

PropNex (PROP SP)

2025: Riding The New Launch Wave With Record Cash Returns

Highlights

- A strong new launch pipeline and tight inventory underpin earnings visibility in 2026, supporting sustained transaction volumes.
- Near-100% payout ratio backed by net cash balance and robust cash flow positions PROP as a high-yield paying stock
- Maintain BUY with a higher target price of S\$2.55, implying a 25% upside.

Analysis

2025 Results

Year to 31 Dec (S\$m)	2024	2025	Chg %	Remarks
Revenue	783.0	1,116.4	42.6%	- Helped by strong transaction volumes across all market segments
Gross profit	71.0	115.0	62.1%	
Pre-tax profit	89.7	98.9	10.3%	
PATMI	70.4	76.5	8.7%	
Dividends per share S\$	0.0775	0.095	22.3%	- Payout ratio of 99.9% and above 75-80% guidance
Gross margin	9.1%	10.3%	1.2	
Net margin	9.0%	6.9%	-2.1	

Source: PROP

- **Strong growth with more to come in 1H26.** PropNex (PROP) reported very strong 2025 revenue of S\$1.12b (+43% yoy) and PATMI of S\$70.4m (+72% yoy). While it missed our bullish estimates at the bottom line, we note that strong 4Q25 activity in the Singapore residential market should bode well for sequentially stronger 1H26 earnings. Gross margin improved 1.2ppt to 10.3%, reflecting operating leverage from higher transaction volumes while pre-tax profit increase of 80% yoy to nearly S\$90m demonstrates the scalability of the agency model in our view. The company generated S\$120m in free cash flow in 2025, implying a trailing 12-month 8% FCF yield.
- **Dividends aplenty.** PROP declared a 23% yoy increase in DPS to S\$0.095 (interim S\$0.05, final S\$0.045) representing a payout ratio of 99.9% and well above its stated 75-80% policy range. As a result of the company's consistent payout of more than 80% in the past few years, our forward assumption has been raised to 90%. Dividend yield of 4.9% forecast for 2026 is supported by continued strong operating cash flow as well as the company's net cash position of S\$149m as at end-25.

Key Financials

Year to 31 Dec (S\$m)	2024	2025	2026F	2027F	2028F
Net turnover	783	1,116	1,120	1,124	1,193
EBITDA	46	88	97	97	101
Operating profit	43	85	94	94	98
Net profit (rep./act.)	41	70	77	77	80
Net profit (adj.)	41	70	77	77	80
EPS (S\$ cent)	5.5	9.5	10.3	10.4	10.8
PE (x)	36.9	21.4	19.7	19.5	18.9
P/B (x)	12.2	13.0	12.2	11.5	10.8
EV/EBITDA (x)	29.5	15.4	14.0	14.0	13.5
Dividend yield (%)	3.8	4.7	4.9	4.9	4.9
Net margin (%)	5.2	6.3	6.8	6.9	6.7
Net debt/(cash) to equity (%)	(90.6)	(128.4)	(129.7)	(136.7)	(122.1)
ROE (%)	32.9	54.0	53.2	48.8	46.1
Consensus net profit	-	-	89	78	NA
UOBKH/Consensus (x)	-	-	0.87	1.00	NA

Source: PropNex, Bloomberg, UOB Kay Hian

BUY (Maintained)

Share Price	S\$2.04
Target Price	S\$2.55
Upside	25.0%
Previous TP	S\$2.51

Analyst(s)

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Stock Data

GICS Sector	Real Estate
Bloomberg ticker	PROP SP
Shares issued (m)	740.0
Market cap (S\$m)	1,509.6
Market cap (US\$m)	1,193.0
3-mth avg daily t'over (US\$m)	2.3

Price Performance (%)

52-week high/low	S\$2.63/S\$0.99				
1mth	3mth	6mth	1yr	YTD	
(8.5)	(0.5)	(11.3)	80.5	8.5	

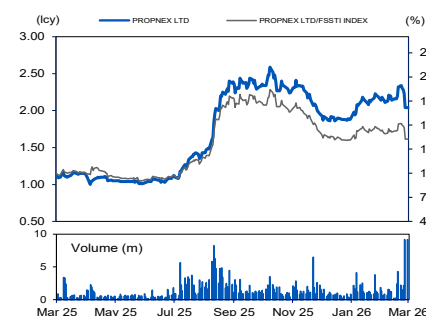
Major Shareholders

	%
P&N Holdings	55.6
Fong Kelvin	8.9
Ismail Mohamed	9.3

Balance Sheet Metrics

FY26 NAV/Share (S\$)	0.17
FY26 Net Debt/Share (S\$)	0.22

Price Chart



Source: Bloomberg

Company Description

PropNex operates as a real estate agency. The Company offers business strategies, consultation, training, marketing support, and technological innovations for real estate sector, as buying, selling, and renting of properties.

Essentials

- Strong performance because of new launches.** PROP's strong 2025 performance was led by project marketing revenue (ie new launches) which surged 134% yoy to S\$434m. Most impressive however was landed resale which surged over 50% while commercial & industrial transactions expanded nearly 20%, reflecting broad-based activity recovery. HDB resale however was disappointing with revenue down 2% yoy but remained resilient despite softer volumes.
- Solid outlook for 2026 with earnings visibility supported by launch pipeline and tight inventory.** During its results briefing, management guided for continued healthy operating conditions in 2026, particularly for 1H26 with three notable new launches in March. For the year, the industry will be supported by a strong pipeline of over 11,100 private units across 27 launches with a such new launches relatively well spread out through the year (see chart on RHS). We note that PROP has low unsold inventory of just under 15,000 which is the lowest level in 15 quarters. In 2026, the company expects developers' sales of around 9,000 units, private resale transactions of 14,000-15,000 units, and price growth of 3-4%, suggesting stable transaction velocity rather than peak-cycle conditions.
- Structural tailwinds remain intact.** Singapore's calibrated housing policies continue to favour professional agency platforms with scale and compliance capabilities. Cooling measures have moderated speculative activity but preserved underlying demand from genuine owner-occupiers and upgraders, supporting sustainable transaction volumes. Meanwhile, controlled land supply and disciplined release of Government Land Sales sites underpin pricing resilience and inventory tightness, reinforcing primary market momentum. Against this policy backdrop, PROP's dominant market share and extensive agent network position it to punch well above its weight in market share terms and capture strong transaction flow.

Earnings Revision/Risk

- Changes to our earnings forecasts.** We have lowered our 2026-27 earnings forecasts by 1-7% as we have assumed lower transaction volumes for both new launches as well as private resale volumes. Our pricing expectations have not changed and are in line with PROP's assumptions as shown in the table on the RHS.

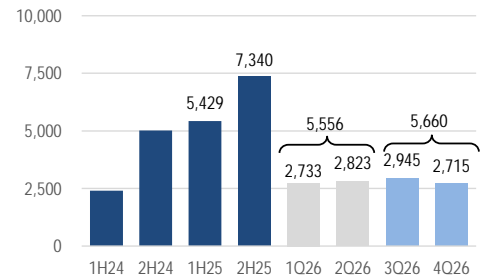
Valuation/Recommendation

- We maintain our BUY rating on PROP** with a higher PE-based target price of S\$2.55. Our target PE multiple of 23.8x (previously 22.9x) is 2SD above the company's past three-year average PE of 13.9x and pegged to our 2026 EPS estimates. With nearly 14,000 agents under the PROP banner at present, the company is our preferred way to play the stability of transaction volumes in the Singapore public and private residential market. The company could also be a beneficiary of the funds flow from MAS's S\$6.5b Equity Market Development Programme.

Share Price Catalysts

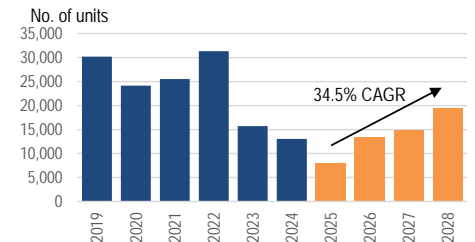
- Continued strong sell-through of new property launches in 1H26 which would impact 1H26 earnings; continued generous payout of >80%; funds inflow from MAS' Equity Market Development Programme; higher-than-expected price increments for private residential and HDB resale flats in 2026.

Historical And Forecast New Unit Launches In Singapore



Note: Share price change represents change for the calendar year
Source: Bloomberg, CDL, UOB Kay Hian

HDB Flats Exiting Minimum Occupation Period



Source: Bloomberg, UOB Kay Hian

PropNex Forecasts For The Singapore Property Market

Category	2025A	2026F
Private new sales (units)	10,815	9,000
Private resale volume (units)	14,622	14,000-15,000
HDB resale volume (units)	26,169	26,000-27,000
HDB price growth	2.9%	3%-4%
Private home price growth	3.3%	3%-4%

Source: UOB Kay Hian

Changes to Earnings Forecasts

S\$m	2026E	2027E
Net profit - was	82.0	78.0
Net profit - is	76.5	77.2
Change	-6.7%	-1.0%

Source: UOB Kay Hian

Profit & Loss

Year to 31 Dec (S\$m)	2025	2026F	2027F	2028F
Net turnover	1,116	1,120	1,124	1,193
EBITDA	88	97	97	101
Deprec. & amort.	3	3	3	3
EBIT	85	94	94	98
Total other non-op. income	0	0	0	0
Associate contributions	0	0	0	0
Net interest income/(expense)	4	5	5	5
Pre-tax profit	90	99	100	103
Tax	(15)	(17)	(17)	(17)
Minorities	(4)	(6)	(6)	(6)
Net profit	70	77	77	80
Net profit (adj.)	70	77	77	80

Balance Sheet

Year to 31 Dec (S\$m)	2025	2026F	2027F	2028F
Fixed assets	1	1	1	1
Other LT assets	5	0	0	0
Cash/ST investment	149	161	182	173
Other current assets	178	181	183	198
Total assets	333	344	366	373
ST debt	0	1	2	3
Other current liabilities	212	209	218	209
LT debt	0	0	0	0
Other LT liabilities	3	1	1	2
Shareholders' equity	116	124	131	139
Minority interest	3	8	14	21
Total liabilities & equity	333	344	366	374

Cash Flow

Year to 31 Dec (S\$m)	2025	2026F	2027F	2028F
Operating	91	88	95	67
Pre-tax profit	90	99	100	103
Tax	(8)	(17)	(17)	(17)
Deprec. & amort.	3	3	3	3
Associates	0	0	0	0
Working capital changes	10	(2)	4	(27)
Non-cash items	4	5	5	5
Other operating cashflows	(7)	0	0	0
Investing	29	(5)	(6)	(6)
Capex (growth)	(0)	(0)	(0)	(0)
Investment	0	0	0	0
Proceeds from sale of assets	0	0	0	0
Others	29	(5)	(5)	(5)
Financing	(83)	(70)	(69)	(69)
Dividend payments	(81)	(70)	(69)	(69)
Proceeds from borrowings	0	0	0	0
Loan repayment	0	0	0	0
Others/interest paid	(2)	0	0	0
Net cash inflow (outflow)	37	12	20	(8)
Beginning cash & cash equiv.	112	149	161	182
Changes due to forex impact	0	0	0	0
Ending cash & cash equiv.	149	161	182	173

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	7.9	8.6	8.6	8.5
Pre-tax margin	8.0	8.8	8.9	8.7
Net margin	6.3	6.8	6.9	6.7
ROA	22.7	22.6	21.7	21.7
ROE	58.8	63.8	60.5	59.1
Growth (% yoy)				
Turnover	42.6	0.3	0.4	6.1
EBITDA	91.1	9.8	0.4	4.0
Pre-tax profit	80.0	10.3	0.9	3.6
Net profit	71.9	8.7	0.9	3.6
Net profit (adj.)	71.9	8.7	0.9	3.6
EPS	71.9	8.7	0.9	3.6
Leverage				
Debt to total capital	0.0	0.8	1.4	1.8
Debt to equity	0.0	0.8	1.5	2.2
Net debt/(cash) to equity	(128.4)	(129.7)	(136.7)	(122.1)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.