

Media Coverage

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OCBC's Lim raises fair value for Boustead Singapore again to \$2

Having "sent a positive signal to the market," Boustead Singapore's share price has reached \$1.63, the fair value given by OCBC Investment Research's Ada Lim.

The share price has gained by a fifth in less than a month, and up by three-fifths year to date. Yet, given how the company's growth trends remain intact and valuation remain below historical averages, she has again raised her fair value to \$2, while keeping her "buy" call.

"While we keep our forecasts intact, we relook key assumptions underlying our sum-of-the-parts (SOTP) valuation and make some adjustments," says Lim in her July 18 note.

First, she increased her FY2026 target price-to-earnings (P/E) multiple for Boustead's geospatial division from 8x previously to 10x.

This is in line with the multiple that was applied when OCBC first initiated coverage on the company in Sep 2023, and reflects the division's status as a crown jewel in Boustead's portfolio as well as exposure to secular growth trends.

Next, she has halved the discount to net asset value (NAV) on Boustead's real estate division from 50% to 25%.

Lim justifies this higher valuation given Boustead's recent moves to unlock value for shareholders. Specifically, the transfer of Boustead's fund and property management businesses to Unified Industrial (UIB), and to potentially put some of its logistics and industrial real estate assets into a REIT.

"In our view, there is potential for further share price upside," says Lim.

She points out that Boustead is currently trading at 8.4x P/E, which is still below its five- and ten-year historical averages of around 10.3x and 11x, respectively.

Catalysts, according to Lim, will come from any positive value-unlocking developments coming out of the ongoing strategic review, as well as ongoing efforts to revitalise the Singapore equity market.

The company will be paying a final plus special dividend of 6 cents in total for FY2025 and this will go ex-dividend on Aug 8.

"Any pullback in share price around this date could present an opportunity for investors to gain exposure to the company," says Lim.

Boustead Singapore shares changed hands at \$1.63 as at 4.43 pm, down 0.61%.