

Soon Hock Enterprise (SHOCK SP)

1H26: Robust Development Pipeline Supports Growth

Highlights

- SHE reported 1H26 PATMI of S\$19.3m, missing our expectation due to higher-than-expected expenses, forming 41% of our full-year forecast.
- Skye@Tuas remains the key near-term earnings driver, with full TOP expected by 1H27, supporting earnings through 2027.
- Maintain BUY with a lower target price of S\$0.66, pegged to a lower 1.1x 2026F P/B.

1H26 Results

Year to 31 Dec (S\$m)	1H26	2H25	1H25	hoh % chg	yoy % chg
Revenue	142.6	226.3	1.6	(37.0)	8,761.1
Gross profit	44.6	73.8	0.59	(12.5)	7,451.1
Gross profit margin (%)	31.3	32.6	36.9	8.8	(5.6ppt)
Net profit	19.3	39.3	(1.4)	(50.9)	NM
Net profit margin (%)	13.5	17.4	NM	(3.9)	NM

Source: SHE, UOB Kay Hian

Analysis

- 1H26 revenue ahead, while earnings below expectations.** Soon Hock Enterprise (SHE) reported 1H26 revenue of S\$142.6m (-37.0% hoh) and net profit of S\$19.3m (-50.9% hoh), representing 56% and 41% of our full-year forecasts respectively. Revenue was driven by S\$140.7m of property development revenue following the recognition of sales from Stellar@Tampines upon obtaining final temporary occupation permit (TOP) in Feb 26. The hoh decline reflects the larger revenue and profit contribution from the project in 2H25. On a hoh basis, earnings were weighed down by higher sales commissions and administrative expenses, resulting in a lower 13.5% net profit margin (2H25: 17.4%). Gross margin of 31.3% was also below expectations, mainly due to the shift towards lower-margin property development revenue compared with higher-margin factory renewal.
- Skye@Tuas is the key near-term earnings driver.** Sales for the 312-unit development commenced in 2Q26, with construction progressing as planned. Strategically located next to Tuas Link MRT station and close to Tuas Mega Port and Tuas Checkpoint, the project should attract demand from logistics and industrial users seeking strong transport connectivity. Full TOP is expected by 1H27.

Key Financials

Year to 31 Dec (S\$m)	2024	2025	2026F	2027F	2028F
Net turnover	8	228	254	276	123
EBITDA	4	50	61	62	31
Operating profit	4	48	58	59	30
Net profit (rep./act.)	3	38	40	47	23
Net profit (adj.)	3	38	40	47	23
EPS (S\$ cent)	1.3	14.7	15.5	18.3	8.9
PE (x)	45.7	4.0	3.8	3.3	6.7
P/B (x)	4.0	1.0	1.0	1.0	0.9
EV/EBITDA (x)	41.9	3.8	3.1	3.0	6.1
Dividend yield (%)	0.0	5.1	5.4	6.4	3.1
Net margin (%)	41.4	16.6	15.8	17.1	18.6
Net debt/(cash) to equity (%)	536.3	34.5	1.7	(115.0)	(158.7)
Interest cover (x)	14.2	77.5	95.0	96.4	48.0
ROE (%)	9.3	39.2	25.8	30.3	14.1
Consensus net profit (S\$m)	-	-	38	48	21
UOBKH/Consensus (x)	-	-	1.04	0.99	1.09

Source: SHE, Bloomberg, UOB Kay Hian

Analyst(s)

Shaina Kamlesh Mahtani

shainamahtani@uobkh.com

+65 6590 6633

BUY (Maintained)

Share Price	S\$0.59
Target Price	S\$0.66
Upside	+11.9%
Previous TP	S\$0.71

Stock Data

GICS sector	Real Estate
Bloomberg ticker:	SHOCK SP
Shares issued (m):	310.7
Market Cap (US\$m):	184.9
Market cap (US\$m):	145.9
3-mth avg t'over (US\$m):	0.1

Price Performance (%)

52-week high/low			S\$0.685/S\$0.565	
1mth	3mth	6mth	1yr	YTD
4.4	(6.3)	(4.0)	n.a.	(6.3)

Major Shareholders (%)

Tan Yeow Khoon	74.56
----------------	-------

Balance Sheet Metrics

FY26 NAV/Share (S\$)	0.60
FY26 Net Cash/ Share (S\$)	0.06

Price Chart



Source: Bloomberg

Company Description

Soon Hock Enterprise operates as a holding company. The company, through its subsidiaries, owns, develops, and manages commercial and industrial properties. Soon Hock Enterprise serves customers in Singapore.

- **Development pipeline provides revenue visibility through 2029.** Beyond Skye@Tuas, piling works for Senang Crescent development are expected to commence soon, with final TOP targeted by end-27. At 20 Shaw Road, demolition is expected to begin, with TOP targeted for 1Q29, while the 680 Upper Thomson Road and Kewalram House redevelopments are in their final design stage. This staggered pipeline should provide a steady stream of project contributions, improving earnings visibility and supporting growth over the next few years.
- **Healthy balance sheet supports its development pipeline and dividend commitment.** SHE maintained cash of S\$72.3m and net assets of S\$166.8m as at end-Jun 26, proving financial flexibility to fund ongoing projects and pursue growth opportunities. While no interim dividend was declared to conserve cash for working capital and expansion, management intends to distribute at least 25% of 2026's net profit, offering shareholders a combination of development-led growth and dividend income.

Valuation/Recommendation

- **Maintain BUY with a lower target price of S\$0.66 (S\$0.71 previously),** pegged to 1.1x 2026F P/B, based on peer average. We lower our applied multiple from 1.2x previously to reflect the derating of peer P/B valuations. Our new target price implies an upside of 11.9% from the current share price.

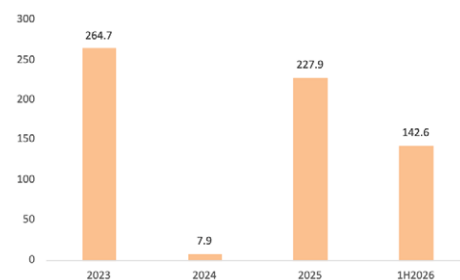
Earnings Revision/Risk

- **We cut our 2026 earnings forecast by 14% to S\$40m,** reflecting lower-than-expected profitability in 1H26 from higher selling and admin expenses, while keeping our 2027-28 forecasts unchanged.

Share Price Catalyst

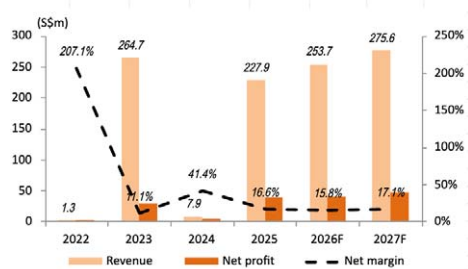
- **Replenishment of its development pipeline** through Industrial Government Land Sales tenders and selective acquisitions.
- **Expansion of its recurring income base** through new investment properties and potential rental components within future developments.

Revenue Trend



Source: SHE, UOB Kay Hian

Revenue, Net Profit and Net Margin Trends



Source: SHE, UOB Kay Hian

Profit & loss

Year to 31 Dec (S\$m)	2025	2026F	2027F	2028F
Net turnover	228	254	276	123
EBITDA	50	61	62	31
Deprec. & amort.	2	2	2	1
EBIT	48	58	59	30
Total other non-operating income	(1)	(1)	(1)	(1)
Associate contributions	0	(8)	0	0
Net interest income/(expense)	(1)	(1)	(1)	(1)
Pre-tax profit	46	49	58	28
Tax	(9)	(9)	(11)	(5)
Minorities	0	0	0	0
Net profit	38	40	47	23
Net profit (adj.)	38	40	47	23

Cash flow

Year to 31 Dec (S\$m)	2025	2026F	2027F	2028F
Operating	106	91	209	112
Pre-tax profit	46	49	58	28
Tax	(1)	(9)	(11)	(5)
Deprec. & amort.	2	2	2	1
Associates	0	8	0	0
Working capital changes	61	40	159	87
Non-cash items	(2)	1	1	1
Other operating cashflows	0	0	0	0
Investing	20	(22)	(8)	(6)
Capex (maintenance)	0	0	0	0
Investment	0	0	0	0
Proceeds from sale of assets	10	0	0	0
Others	10	(22)	(8)	(6)
Financing	16	(92)	(92)	(60)
Dividend payments	0	(9)	(10)	(12)
Proceeds from borrowings	(2)	(75)	(75)	(41)
Loan repayment	0	0	0	0
Others/interest paid	18	(7)	(7)	(7)
Net cash inflow (outflow)	141	(23)	109	46
Beginning cash & cash equivalent	19	160	137	246
Changes due to forex impact	0	0	0	0
Ending cash & cash equivalent	160	137	246	291

Balance Sheet

Year to 31 Dec (S\$m)	2025	2026F	2027F	2028F
Fixed assets	1	1	1	1
Other LT assets	37	37	37	37
Cash/ST investment	160	137	246	291
Other current assets	518	310	156	38
Total assets	716	485	439	367
ST debt	23	23	23	23
Other current liabilities	344	191	217	175
LT debt	191	116	41	0
Other LT liabilities	1	0	0	0
Shareholders' equity	157	154	158	169
Minority interest	0	0	0	0
Total liabilities & equity	716	485	439	367

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	21.8	23.9	22.3	24.8
Pre-tax margin	20.4	19.3	21.0	22.8
Net margin	16.6	15.8	17.1	18.6
ROA	7.0	6.7	10.2	5.7
ROE	39.2	25.8	30.3	14.1
Growth				
Turnover	2,794.1	11.3	8.6	(55.3)
EBITDA	1,012.4	21.8	1.5	(50.4)
Pre-tax profit	1,310.2	5.7	17.8	(51.4)
Net profit	1,063.5	5.7	17.8	(51.4)
Net profit (adj.)	1,063.5	5.7	17.8	(51.4)
EPS	1,027.3	5.7	17.8	(51.4)
Leverage				
Debt to total capital	57.7	47.5	28.9	12.0
Debt to equity	136.6	90.4	40.7	13.7
Net debt/(cash) to equity	34.5	1.7	(115.0)	(158.7)
Interest cover (x)	77.5	95.0	96.4	48.0

IMPORTANT NOTICE - DISCLOSURES AND DISCLAIMERS

This report is provided subject to various disclosures and disclaimers (the "Disclosures / Disclaimers") which form an integral part of this report and are available at [this link](#) or by scanning the QR code below:



The Disclosures / Disclaimers contain important information, including without limitation, (a) exclusions of liability, (b) confidentiality obligations, (c) restrictions on publication, circulation, reproduction, distribution and use of the report, (d) potential conflicts of interest, and (e) disclosures and requirements specific to recipients in the United States and other applicable jurisdictions.

Specifically, this report is intended for general circulation and informational purposes only and does not take into account the specific investment objectives, financial situation, or particular needs of any individual person. It is not intended to constitute personal investment advice or a recommendation to buy or sell any investment product or security. You should independently evaluate the information and, where necessary, seek advice from a qualified financial adviser regarding the suitability of any investment, taking into account your specific objectives, financial situation and needs, before making any investment decision. Analyst certifications required under applicable regulations, including SEC Regulation AC (where relevant), are included in this report.

Recipients of this report must carefully read, review and understand the full Disclosures / Disclaimers before using or relying on any information in this report. By accessing, receiving or using this report, you acknowledge and confirm that you have read, understood, accepted and agreed to be bound by the Disclosures / Disclaimers (as may be amended or updated from time to time) in full."