BUY
$1.15
+40%
Target
$1.61

OLD CHANG KEE | SGX:OCK
FY26 Results – on track for faster growth

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Mkt cap: $140 mil [$1.15 8-June-26]
Intrinsic Value: $1.61
10-day adtv: 31k
Singapore
Consumer Discretionary, Consumer Services [2530]

RHTC Forecast $ mil	*3/24*	*3/25*	*3/26*	*3/27F*
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 (S$ 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	16.9	15.9	4.4
OCK disc/t STI (%)	11.2	40.3	- 2.2ppt

DY=Dividend Yield. Source: RHTC, BBG.

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.**

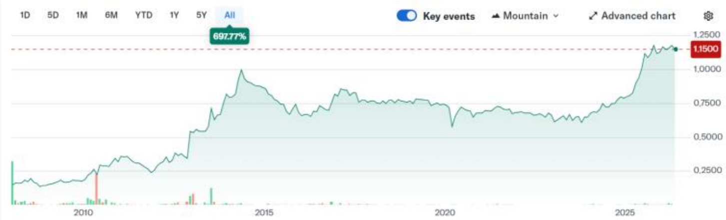
The economic backdrop for OCK in FY27 remains favourable. The SG Govt has maintained its GDP growth forecasts of 2% - 4% for 2026 after a better-than-expected growth of 6% yoy in 1Q, and growth in 2026 could top 4% again. OCK untapped pricing power will allow it to raise prices to offset the impending 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.

BUY

Price $1.15

8-June-26



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 (%)

	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

Cashflow	*2024*	*2025*	*2026F*	*2027F*
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.

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