KIMLY | SGX:1D0

Transfer to Mainboard - for the next leg

BUY

Current Price: $ 0.410
Target Price: $ 0.560
Upside: + 37.0%

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Kimly announced its proposed transfer from the SGX Catalist Board to the Mainboard on August 19 and plans an EGM to vote on approving the move in late January 2027 at its AGM. Anticipated official completion and formal transfer to the SGX Mainboard subject to receiving SGX approval and shareholder clearance is expected to be around February 2027.

With revenue of over $300 mil, annual profits of around $40 mil and a free float of approximately 44%, Kimly more than qualifies for an upgrade even by SGX's stringent requirements. A Mainboard listing will place Kimly on more institutional and international investors' radars - deservedly so given Kimly's unbroken track record of profitability since its IPO in March 2017.

The backdrop for the move and timing couldn't be better. Kimly reported a stellar set of results in 1HFY26 with net profits rising by a better than expected 10.6% yoy to $16.4 mil and margins expanding to 28.3% from 27.5%. Kimly is also transitioning to a landlord. The Group opened a record 3 new coffee shops and added 8 new food stalls to its growing portfolio.

With a market cap of around $510 mil, Kimly is currently one of the largest and most influential heavyweights in the FTSE ST Catalist Index. Once Kimly has transferred to the Mainboard, Kimly's size and steady liquidity qualify it for inclusion in global benchmark provider FTSE Developed Asia Pacific Index which tracks mid-to-small cap stocks in developed Asian markets.

Kimly is in a sweet spot with upcoming HDB estate intensification and recurring government food stamps (CDC vouchers - $500 in June). Kimly remains on track to hit $500mil revenue by 2030F (9% CAGR or circa ~ 7 new coffee shops p.a.). We reiterate our BUY on Kimly with an Intrinsic Value of $0.56, potential 37% upside.

Mkt cap: S$510 mil
[S$0.41 27-Aug-26]

Intrinsic Value: S$0.56

10-day adtv: 250k

Singapore

Consumer Discretionary, Consumer Services [2530]

RHTC Forecast ($ mil)	9/24	9/25	9/26F	9/27F
Revenue	319.4	322.1	331.8	345.1
EBIT	40.5	44.0	53.6	65.4
Net Att Profit	33.1	33.3	43.5	51.4
EPS (cts)	2.7	2.7	3.5	4.1
P/E (x)	15.0	14.9	11.4	9.7
PEG (x)			0.4	0.5
ROAE (%)	17.8	17.0	21.0	23.1
Div Yield (%)	5.0	5.0	6.0	7.0
FCF yield (%)	19.8	13.7	13.9	15.9
Gearing (D/E)%	8.9	2.5	2.1	1.8
(D/TA)	4.2	1.3	1.1	1.0
Intrinsic Value				**0.56**
% upside				**37.0**

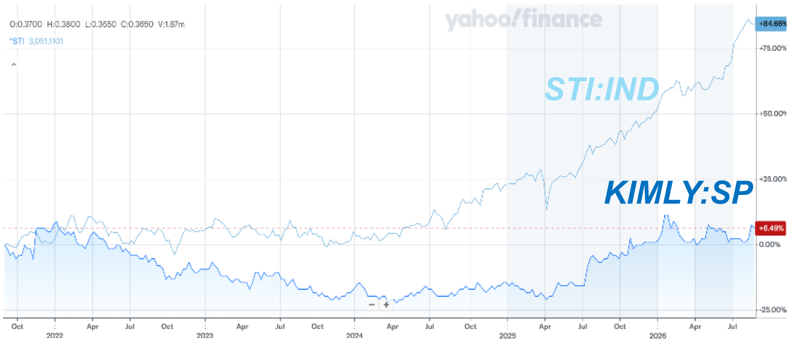
Industry Valuation	2026F P/E(x)	2026F PEG	2026F DY(%)
Kimly	**11.8**	**0.4**	**6.0**
Jumbo	11.4	0.4	6.0
OCK	8.9	1.0	2.6
Peer average	10.2	0.7	4.3
Kimly / Peer (%)	**+16.3**	**-42.9**	**+39.5**
Mkt Benchmark			
STI	18.0	1.7	4.1
Kimly / STI (%)	**-34.4**	**-77.0**	**+48.1**

DY=Dividend Yield. Source: RHTC, BBG

RHT Capital

27 August 2026

Kimly **BUY** Price $0.41 27-August-26



Source: Yahoo Finance

Ratios & Valuations

Sep yr end	*2023*	*2024*	*2025*	*2026F*	*2027F*
PE (x)	13.6	15.0	14.9	11.4	9.7
PEG	-			0.4	0.5
ex-Cash PE					0.01
Intrinsic Value					**0.56**
(potential upside)					**37%**
Mkt Cap / Sales	158.6%	155.9%	154.5%	150.0%	144.3%
Div Yield	4.2%	5.0%	5.0%	6.0%	7.0%
FCF Yield	84.2%	19.8%	13.7%	13.9%	15.9%
P/B	668.9	2.6	2.5	2.3	2.2
ROAE	21.5%	19.4%	18.8%	23.9%	27.6%
ROAA	11.8%	9.8%	9.2%	12.2%	14.4%

Growth & Margins *(%)*

Sep yr end	*2024*	*2025*	*2026F*	*2027F*
Revenue growth	2	1	3	4
PBT	(12)	2	29	20
EPS	(9)	0	31	18
FCF	11	(31)	1	15
Asset	20	(0)	(1)	2
Gross Margins	28	29	31	34
PBT	13	13	16	19
Net	10	10	13	15
FCF	31	21	21	23

Source: Kimly AR's, RHTC estimates

Income Statement *($Mil)*

Sep yr end $'000	***2024***	***2025***	***2026F***	***2027F***
Revenue	319,380	322,116	331,779	345,051
Cost of goods sold	(228,812)	(228,062)	(228,518)	(228,975)
Gross profit	90,568	94,054	103,261	116,075
SG&A	(50,048)	(50,093)	(49,700)	(50,694)
EBIT	40,520	43,961	53,562	65,382
Interest expense	(4,385)	(6,136)	(5,900)	(5,474)
Others	5,508	4,624	7,077	5,736
Pre-tax profit	41,643	42,449	54,739	65,644
Tax	(5,495)	(5,682)	(6,401)	(8,534)
Tax rate (%)	13.2%	13.4%	11.7%	13.0%
Net profit	**36,148**	**36,767**	**48,337**	**57,111**
Minority Interests	(3,028)	(3,507)	(4,834)	(5,711)
Net Attr. Profit	**33,120**	**33,260**	**43,504**	**51,400**
less dividend paid	(24,828)	(24,862)	(29,834)	(34,806)
Retained Earnings	**8,292**	**8,398**	**13,670**	**16,593**

Top shareholders

#	Beneficial owner	Total shares	Est % o/s shrs
1	Lim Hee Liat	493,915,165	39.70
2	Peh Oon Kee	99,309,105	7.98
3	Ng Lay Beng	55,386,866	4.45
4	Ng Han Keow	48,806,862	3.92
	Sub-total	697,417,998	56.05
As of FY2025 AR	Implied free float		44.0

Balance Sheet *($Mil)*

Sepr yr end ($ '000)	*2024*	*2025*	*2026F*	*2027F*
Cash & ST investments	98,492	68,060	90,145	115,766
Accounts receivable	10,098	11,216	13,459	17,497
Inventory	2,791	2,809	3,371	4,214
Other current assets	2,667	891	672	685
Total current assets	114,048	82,976	107,647	138,162
Net PP&E	72,780	96,035	124,846	143,572
Net intangibles	58,660	57,127	54,271	59,698
Net investments	6,510	6,367	5,730	6,017
Other LT assets	148,518	156,091	100,566	54,777
Total non-current assets	286,468	315,620	285,413	264,064
Total assets	400,516	398,596	393,059	402,226
Accounts payable	27,775	19,969	17,972	16,175
ST debt & current lease	59,472	56,581	50,923	40,738
Provisions staff & others	9,117	9,618	11,542	12,696
Total current liabilities	96,364	86,168	80,437	82,045
LT debt & lease	110,327	108,612	95,270	85,743
Deferred tax liabilities	1,544	1,202	1,322	1,587
Others	2,212	2,530	2,277	2,505
Total non-current liabilities	114,083	112,344	98,869	89,834
Equity	190,069	200,084	213,754	230,347
Total liabilities & equity	400,516	398,596	393,059	402,226

Cash Flow *($000's)*

Sep yr end $ '000	*2024*	*2025*	*2026F*	*2027F*
CF operating	92,116	98,217	103,969	116,649
Net change working capital	(258)	(8,499)	(4,802)	(6,678)
Others	(4,173)	(4,457)	(4,278)	(6,813)
CF from operations	**87,685**	**85,261**	**94,889**	**103,159**
Capital expenditure	(5,568)	(29,863)	(25,954)	(24,154)
Acquisitions/(divestures)	0	(784)	637	(287)
Others	1,283	1,410	1,481	1,555
CF from investing	**(4,285)**	**(29,237)**	**(23,837)**	**(22,886)**
Dividends paid	(28,647)	(27,524)	(29,834)	(34,806)
Share issue/(repurchased)	(703)	(133)	(133)	(133)
Debt & lease changes	(44,610)	(58,799)	(19,001)	(19,712)
CF from financing	**(73,970)**	**(86,456)**	**(48,968)**	**(54,651)**
Net CF	**9,430**	**(30,432)**	**22,085**	**25,622**
Free CF	98,492	68,060	68,935	79,005
FCF per share (basic) $ cts	7.93	5.48	5.55	6.36
Beginning cash	89,062	98,492	68,060	90,145
FX impact	0	0	0	0
Ending cash	**98,492**	**68,060**	**90,145**	**115,766**

EXECUTIVE SUMMARY

We salute Kimly's decision to apply for a transfer from the Catalist board to the Mainboard of the SGX - something we have advocated in our Initiation Report on Kimly on 21 July. With revenue of over $300 mil, annual profits of around $40 mil and a free float of approximately 44%, Kimly more than qualifies for an upgrade even by SGX's stringent requirements. A Mainboard listing will place Kimly on more institutional and international investors' radars – deservedly so given Kimly's unbroken track record of profitability since its IPO in March 2017, even in the dark days of the pandemic, and its attractive dividend yield of 5%.

The backdrop for the move and timing couldn't be better. Kimly reported a stellar set of results in 1HFY26 with net profits rising by a better than expected 10.6% yoy to $16.4 mil and margins expanding to 28.3% from 27.5%. Kimly is also transitioning to a landlord. The Group opened a record 3 new coffee shops and added 8 new food stalls to its growing portfolio of food outlets during the six-month period. Kimly's Outlet Investment Division of 7 properties saw revenue jump 45.7% to $5.1 mil, making it the largest contributor to growth in revenue at $1.5 mil.

Singapore's growth is again exceeding expectations in 2026, with GDP set to grow by a very robust 5% for a third consecutive year. There has also been no let-up in employment growth with 27,000 jobs created in 1H26, a 36% yoy increase over the 19,800 generated in 1H25. Meanwhile the Singapore stock market is on a roll with Government, MAS and SGX measures to revitalise the stock market such as the $5 bn (expanded to $6.5 bn in Budget 2026) Equity Market Development Programme (EQDP) bearing fruit.

From its humble origins of one coffee shop in Yishun in 1981 Kimly has grown into the leading coffee shop operator in Singapore with 91 food outlets in 2026 (CAGR of 11%) and 181 food stalls led by an independent board of directors and highly qualified management team that focuses on maximising shareholder value. When it transfers to the Mainboard in 2027 Kimly will be the only coffee shop operator listed and one of the few pure F&B plays on the Mainboard after Breadtalk and Koufu were taken private in 2020 and 2022 respectively, at significant premiums to their last traded share prices.

Kimly said in its announcement about the Mainboard listing that it "is actively evaluating opportunities that are adjacent and complementary to its existing operations, while selectively broadening its business portfolio and deepening its presence in attractive growth sectors, which may include the Halal market". We view this positively. Kimly has successfully expanded into the underpenetrated $1 bn Halal F&B market through its strategic acquisition of Tenderfresh post IPO in 2021 and the Halal segment is now a significant part of Kimly's business comprising 6 Halal food outlets and 53 Halal food stalls. One of the highlights of the 1HFY26 results was the acquisition of the $11.8 mil Kedai Kopi coffee shop property located at 12 Haig Road in a historically and culturally rich, high-footfall Malay-Muslim enclave.

RHTC's main investment thesis as laid out in our initiation report centres on organic growth opportunities due to the significant expansion in the HDB heartlands that is currently underway with a projected 497,000 new HDB dwellings to be built, with 91,941 dwellings already under construction as of March 2025 and slated to be completed over the next 1 to 2 years. This is 43% more than the existing stock of 1.153 mil HDB dwellings. It will lead to significant growth in HDB towns such as Ang Mo Kio (27% expansion) where Kimly already has a major presence (7 coffee shops) to new HDB towns such as Sengkang (26% expansion) where Kimly is only scratching the surface (1 coffee shop). And it will be accompanied by a pipeline of 43 new HDB coffee shops for rent in the new BTO HDB estates increasing the overall supply of rental HDB coffee shops to 417, throwing up new and exciting opportunities for the dominant coffee shop operator in Singapore.

Kimly is also a direct beneficiary of the increasing quantum of CDC vouchers being handed out annually to help families cope with rising living costs with $800 awarded in 2026 comprising $300 in January and $500 in June. Like previous rounds, the $500 in June is split 50/50: $250 for participating HDB heartland merchants and hawkers including Kimly food outlets and $250 for participating supermarkets. An estimated 1.38 mil Singaporean households are eligible for the CDC vouchers released in June which works out to $690 mil in total for households to spend in food courts and supermarkets on top of the $414 mil received in January.

With a market cap of around $500 mil, Kimly is currently one of the largest and most influential heavyweights in the FTSE ST Catalist Index. This market-capitalisation-weighted index tracks sponsor-supervised growth companies on the SGX Catalist board. Kimly is also included in the FTSE ST All-Share Index which is a broader benchmark that covers all eligible companies listed on both the Mainboard and Catalist boards of the SGX. Once Kimly has transferred to the Mainboard, it will become eligible for index consideration in other spaces, such as the FTSE ST Small Cap Index or the FTSE ST Fledgling Index. On a broader regional scale, Kimly's size and steady liquidity qualify it for inclusion in global benchmark provider's FTSE Developed Asia Pacific Index which tracks mid-to-small cap stocks in developed Asian markets.

The $19.3 bn F&B sector and $4.4 bn food court segment in Singapore still offers Kimly plenty of upside potential to take it to the next leg of $500 mil in revenue, net profit of more than $50 mil and a market cap of $750 mil over the next 5 years. We reiterate our BUY recommendation on Kimly, one of the oldest and largest listed traditional coffee shop operators in SG with a Price Target/Intrinsic Value of $0.56, 37% upside.

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