ies) referred to herein. This report is not intended to provide personal investment advice and does not take into account the specific investment objectives, the financial situation and the particular needs of persons who may receive or read this report. Investor should independently evaluate the particular investment and seek advice from a professional and financial adviser regarding the suitability of investing in any securities recommended in this report, taking into account the specific investment objectives, financial situation or particular needs, before the investor makes a commitment to buy or sell the investment product.

This report is not directed to, or intended for distribution to or use by, any person or entity in any country or jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation, or which would subject RHTC to any registration or licensing or other requirement, or penalty for contravention of such requirements within such jurisdiction.

This report is proprietary and may not be reproduced, transmitted to, copied or distributed to any other party in whole or in part in any form or manner without prior written consent of RHTC.

The information in this report has been obtained or derived from sources believed to be reliable, but RHTC has not conducted due diligence on any of the company(ies), or independently verified any information or sources. Accordingly, RHTC does not make any representation or warranty as to the accuracy, completeness or correctness of the information set out in this report.

While reasonable care has been taken to ensure statements of facts made in this report are accurate, this report may include forward-looking statements based on assumptions and information currently available and are subject to risks and uncertainties that could cause actual results to differ materially. Such statements are not guarantees of future performance, and readers should not place undue reliance on them. RHTC assumes no obligation to update or revise these statements after issuance of this report. Accordingly, RHTC accepts no liability whatsoever for any consequences arising from reliance on or use of this report, including, without limitation, any direct, indirect, or consequential losses or damages.

RHTC, its affiliates and related corporations, their directors, associates, connected parties and/or employees may own or have positions in the securities of the company(ies) covered in the report and may from time to time add to or dispose of, or may be materially interested in, any such securities. Further, RHTC, its affiliates and

its related corporations may from time to time perform services for or solicit business from any company(ies) mentioned in this report.

As at the date of this report, RHTC does not have a proprietary position in the subject company(ies).

As at the date of this report, RHTC has no ongoing relationship with the subject company(ies) within the past 12 months.

Analyst Declaration

The analyst(s) who prepared this report certifies that the opinions contained herein accurately reflect his or her personal views about the securities of the company(ies), and that he or she has taken reasonable care to maintain independence and objectivity in respect of the opinions herein.

The analyst(s) also certifies that no part of his or her compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this report.

The analyst(s) confirms that he/she or his/her associate does not serve on the board or in trustee positions of the company(ies) and does not have financial interests in relation to the company(ies) mentioned in this report.