Construction

Extended upcycle supports further re-rating

- BCA has raised its 2026F construction demand forecast, supporting our view of an extended upcycle and earnings peaking later in FY28F/29F.
- There could be 1-24% upside to our TPs. Our TPs are conservative, with implied FY27F P/Es only at their respective historical averages.
- Maintain Overweight on the construction sector. We expect names under our coverage to deliver FY26F-28F EPS growth of 16-41% and ROE of 16-24%.
- Top picks: SANLI, SOIL, TWC, with 28-32% upside to our respective TPs.

Singapore

Overweight *(no change)*

Highlighted Companies

Sanli Environmental Ltd
ADD, TP S$0.47, S$0.32 close

Sanli Environmental has a record S$781.5m outstanding order book to be fulfilled over 5 years, supported by major LTA and PUB wins. Maintain Add, underpinned by a strong FY25-27F EPS CAGR of 84.4%.

Soilbuild Construction Group
ADD, TP S$1.20, S$0.91 close

Soilbuild Construction had a resilient S$1.19bn order book as of 1H25, supported by mega projects, including the S$647.5m PSA Supply Chain Hub, offering strong multi-year earnings visibility and potential upside from value-unlocking precast spin-off.

Tiong Woon Corp
ADD, TP S$1.23, S$0.95 close

Tiong Woon Corp (TWC) is trading at an FY27F P/E of 7.8x (vs. its 5-year historical average P/E of 9.5x) and a 34% discount to regional peers despite its global ranking (#15 on IC100) and strong track record. We believe TWC is a beneficiary of the various construction- and infrastructure-focused nation-building plans implemented by countries in Southeast Asia and the Middle East.

Summary Valuation Metrics

P/E (x)	Dec-25F	Dec-26F	Dec-27F
Sanli Environmental Ltd	20.94	11.88	9.22
Soilbuild Construction Group	9.85	8.60	7.56
Tiong Woon Corp	10.04	8.05	6.95

P/BV (x)	Dec-25F	Dec-26F	Dec-27F
Sanli Environmental Ltd	2.26	1.96	1.71
Soilbuild Construction Group	4.99	3.59	2.72
Tiong Woon Corp	0.66	0.62	0.58

Dividend Yield	Dec-25F	Dec-26F	Dec-27F
Sanli Environmental Ltd	1.29%	2.48%	3.25%
Soilbuild Construction Group	3.55%	4.07%	4.63%
Tiong Woon Corp	1.96%	2.33%	2.71%

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Mega projects and growing pipeline extend upcycle

On 22 Jan 2026, Singapore's Building and Construction Authority (BCA) raised its 2026 construction demand forecast from S$37bn-46bn to S$47bn-53bn, on par with its forecast for 2025 a year ago. This supports our view of an extended construction upcycle in Singapore. We now expect Singapore to see two consecutive years of strong contract awards (2025-2026 vs. only 2025 previously), followed by four years of elevated construction awards (unchanged). According to Airport Technology, the total cost of Changi T5 is expected to be S$10bn (with S$4bn-5bn remaining). Being the only estimates widely used in public, we believe these underestimate the remaining value of Changi T5. All in, we project c.S$13bn worth of contracts for Changi T5 (S$8bn-16bn) and Marina Bay Sands (MBS) Integrated Resort 2 (c.S$5.5bn) remains to be awarded over CY2026F-27F.

Earnings growth extended, to peak in FY28F/298F

We now believe EPS growth will continue into FY29F and earnings will peak in FY28F/FY29F (previously FY27F/FY28F). We see 1-24% potential upside to our TPs, which are conservative with implied FY27F P/Es (for 7 out of 9 names under our coverage) only at their respective historical averages. Our scenario analysis, which pegs our hypothetical TPs to the respective stage-of-cycle multiples, posits potential 21-154% upside to our cycle-adjusted hypothetical TP; early-cycle players like building material names BRC, and PAN are pegged to +0.5 s.d. of their historical P/Es while late-cycle beneficiaries like mechanical and electrical (M&E) engineering, design and fit-out players (with later earning peaks) are pegged to +1 s.d. of their FY27F P/Es.

Maintain sector Overweight; SANLI, SOIL, TWC are our top picks

We maintain our Overweight call on this sector, expecting names under our coverage to deliver FY26F-28F EPS growth of 16-41% and ROE of 16-24%; we now expect the Singapore construction upcycle to extend into FY29F. Our top picks are SANLI, SOIL and TWC; despite 28-32% upside to our respective TPs, implied FY27F P/Es are undemanding at their average historical forward multiples (10-15x). Re-rating catalysts: strong offtake volumes and earnings-accretive M&As. Downside risks: project delays due to bottlenecks in other construction services and work stoppages.

Figure 1: Potential 1-24% upside to our TPs based on historical averages for 7 out of 9 names under our coverage currently and 21-154% upside to last price, if our TPs are based on FY27F earnings and construction cycle-based P/E multiples

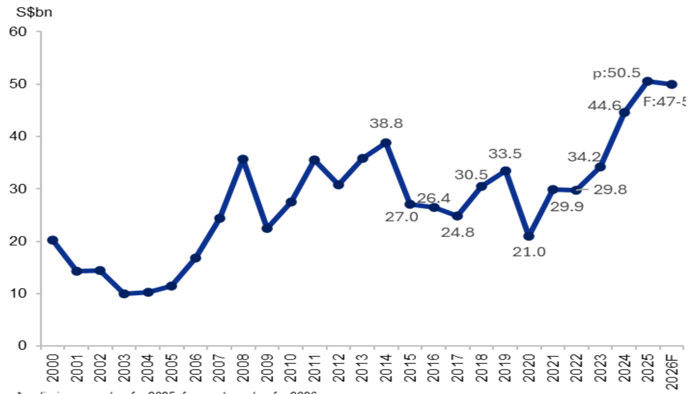
Company	Last Price (S$)	CGSI TP	Implied FY27F P/E	FY27F EPS	Historical forward P/E: Avg	+0.5 SD	+1 SD	+1.5 SD	+2 SD	TP if pegged to early/late cycle P/E	Upside from last price	Upside from our TP	Comments
BRC Asia Ltd	4.20	4.90	13	38.51	12	15	19	23	27	5.93	41%	21%	BRC TP is based on 13x FY27F P/E
Ever Glory United Hldgs	0.77	0.87	12	7.09	11	13	15	17	19	1.08	41%	24%	EGUH TP is based on FY27F P/E of 12x (avg historical P/Es M&E subsector)
ISOTeam Ltd	0.08	0.11	8	1.37	13	16	18	21	24	0.21	154%	94%	ISO TP is based on 8x FY27F P/E
Lum Chang Creations	0.70	0.72	12	6.00	11	13	15	17	19	0.91	31%	26%	LUCC TP is based on FY27F P/E of 12x (subsector average)
Pan-United Corp Ltd	1.19	1.20	12	9.83	12.1	15	18	20.9	23.8	1.47	24%	23%	PAN TP is based on 6.2x FY26F EV/EBITDA and translates to FY27F P/E of 12x
Sanli Environmental Ltd	0.32	0.47	16	2.97	8.1	10.1	12	14	16	0.47	48%	1%	SANLI TP is based on FY27F P/E of 15.9x (+2s.d. to 4-yr historical P/E)
Soilbuild Construction Grp	0.91	1.20	10	11.97	4	5.7	7.3	9	10.6	1.27	40%	6%	SOIL TP is based on historical P/Es of construction & precast players and translates to FY27F P/E of 10x
Tiong Woon Corp	0.95	1.23	9	12.96	10.7	13.1	15.4	17	20.2	2.00	110%	62%	TWC TP is based on 4x FY27F EV/EBITDA but translated to P/E of 10x
Wee Hur Holdings Ltd	0.91	0.95	7	12.82	5.1	6.8	8.6	10	12	1.10	21%	16%	WHUR TP is based on SOP but translates to FY27F P/E of 7x

SOURCES: CGSI RESEARCH ESTIMATES, COMPANY REPORTS

KEY CHARTS

Singapore overall construction demand

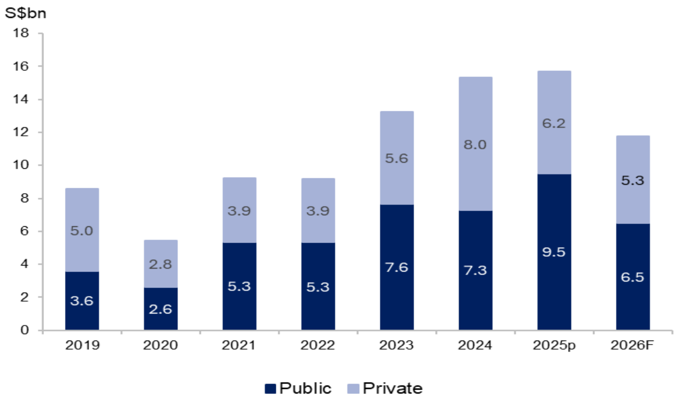
Construction demand was S$50.5bn (preliminary figure from BCA) in 2025. BCA projects 2026F construction demand to be at a similar level (S$47bn-53bn).



*preliminary number for 2025, forecast number for 2026

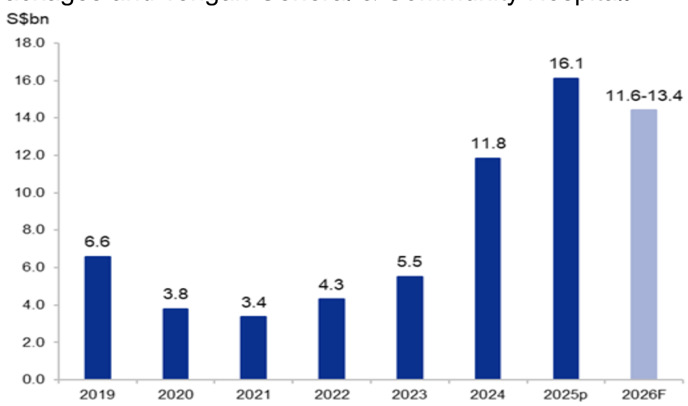
Residential construction demand

BCA projects total public residential construction demand to stay firm in 2026F, with new flat supply of ~S$4bn-5bn, while private residential construction demand could moderate.



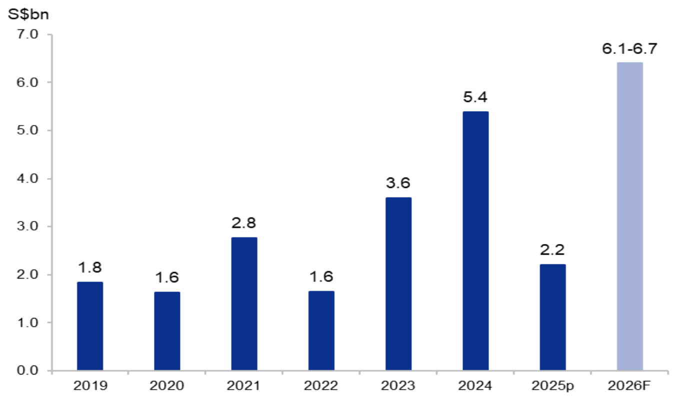
Institutional construction demand

2026F institutional construction demand is expected to remain elevated, mainly supported by remaining Changi T5 packages and Tengah General & Community Hospital.



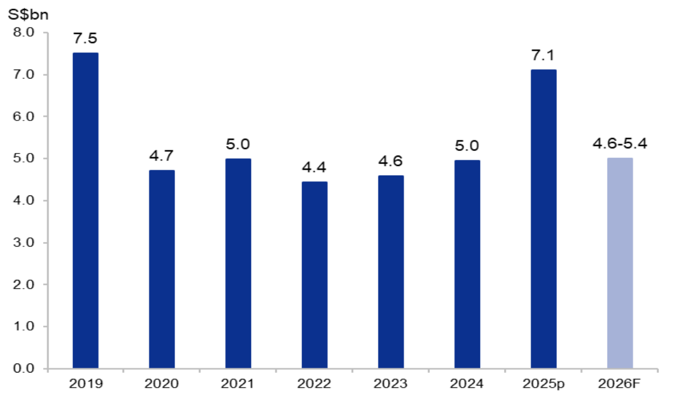
Commercial construction demand

Commercial construction demand is likely to strengthen in 2026F, mainly supported by MBS Integrated Resort expansion and redevelopment of malls.



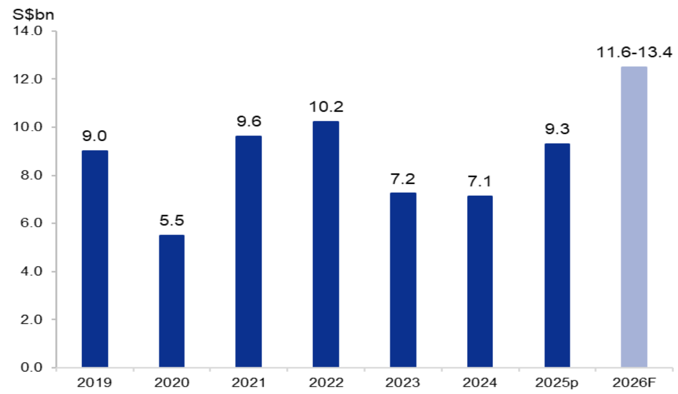
Industrial construction demand

Industrial construction demand could moderate to 2024's level. Key projects include biomedical and pharmaceutical plants at Tuas, a data centre at Changi, a high-tech warehouse and distribution centre at Sungai Kadut and phase 2 of the Tuas water reclamation plant.



Civil engineering construction demand

Civil engineering construction demand to strengthen, mainly supported by mass rapid transport (MRT) contracts, T5 infrastructure works, and berths and yards for Tuas Terminal.



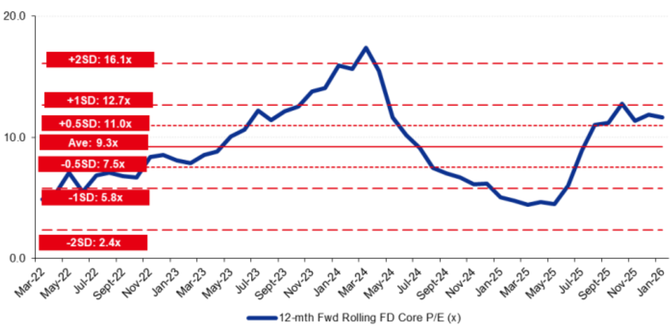
SOURCES: CGSI RESEARCH, BUILDING AND CONSTRUCTION AUTHORITY (BCA)

KEY CHARTS

SANLI: Water infra tailwind play

SANLI (CP: S$0.32) is currently trading at 9x FY27F P/E, its average 12-month forward P/E since 2022. Our TP of S$0.47 (49% upside) is pegged at +2 s.d. from the 12-month forward P/E given its robust earnings growth (84.4% FY25-27F EPS CAGR), backed by margin normalisation and a growing order book.

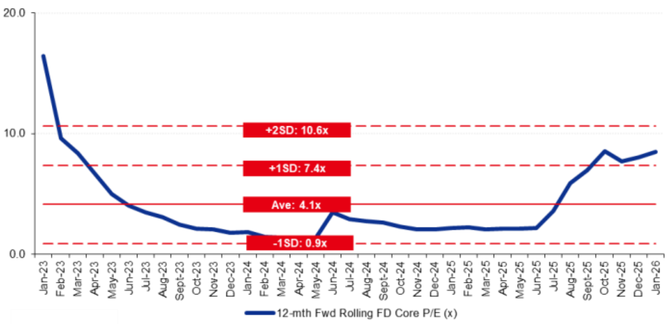
As an M&E player specialising in water and waste management projects, SANLI's current order book was S$781.5m as of Nov 25, supported by Public Utilities Board (PUB) NEWater plant projects and Land Transportation Authority (LTA) Cross Island Line Phase 1 project.



SOIL: re-rating on stronger order book

SOIL (CP: S$0.91) is currently trading at an FY27F P/E of 7.6x, +1 s.d. from its 12-month forward P/E for the past 3 years. We believe our TP of S$1.20 (32% upside), implying 10x FY27F P/E, based on historical average of domestic general main contractors, is more appropriate given SOIL's improving earnings quality (vs. prior losses) and stronger order book coverage into FY27F compared to the historical average (2013-2024: S$561m), which supports a structural re-rating from trough multiples.

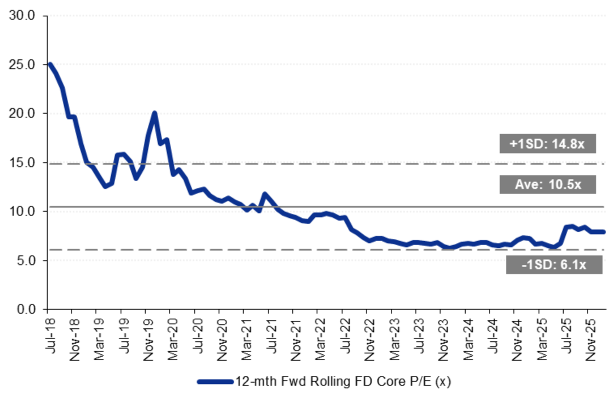
As an industrial building main contractor, SOIL's order book was at S$1.19bn as of 1H25, now mainly supported by the S$647.5m PSA Supply Chain Hub. Going forward, we expect further margin expansion from operating leverage as well as strong order wins from internal industrial projects and Built-to-Order (BTO) precast to support double-digit EPS growth in FY26/27F.



TWC: undervalued late-cycle beneficiary

TWC (CP: S$0.96) is currently trading at FY27F P/E of 7.8x, -0.7 s.d. from its 7-year forward P/E. Our TP of S$1.23 (28% upside) implies FY27F P/E of 10x, its 7-year historical average forward P/E.

TWC ranks #15 globally on IC100 2024/2025, an annual ranking published by International Cranes and Specialised Transport magazine, and its competitive advantage is in heavy-tonnage lifts (up to 2,200 tonnes). We believe it is a beneficiary of construction-/infrastructure-focused nation-building plans implemented by many SEA and Middle East countries and is usually involved in heavy haulage and later-cycle construction work (superstructures).



SOURCES: CGSI RESEARCH, COMPANY REPORTS, BUILDING & CONSTRUCTION AUTHORITY (BCA), BLOOMBERG

Order win momentum to be extended into 2026F/2027F

Mega projects and growing pipeline extend upcycle

We believe Singapore's construction demand in 2026F is set to remain elevated at BCA's 2026F forecast of S$47bn-53bn, broadly in line with 2025's levels, underscoring a sustained upcycle supported by a deep and diversified project pipeline.

According to BCA, 2026's construction demand will be anchored mainly by institutional, commercial and civil engineering works, which together form the largest share of the 2026 pipeline, driven by mega infrastructure and public sector developments. Key institutional and commercial projects include Changi Airport Terminal 5 (T5) development works, Tengah General & Community Hospital and MBS Integrated Resort expansion while civil engineering demand will be supported by MRT line extensions (Downtown Line and Thomson East Coast Line), T5 enabling infrastructure, Tuas Mega Port berths and stacking yards, and major road and cycling network expansions.

Other 2026F works will come from:

1. Public residential demand: BCA expects this to stay firm at S$6.2bn-6.8bn, supported by a steady BTO launch pipeline of S$4bn-5bn;
2. Private residential demand: BCA projects this to moderate slightly to S$5.0bn-5.5bn as developers pace launches.
3. Industrial demand of S$4.6bn-5.4bn, underpinned by data centres, biomedical and high-tech manufacturing facilities and Deep Tunnel Sewerage System (DTSS) Phase 2 water infrastructure.

Beyond 2026F, BCA highlighted a visible 2027-2030F pipeline of S$39bn-46bn p.a., including Cross Island Line Phase 3, National University Hospital (NUH) redevelopment, Woodlands Checkpoint expansion and Greater Sentosa Master Plan works, reinforcing our confidence that Singapore's construction upcycle is structural rather than cyclical, with sustained order flow visibility for contractors and subcontractors alike.

Over S$13bn in mega public projects still up for grabs

We estimate that there remains over S$13bn worth of contracts for Changi T5 and MBS Integrated Resort 2 (IR2) to be awarded:

1. We believe at least S$8bn worth of contracts have yet to be awarded for the construction of the Changi T5 main terminal buildings (Fig 2), which will be split into three packages (5A, 5B and 5C). While the main contractor roles are likely to be awarded to overseas players (primarily Chinese and Japanese), we expect substantial downstream work — including ready-mix concrete (RMC), steel rebars, building equipment supplies as well as M&E and interior fit-out works — to be subcontracted to local players. To date, the Changi Airport Development Fund has been largely funded by the Ministry of Finance (MOF), which has contributed c.S$11bn since 2015. Looking ahead, we expect additional funding to be required as construction costs continue to rise, likely via further MOF injections and incremental borrowings by Changi Airport Group (CAG, Unlisted).
2. Las Vegas Sands (LVS US, Not Rated, CP: US$59.94) estimates the design and construction of MBS IR2 to cost US$4.7bn. Excluding foundation works, the majority of the contracts for MBS IR2 has not been awarded. We estimate there is c.S$5.5bn in contracts for substructure and superstructure works for MBS IR2 up for grabs.

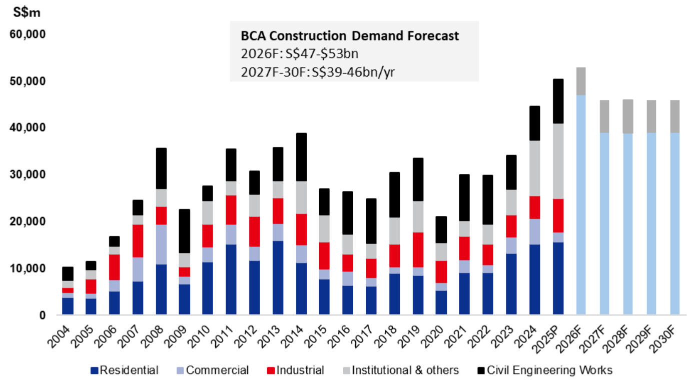
With several mega projects in the pipeline, with completion dates stretched out between 2029F and the mid-2030s, we expect construction activity in Singapore to be protracted. We think construction output will peak in FY26F-27F and remain elevated over FY28F-29F. We also expect to see S$1.8bn in public housing contracts (c.8,000 dwelling units) awarded by 2Q26F.

Figure 2: CGSI Research's estimation of Changi T5 main terminal's size and contract value

Building	Implied GFA (sqm)	Estimated relative size vs T4	Actual/Estimated Contract Value (S$m)	Estimated Contract Value adj. to inflation (S$m)
T4 (Completed)	225,000	1.0×	985.0	1,308.1
T5 (value rounded)	**1,406,250**	**6.25x**	**6,200.0**	**8,200.0**
T5A	562,500	2.5x	2,462.5	3,270.2
T5B	450,000	2x	1,970.0	2,616.2
T5C	393,750	1.75x	1,723.8	2,289.1

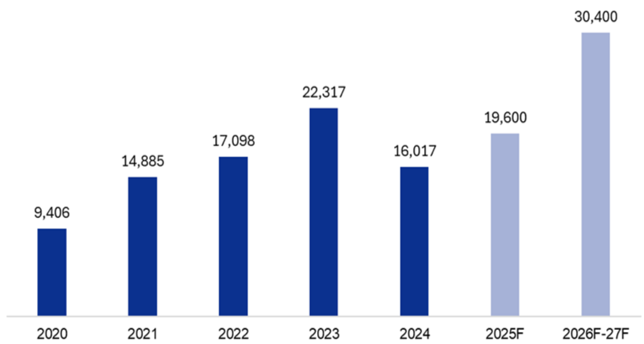
SOURCES: CGSI RESEARCH ESTIMATES, CHANGI AIRPORT GROUP

Figure 3: The BCA estimates that construction demand could peak in 2026F and remain elevated over 2026F-29F



SOURCES: CGSI RESEARCH, BCA

Figure 4: Housing Development Board's (HDB) build-to-order units sold and planned launch pipeline



SOURCES: CGSI RESEARCH, HOUSING DEVELOPMENT BOARD

Who's likely to win projects?

Competitive advantage based on past projects

Taking a closer look at Singapore construction names and their track records, we think these are the players who are likely to win contracts in the respective segments (Fig 5):

1. Main contractors: GRC Ltd, Wee Hur and Lum Chang are the most consistently represented across public and private residential/commercial projects. In contrast, Boustead Singapore and Soilbuild Construction are more industrial-centric while KSH Holdings has a clearer institutional niche. Hock Lian Seng focuses more on building LTA railway stations.
2. Civil and infrastructure contracts appear to favour players GRC Ltd., Huationg Global, Ley Choon, OKP Holdings and BBR Holdings, tapping their structural advantage in public works and ground engineering as civil specialists. Smaller civil specialists like CSC Holdings and Reclaims Global focus more on 2-3 types of private projects.
3. On the M&E front, Ever Glory United stands out as the most consistently represented name across multiple project categories, especially now with the Guthrie Engineering brand. While SANLI is most known for its experience in water-related works (under infrastructure/industrial projects), it is venturing into other public projects as well.
4. Building material players, like BRC, PAN and Tai Seng Electric, tend to participate in all project types.

5. For crane suppliers, TWC, with more higher tonnage cranes than its competitors, focuses on winning bigger public infra/residential projects while Sin Heng Heavy Machines typically takes on smaller public and private projects with lower tonnage cranes (128 tonnes of average crane lifting capacity, according to its FY24 annual report).

Figure 5: Competitive advantage(s) of listed construction players, by type of work and project type

Type of project	General Builders (Main con)	Civil Engineering (Main/sub-con)	Mechanical Engineering (Main/sub-con)	Fit-out/supports (sub-con)
Civil & infrastructure	GRC Ltd., Hock Lian Seng, Koh Brothers Group, Lum Chang Holdings	Huationg Global, Ley Choon, OKP Holdings, BBR Holdings	Ever Glory United Holdings, King Wan Corp, Koh Brothers Group, Sanli Environmental	Pan-United, Hong Leong Asia, Tiong Woon Corp, Sin Heng Heavy Machine, Tai Sin Electric
Commercial	Lum Chang Holdings, Low Keng Huat	CSC Holdings, Reclaims Global	Ever Glory United Holdings	Pan-United, Hong Leong Asia, BRC Asia, Lum Chang Creations, Hafary Holdings, Lincotrade & Associates Holdings, Tai Sin Electric
Industrial	Boustead Singapore, Soilbuild Construction	GRC Ltd., CSC Holdings, Reclaims Global	Koh Brothers Group, Sanli Environmental	NSL Ltd., BRC Asia
Institutional	KSH Holdings, Wee Hur	Reclaims Global	Ever Glory United Holdings, Koyo International	Pan-United, Hong Leong Asia, BRC Asia, Hafary Holdings, Tiong Woon Corp, Tai Sin Electric
Private Residential	GRC Ltd., Wee Hur, Keong Hong	Reclaims Global	Ever Glory United Holdings, King Wan Corp, Natural Cool Holdings	Hafary Holdings, Lincotrade & Associates Holdings, Vicplas International, Nam Lee Pressed Metal
Public Residential	GRC Ltd, Wee Hur, Tiong Seng	CSC Holdings, Huationg Global	King Wan Corp	GRC Ltd., ISOTeam, Hong Leong Asia, Tiong Woon Corp, Vicplas International, BRC Asia, Nam Lee Pressed Metal

SOURCES: CGSI RESEARCH, COMPANY REPORTS

Mega projects tendered to overseas consortiums but significant amount of work subcontracted to local players

We note that the substructure and superstructure contracts of mega projects (Changi Airport Terminal 1-5 and MBS) were mostly awarded to overseas players. Takenaka Corporation (Unlisted) was awarded various construction and expansion contracts for Changi Airport Terminal 1-4 construction while the substructure of T5 was awarded to the joint venture (JV) between China Communications Construction Company Ltd (CCCC, 1800 HK; not rated, CP: HK$5.01) and Obayashi Singapore (wholly-owned by Obayashi Corporation; 1802 JP, not rated, CP: JPY3,610) in May 2025.

Based on our channel checks, we understand that several local construction players are partnering with overseas contractors through JVs/consortiums to participate in these mega projects. With an increasing emphasis on local participation (e.g. the recent Changi T5 underground tunnel construction contract was awarded to the Penta Ocean-Koh Brothers JV), we believe consortiums with local involvement are better positioned for mega project wins.

According to an announcement by Takenaka Corp (the main contractor that won the Changi T4 contract, unlisted), 90% of works was subcontracted to local companies. We believe a meaningful portion of work for upcoming mega projects will be subcontracted to local players, including M&E engineering, building furnishing as well as various downstream and support service providers. Building material players, like BRC and PAN, were awarded the steel and ready-mix concrete contracts for Changi T5 by the main contractor in 2025.

Figure 6: Public and private construction/construction-related companies, based on competitive advantage

Which companies are involved?	SGX-listed companies		Private/ Non SGX-listed companies	
General builders • Oversee, coordinate and work on the construction of homes and other buildings; as well as LTA stations. • Arrange for subcontractors to complete specific jobs.	• BBR Holdings • Boustead Singapore • GRC Ltd. • Keong Hong • Koh Brothers Group • Hock Lian Seng	• KSH Holdings • Low Keng Huat • Lum Chang • **Soilbuild Construction** • Tiong Seng • TA Corp • **Wee Hur**	• CSCEC (SG) • CREC (SG) • CCCC (SG) • Woh Hup • HPC Builders • Lian Beng	• Obayashi (SG) • Nakano (SG) • Penta-Ocean (SG) • SH Design & Build • Sim Lian Construction • Dragages • Hwa Seng Builder
Civil engineering • Main con handles design and supervision of infrastructure construction projects, including roads, tunnels, bridges, and systems for water supply and sewage treatment. • Sub con typically takes on specialised works from main cons, including initial soil testing and inpection, bored piling, tunnelling, excavation works etc.	• BBR Holdings • CSC Holdings • Huationg Global • Hock Lian Seng	• Ley Choon Group • Kori Holdings • OKP Holdings • Reclaims Global • Tritech Group	• Chye Joo Construction • Koh Kock Leong Enterprise • Meinhardt Geotechnical (under Meinhardt Group) • TTJ Design And Engineering	• Ground Instrumentation & Engineering • Asia Tunnelling & Construction • KSL Tunnelling • Soon Li Heng Civil Engineering • Chuan Lim Construction
Mechanical & Electrical (M&E) engineering • Handles the installation of M&E systems essential of building functionality and safety during construction/designing or operation & maintenance (O&M) phases. • Typically has different key sector focus in O&G, Renewables, Water & Wastewater treatment, Railway etc. • Common system specialisations include: HVAC (Heating, Ventilation and Air Conditioning) systems, Plumbing & sanitary systems, Fire protection sytems, High & low voltage electrical systems, Communication & Security systems etc..	• **Ever Glory United (EGUH)** • **ISOTeam** • King Wan Corporation • Koyo International	• Koh Brothers Eco Engineering • Natural Cool Holdings • **Sanli Environmental**	• Wah Loon Engineering • PEC • Fidecs Engineering • Asiatic Engineering	• Aik Leong Plumbing • Kurihara • Techniques AC & Engineering • See Ho Engineering • Alpina Holdings
Building Fit-out/Renovating Specialists (A&A/R&R/Fit-Out) • Handles the finishing work (non-M&E fit out, painting, carpentry etc.) during construction phase, as well as upgrades/retrofitting post-construction.	• Attika Group • Dezign Format • Hafary Holdings • **ISOTeam** • Kingsmen Creatives	• Lincotrade & Associates Holdings • **Lum Chang Creations** • Sevens Atelier	• Barghest Building Performance • Falcon Incorporation • Haus Atelier • Ngai Chin Construction	• Precise Development • Shimuzu Corp • Takenaka Singapore • TCG Construction
Support and downstream services • Include heavy machinery leasing firms, building materials suppliers, labour accommodation services and third party logistical services. • Provide crucial support services during the construction phase.	• Aedge Group • **BRC Asia** • **Centurion** • GRC Ltd. • HG Metal • Hiap Tong Crane • **Hong Leong Asia** • Huationg Global • **Pan-United**	• Nam Lee Pressed Metal • NSL Ltd. • Reclaims Global • Sin Heng Heavy Machinery • Tai Sin Electric • **Tiong Woon Corp** • Vicplas International	• Surbana Jurong • Excel Precast • Halcon Primo Logistics • Hup Huat Crane	• Pollisum • MS Holdings • Eastern Wire

*Companies in **bold** font indicate CGSI Coverage (as of 22 Jan 26)

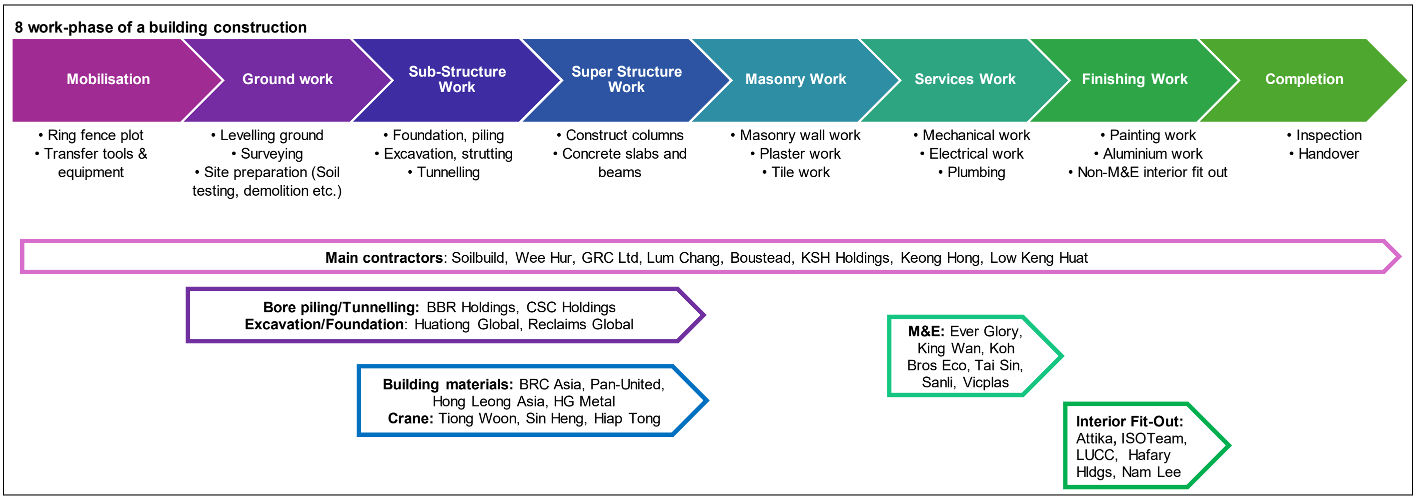
SOURCES: CGSI RESEARCH, COMPANY REPORTS

Next wave of tenders: subcons & downstream services

With the main contractors appointed and project planning under way, the next wave of sub-contractor tenders will follow. As such, we expect smaller contractors, M&E, building material, building furnishing, and support and downstream service players to report more contract wins in FY26F-28F.

Under our coverage, companies in this category include BRC, ISO, LUCC, PAN, EGUH, SANLI, and TWC. We estimate these companies will be seeing an average FY27F EPS growth of 49% (Fig 12).

Figure 7: Involvement of Singapore-listed construction companies, based on construction timeline



SOURCES: CGSI RESEARCH

What could valuations be if we peg TPs to +1 s.d. from forward P/E?

As we believe the construction cycle will be extended and EPS will peak in FY28F/29F, we conduct a scenario analysis, pegging our hypothetical TPs at between +0.5 and +2.0 standard deviation (s.d.) of their/subsector 10-year historical P/Es, depending on whether the company is an early- or late-cycle player/beneficiary. We opine that early-cycle players like building material players BRC, and PAN should be pegged to +0.5 s.d. from their historical P/Es while late-cycle beneficiaries like M&E, design and fit-out players (with later earnings peaks compared to early-cycle companies) should be pegged to +1 s.d. from their FY27F P/Es.

Under this scenario analysis, there is potential 1-24% upside to our TPs. Our TPs are conservative with implied FY27F P/Es (for 7 out of 9 names under our coverage) only at their respective historical average P/Es. Meanwhile, our cycle-adjusted hypothetical TPs have potential 21-154% upside (Fig 8).

Figure 8: Potential 1-24% upside to our TPs based on historical averages for 7 out of 9 names under our coverage currently and 21-154% upside to last price, if our TPs are based on FY27F earnings and construction cycle-based P/E multiples

Company	Last Price (S$)	CGSI TP	Implied FY27F P/E	FY27F EPS	Historical forward P/E					TP if pegged to early/late cycle P/E	Upside from last price	Upside from our TP	Comments
					Avg	+0.5 SD	+1 SD	+1.5 SD	+2 SD				
BRC Asia Ltd	4.20	4.90	13	38.51	12	15	19	23	27	5.93	41%	21%	BRC TP is based on 13x FY27F P/E
Ever Glory United Hldgs	0.77	0.87	12	7.09	11	13	15	17	19	1.08	41%	24%	EGUH TP is based on FY27F P/E of 12x (avg historical P/Es M&E subsector)
ISOTeam Ltd	0.08	0.11	8	1.37	13	16	18	21	24	0.21	154%	94%	ISO TP is based on 8x FY27F P/E
Lum Chang Creations	0.70	0.72	12	6.00	11	13	15	17	19	0.91	31%	26%	LUCC TP is based on FY27F P/E of 12x (subsector average)
Pan-United Corp Ltd	1.19	1.20	12	9.83	12.1	15	18	20.9	23.8	1.47	24%	23%	PAN TP is based on 6.2x FY26F EV/EBITDA and translates to FY27F P/E of 12x
Sanli Environmental Ltd	0.32	0.47	16	2.97	8.1	10.1	12	14	16	0.47	48%	1%	SANLI TP is based on FY27F P/E of 15.9x (+2s.d. to 4-yr historical P/E)
Soilbuild Construction Grp	0.91	1.20	10	11.97	4	5.7	7.3	9	10.6	1.27	40%	6%	SOIL TP is based on historical P/Es of construction & precast players and translates to FY27F P/E of 10x
Tiong Woon Corp	0.95	1.23	9	12.96	10.7	13.1	15.4	17	20.2	2.00	110%	62%	TWC TP is based on 4x FY27F EV/EBITDA but translated to P/E of 10x
Wee Hur Holdings Ltd	0.91	0.95	7	12.82	5.1	6.8	8.6	10	12	1.10	21%	16%	WHUR TP is based on SOP but translates to FY27F P/E of 7x

SOURCES: CGSI RESEARCH ESTIMATES, COMPANY REPORTS

What other projects could extend the construction cycle?

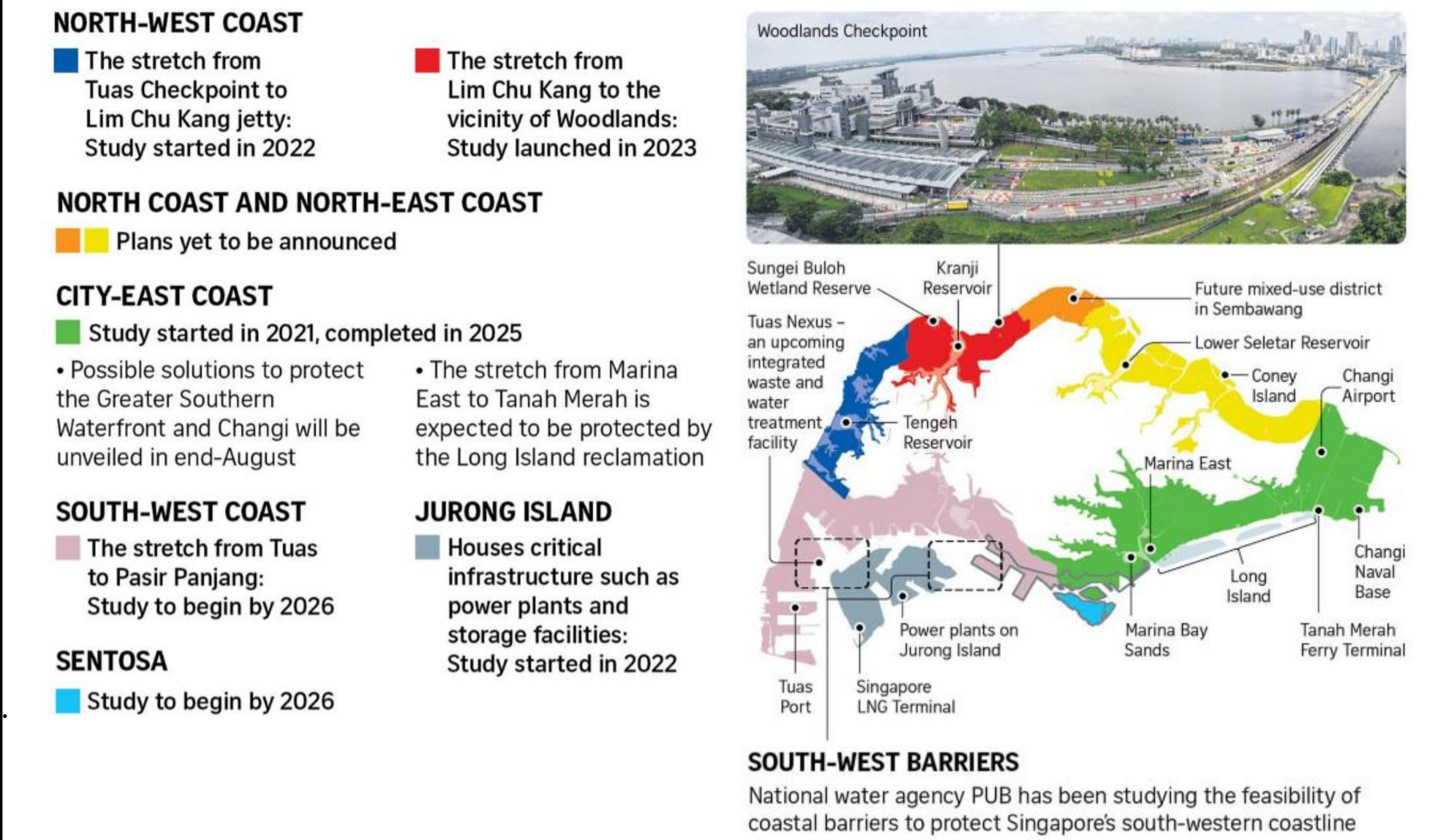
Projects that are not in BCA's construction demand forecast include Long Island (coastal protection) and two new MRT lines. Technical studies for the Long Island project will be ongoing over 2024-29F while feasibility studies for the two new MRT lines (tentatively called the Tengah and Seletar Lines) are also underway.

Coastal protection

According to environmental studies commissioned by the Urban Redevelopment Authority (URA), Singapore faces the risk of rising sea levels, which it projects to rise 1.15m by 2100, threatening coastal infrastructure and requiring costly protection measures. The Singapore government estimates that coastal protection initiatives may total S$100bn over the span of 100 years. In 2023, the government announced that public agencies would carry out technical studies for the Long Island project over a 5-year period over 2024-29F.

As at Aug 2025, S$10bn had been injected into the Coastal and Flood Protection Fund, of which S$200m has been drawn down to fund drainage projects, such as the Syed Alwi Pumping Station, Alkaff Lake and upgrading works at a section of Bukit Timah Canal (Rifle Range Road to Jalan Kampong Chantek).

Figure 9: Singapore's coastline divided into eight segments for site-specific studies of coastal protection measures



SOURCES: CGSI RESEARCH, PUBLIC UTILITIES BOARD (PUB), STRAITS TIMES

Feasibility study for two new rail lines

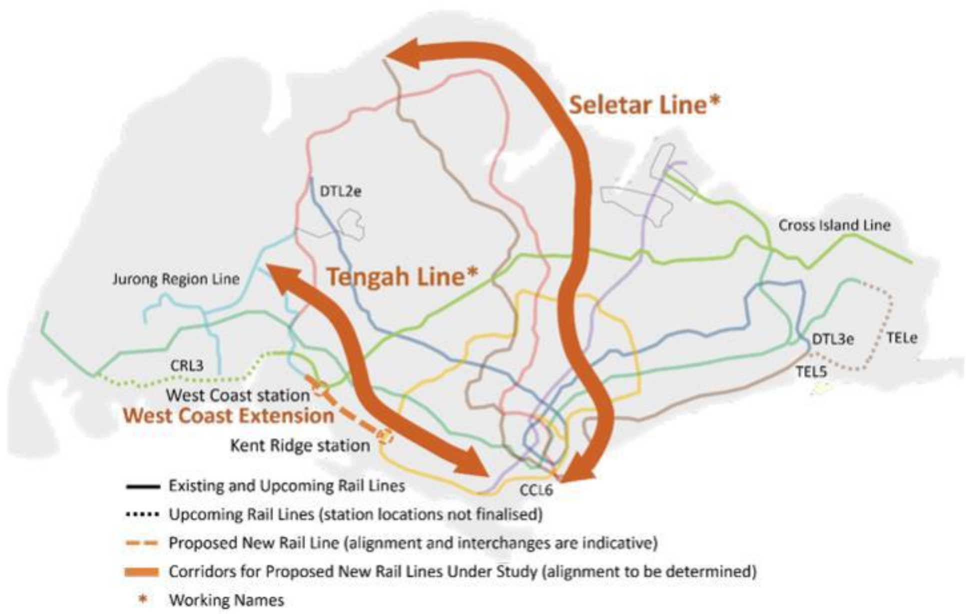
In a 5 Mar 2025 press release, the Land Transport Authority (LTA) revealed that feasibility studies for two new rail lines (tentatively called the Seletar and Tengah Lines) are currently ongoing. The Seletar Line could serve areas such as Woodlands, Sembawang, Sengkang West, Serangoon North, Whampoa, Kallang and the Greater Southern Waterfront while the Tengah Line could serve the west and northwest regions, such as Tengah, Bukit Batok, Queensway, and Bukit Merah (Fig 10). The LTA has also been studying a two-phase West Coast Extension (WCE) to further improve rail connectivity in the west via connecting the Jurong Regional Line (JRL) to the Cross Island Line (CRL) and Circle Line (CCL) by late-2030s and early-2040s, respectively.

These initiatives are part of the Land Transport Master Plan 2040, which aims to deliver a transport network where peak period journeys between homes and workplaces are kept below 45 minutes. Should these lines be deemed feasible, the LTA expects to complete them in phases from 2040F onwards. This could extend visibility for engineering construction demand from 2040F onwards.

Figure 10: Singapore's existing and upcoming rail lines (as at Jan 2023)

SOURCES: CGSI RESEARCH, LAND TRANSPORT AUTHORITY, CHANNEL NEWS ASIA

Figure 11: Schematic of Singapore's existing, upcoming and proposed rail lines (not drawn to scale; as at May 2025)



SOURCES: CGSI RESEARCH, LAND TRANSPORT AUTHORITY

Maintain Overweight on the construction sector

We expect names under our coverage to deliver FY26F-28F EPS growth of 16-41% and ROE of 16-24% as well as growing cash balances and stronger balance sheets on the back of higher order books/earnings. We believe the sector still has legs to run and that the strong earnings growth and robust ROE could extend into FY30F due to the extended construction upcycle in Singapore.

SANLI, SOIL and TWC are our top picks. We believe TWC's FY27F P/E of 7.8x (vs. 5-year historical average of 9.5x) is undemanding, supported by FY26F-27F ESP growth of 15-23%. Despite their share price rally over the past year, we see further upside for SANLI and SOIL and believe the market has not fully priced in their strong execution track records and earnings visibility from their current order books.

Key sector re-rating catalysts include strong off-take volumes and earnings-accretive M&As. Downside risks include project delays due to bottlenecks in other construction services and work stoppages.

Figure 12: Normalised EPS growth

Normalised EPS growth	FY21	FY22	FY23	FY24	FY25A/F	FY26F	FY27F	FY28F
BRC Asia Ltd	124.5%	67.9%	-10.1%	-5.1%	19.8%	7.2%	6.8%	-11.3%
Ever Glory United Holdings	-34.0%	191.9%	74.0%	-20.4%	23.6%	44.9%	14.3%	*
ISOTeam Ltd	-19.2%	-31.4%	*	#	-19.1%	49.9%	33.8%	47.4%
Lum Chang Creations	*	#	4.0%	173.2%	28.8%	13.7%	11.8%	*
Pan-United Corp Ltd	#	42.4%	30.0%	14.3%	25.1%	24.7%	7.8%	*
Sanli Environmental Ltd	*	436.0%	145.2%	-32.8%	-47.1%	217.1%	61.7%	22.6%
Soilbuild Construction Group	-90.8%	#	*	#	116.2%	14.6%	13.7%	*
Tiong Woon Corp	30.3%	15.5%	38.6%	17.8%	4.5%	21.2%	10.3%	6.7%
Wee Hur Holdings Ltd	-97.7%	#	7.4%	-7.2%	9.5%	-20.6%	4.6%	*
Simple average	**-14.5%**	**120.4%**	**41.3%**	**20.0%**	**17.9%**	**41.4%**	**18.3%**	**16.3%**

SOURCES: CGSI RESEARCH ESTIMATES, COMPANY REPORTS
Note: # = >500% EPS growth; * = not available (profit turnaround/not forecasted)

Figure 13: ROE table

Return on Average Equity	FY22	FY23	FY24	FY25A/F	FY26F	FY27F	FY28F
BRC Asia Ltd	25.8%	19.6%	17.1%	18.6%	18.5%	18.3%	15.1%
Ever Glory United Holdings	85.0%	96.0%	59.2%	52.7%	48.2%	35.1%	
ISOTeam Ltd	-35.9%	3.0%	21.0%	13.7%	18.1%	20.3%	26.7%
Lum Chang Creations	59.5%	40.6%	74.4%	56.1%	39.0%	31.8%	
Pan-United Corp Ltd	13.2%	16.1%	16.4%	18.4%	20.8%	20.2%	
Soilbuild Construction Group	-93.7%	23.4%	41.6%	57.6%	44.2%	36.2%	
Tiong Woon Corp	4.1%	5.4%	6.1%	6.1%	7.0%	7.3%	7.3%
Wee Hur Holdings Ltd	16.3%	15.0%	12.1%	12.9%	10.0%	10.1%	
Simple Average	**8.9%**	**25.1%**	**28.6%**	**27.4%**	**24.0%**	**21.1%**	**16.4%**

SOURCES: CGSI RESEARCH ESTIMATES, COMPANY REPORTS

Figure 14: Peer comparison

Company	Bloomberg Ticker	Recom.	Price (lcl curr)	Target Price (lcl curr)	Market Cap (US$ m)	P/E (x) CY25F	P/E (x) CY26F	P/E (x) CY27F	3-year EPS CAGR (%)	P/BV (x) CY25F	P/BV (x) CY26F	P/BV (x) CY27F	Recurring ROE (%) CY25F	Recurring ROE (%) CY26F	Recurring ROE (%) CY27F	EV/EBITDA (x) CY25F	EV/EBITDA (x) CY26F	EV/EBITDA (x) CY27F	Dividend Yield (%) CY25F	Dividend Yield (%) CY26F	Dividend Yield (%) CY27F
Singapore General Builders																					
Boustead Singapore Ltd	BOCS SP	NR	1.84	NA	732	9.4	na	na	na	1.51	na	na	na	na	na	na	na	na	na	na	na
GRC Ltd/Singapore	GRC SP	NR	0.14	NA	388	na	na	na	na	3.43	na	na	na	na	na	na	na	na	na	na	na
Keong Hong Holdings Ltd	KHHL SP	NR	0.151	NA	28	na	na	na	na	0.64	na	na	na	na	na	na	na	na	na	na	na
Koh Brothers Group Ltd	KOH SP	NR	0.31	NA	100	na	na	na	na	0.49	na	na	na	na	na	na	na	na	na	na	na
KSH Holdings Ltd	KSHH SP	NR	0.35	NA	155	na	9.9	na	na	0.69	na	na	3.8%	6.6%	na	na	6.6	na	4.1%	4.9%	na
Low Keng Huat Singapore Ltd	LKH SP	NR	0.78	NA	449	278.6	na	na	na	0.99	na	na	na	na	na	na	na	na	na	na	na
Lum Chang Holdings Ltd	LCH SP	NR	0.695	NA	203	16.7	na	na	na	1.56	na	na	na	na	na	na	na	na	na	na	na
Soilbuild Construction Group	SOIL SP	Add	0.91	1.20	467	9.9	8.6	7.6	46%	4.99	3.59	2.72	59.2%	48.7%	41.0%	6.7	5.5	4.4	3.6%	4.1%	4.6%
Tiong Seng Holdings Ltd	TSNG SP	NR	0.101	NA	36	na	na	na	na	0.85	na	na	na	na	na	na	na	na	na	na	na
Wee Hur Holdings Ltd	WHUR SP	Add	0.91	0.95	652	8.6	10.3	7.1	7%	1.29	1.22	1.20	14.7%	12.2%	17.1%	6.2	5.9	4.5	1.5%	1.5%	1.5%
Simple average						**11.1**	**10.1**	**7.3**	**27%**	**1.64**	**2.41**	**1.96**	**25.9%**	**22.5%**	**29.0%**	**6.5**	**6.0**	**4.5**	**3.1%**	**3.5%**	**3.1%**
Singapore Civil Engineering Specialist																					
BBR Holdings S Ltd	BBR SP	NR	0.2	NA	52	na	na	na	na	0.53	na	na	na	na	na	na	na	na	na	na	na
CSC Holdings Ltd	CSC SP	NR	0.02	NA	43	32.0	na	na	na	0.69	na	na	na	na	na	na	na	na	na	na	na
Huationg Global Ltd	HUAGL SP	NR	0.64	NA	88	na	na	na	na	0.95	na	na	na	na	na	na	na	na	na	na	na
Hock Lian Seng Holdings Ltd	HLSH SP	NR	0.45	NA	179	na	na	na	na	0.81	na	na	na	na	na	na	na	na	na	na	na
Kori Holdings Ltd	KHLL SP	NR	0.11	NA	9	na	na	na	na	0.20	na	na	na	na	na	na	na	na	na	na	na
Ley Choon Group Holdings Ltd	LEY SP	NR	0.12	NA	137	12.1	na	na	na	2.44	na	na	na	na	na	na	na	na	na	na	na
OKP Holdings Ltd	OKP SP	NR	1.35	NA	323	11.3	10.4	na	na	2.09	na	na	17.8%	16.4%	na	na	na	na	1.5%	na	na
Reclaims Global Ltd	RGL SP	NR	0.46	NA	54	10.8	10.1	8.8	10%	1.66	na	na	16.8%	17.3%	17.9%	na	5.0	4.4	na	na	na
Tritech Group Ltd/Singapore	TTGP SP	NR	0.009	NA	10	na	na	na	na	5.12	na	na	na	na	na	na	na	na	na	na	na
Simple average						**11.4**	**10.2**	**8.8**	**10%**	**1.90**	**na**	**na**	**17.3%**	**16.8%**	**17.9%**	**na**	**5.0**	**4.4**	**1.5%**	**na**	**na**
Singapore M&E Specialist																					
Ever Glory United Holdings	EGUH SP	Add	0.77	0.87	227	17.9	12.3	10.8	46%	7.30	4.60	3.22	51.5%	48.2%	35.1%	16.3	10.1	9.1	0.0%	0.0%	0.0%
King Wan Corp Ltd	KWAN SP	NR	0.066	NA	40	13.5	na	na	na	0.67	na	na	na	na	na	na	na	na	na	na	na
Koh Brothers Eco Engineering L	KBE SP	NR	0.084	NA	191	na	na	na	na	2.11	na	na	na	na	na	na	na	na	na	na	na
Koyo International Ltd	KOYO SP	NR	0.055	NA	8	na	na	na	na	0.50	na	na	na	na	na	na	na	na	na	na	na
Natural Cool Holdings Ltd	NATC SP	NR	0.046	NA	9	na	na	na	na	0.72	na	na	na	na	na	na	na	na	na	na	na
Sanli Environmental Ltd	SANLI SP	Add	0.32	0.47	94	20.9	11.9	9.2	71%	2.26	1.96	1.71	11.3%	17.6%	19.8%	11.4	7.1	5.7	1.3%	2.5%	3.3%
Simple average						**19.4**	**12.1**	**10.0**	**46%**	**3.99**	**4.60**	**3.22**	**51.5%**	**48.2%**	**35.1%**	**16.3**	**10.1**	**9.1**	**0.0%**	**0.0%**	**0.0%**
Singapore Building Fit-out players																					
Attika Group Ltd	ATTIKA SP	NR	0.41	NA	43	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na
Dezign Format Group Ltd	DFG SP	NR	0.205	NA	32	7.1	6.2	5.4	na	na	na	na	34.1%	35.9%	31.9%	5.4	4.4	3.9	3.9%	4.4%	4.9%
Hafary Holdings Ltd	HAFA SP	NR	0.52	NA	173	na	na	na	na	1.66	na	na	na	na	na	na	na	na	na	na	na
ISOTeam Ltd	ISO SP	Add	0.08	0.11	52	15.2	7.8	4.9	79%	1.22	1.02	0.91	8.3%	14.2%	19.5%	7.3	4.3	2.9	1.9%	3.9%	6.2%
Kingsmen Creatives Ltd	KMEN SP	NR	0.505	NA	78	na	na	na	na	0.87	na	na	na	na	na	na	na	na	na	na	na
Lincotrade & Associates Holdin	LINASC SP	NR	0.215	NA	31	1442.6	na	na	na	287.77	na	na	na	na	na	na	na	na	na	na	na
Lum Chang Creations	LUCC SP	Add	0.70	0.72	171	14.0	12.3	11.3	27%	6.67	4.55	3.50	59.4%	44.8%	35.0%	9.6	8.0	6.8	2.5%	2.7%	2.8%
Simple average						**12.1**	**7.0**	**5.2**	**79%**	**1.25**	**1.02**	**0.91**	**21.2%**	**25.0%**	**25.7%**	**6.4**	**4.4**	**3.4**	**2.9%**	**4.1%**	**5.5%**
Support and downstream services																					
Aedge Group Ltd	ADGE SP	NR	0.29	NA	25	na	na	na	na	2.85	na	na	na	na	na	na	na	na	na	na	na
BRC Asia Ltd	BRC SP	Add	4.20	4.90	898	12.4	11.5	11.2	15%	2.19	2.03	1.89	18.1%	18.5%	17.4%	9.0	8.3	7.8	4.8%	5.1%	5.1%
Pan-United Corp Ltd	PAN SP	Add	1.19	1.20	648	16.3	13.0	12.1	19%	2.86	2.58	2.33	17.8%	20.8%	20.2%	7.8	6.2	5.5	3.1%	3.9%	4.1%
Nam Lee Pressed Metal Industri	NLPM SP	NR	0.71	NA	142	6.9	na	na	na	0.98	na	na	na	na	na	na	na	na	na	na	na
NSL Ltd/Singapore	NSL SP	NR	0.91	NA	264	na	na	na	na	1.14	na	na	na	na	na	na	na	na	na	na	na
HG Metal Manufacturing Ltd	HGM SP	NR	0.56	NA	127	na	na	na	na	1.09	na	na	na	na	na	na	na	na	na	na	na
Hiap Tong Corp Ltd	HTONG SP	NR	0.12	NA	28	11.8	na	na	na	0.35	na	na	na	na	na	na	na	na	na	na	na
Sin Heng Heavy Machinery Ltd	SHHM SP	NR	0.70	NA	59	na	na	na	na	0.72	na	na	na	na	na	na	na	na	na	na	na
Tai Sin Electric Ltd	TSE SP	NR	0.56	NA	202	9.9	na	na	na	1.17	na	na	na	na	na	na	na	na	na	na	na
Tiong Woon Corp	TWC SP	Add	0.95	1.23	172	10.0	8.0	7.0	20%	0.66	0.62	0.58	6.7%	8.0%	8.6%	4.4	3.6	2.9	2.0%	2.3%	2.7%
Vicplas International Ltd	VPS SP	NR	0.09	NA	37	na	na	na	na	0.66	na	na	na	na	na	na	na	na	na	na	na
Simple average						**11.2**	**10.8**	**10.1**	**20%**	**1.12**	**1.60**	**1.46**	**12.2%**	**14.4%**	**14.4%**	**6.1**	**4.9**	**4.2**	**2.5%**	**3.1%**	**3.4%**
Sector peer average						**21.8**	**9.9**	**8.2**	**34%**	**8.72**	**2.46**	**2.01**	**24.6%**	**23.8%**	**24.0%**	**8.42**	**6.24**	**5.27**	**2.5%**	**3.2%**	**3.5%**

DATA AS AT 22 JAN 2026

SOURCES: CGSI RESEARCH ESTIMATES, BLOOMBERG, COMPANY REPORTS

Note: Estimates for Not Rated (NR) stocks are based on Bloomberg consensus

ESG in a nutshell

The Singapore government places strong emphasis on workplace safety and has incorporated Workplace Safety and Health (WSH) criteria for the tendering of all public sector projects from 1 Apr 2024, as well as the Safety Disqualification (SDQ) Framework, where tenderers with poor WSH performance will be temporarily disqualified from tendering for public sector projects. The government also mandates the adoption of mature WSH technology, such as the Electronic Permit-To-Work System (ePTW), which allows full visibility of ongoing high-risk activities and identifies conflicting works, and the Vehicular Safety Technology (VST), which detects and manages driver or operator fatigue and minimises potential collisions and accidents.

To support Singapore's net zero aspirations, the government developed a Built Environment Industry Transformation Map, which promotes the adoption of technology and collaboration across the build environment value chain to accelerate Singapore's decarbonisation efforts and create a more sustainable build environment. The RMC Ecosystem at Jurong Port (JP), which opened in Nov 2024, is part of a larger Integrated Construction Park (ICP), which is planned to be completed by 2030F. Located next to the waterway, it allows aggregate vessels to berth directly at JP, eliminating the need for 216 barge trips annually. The use of an automated, enclosed conveyor system to transport sand and granite directly from the wharf to the concrete batching plants and storage areas will also eliminate more than 1m unnecessary truck trips annually, which the government estimates will reduce 23,500 t of CO_2 emissions per year.

Keep your eye on	Implications
Under the safety-related tender evaluation criteria, the minimum weightage for safety-related criteria in construction tenders of project sums above S$1m is 5%. For contracts that are evaluated using the BCA's Price Quality Method (PQM) framework, the minimum weightage for safety-related criteria is 15% of the 'Quality' weightage or 5% of the overall PQM score, whichever is higher.	Maintaining high workplace safety scores will better position building material players to secure public projects, in our view.
ESG highlights	**Implications**
PANU is a leader in low carbon concrete solutions and offers c.300 types of low carbon concrete, which accounted for c.50% of its FY24 sales.	PANU continues to take steps to improve their environmental footprint, such as raising the use of low-carbon alternative fuels and alternative substitute materials.
Trends	**Implications**
Building material players under our coverage have made significant research and development (R&D) investments to develop autonomous technology and logistics management systems such as façade washing and painting drones, and autonomous front-wheel loaders.	We believe the adoption of autonomous technology will help reduce workplace safety risk, reduce reliance on foreign labour and increase efficiency, which could improve margins.

SOURCES: CGSI RESEARCH, LSEG, COMPANY REPORTS

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