

Accretive acquisition of a Singapore household brand in architectural products

What's New

- Acquisition of Yong Tai Loong for SGD90.7mn; manufacturer of a niche architectural and civil defence building products
- Key positives: i) immediately EPS accretive to HLA (c.19% accretion), ii) complements HLA Building Materials business, iii) one of the key players in this niche product, iv) large order books that is in tandem with new HDB supply, v) attractive P/E multiple of only c.4.5x
- What we are watching out for: i) concentration risk as YTL's business is heavily reliant on HDB projects and entirely in Singapore, ii) NTA dilutive due to payment of goodwill
- Reiterate BUY with unchanged TP of SGD3.90

What has happened?

Hong Leong Asia announced the **acquisition of Yong Tai Loong (YTL) for SGD90.7mn**, which has now been completed and positions the business as a wholly owned subsidiary. YTL is a Singapore-based manufacturer of architectural and civil defence building products (blast-resistant shelter doors and ventilation sleeves, fire-rated steel doors, gates, door frames, letterboxes, refuse chute hoppers, bicycle racks and ladders), and the acquisition is strategically aligned with HLA's aim of strengthening its Building Materials segment in Singapore. The business benefits from a long operating track record, entrenched market position (including HDB-approved products), and a visible order pipeline tied to residential construction demand. We understand that YTL is one of the five main players in the market, commanding **significant market share in this very niche sector**. From a deal metrics perspective, HLA paid about 2.6x book value (SGD90.7mn vs SGD34.4mn NTA), implying a significant goodwill component. The transaction is **c.18.6% EPS-accretive** (pro forma EPS rising from 15.08 to 17.89 cents excluding one-offs), but **c.5.7% NTA-dilutive** (falling from 131.77 to 124.25 cents) due to the premium paid. Funding was supported by a mix of debt, internal cash, and the remaining SGD13.1mn from its 2018 rights issue, which has now been fully utilised (total S\$201.1mn proceeds fully deployed).

Our views.

The key positives are that the deal is strategically coherent, expands HLA's product offering in Singapore, leverages existing capabilities, and is **earnings accretive from the outset** (P/E multiple of only c.4.5x). Post this acquisition, HLA continues to maintain a very **healthy net cash position** (net cash/equity position of 0.65x). The acquisition will further **complement HLA's Building Materials business**, offering a niche product that is necessary for all HDB units in Singapore, and increasingly in the private residential space. However, the main risks lie in the premium valuation paid, and the reliance on continued strength in Singapore's construction cycle to support growth and justify the goodwill created.

Overall, we view this highly accretive acquisition as a positive for HLA and reiterate our **BUY** recommendation with unchanged TP of SGD3.90.

Analyst

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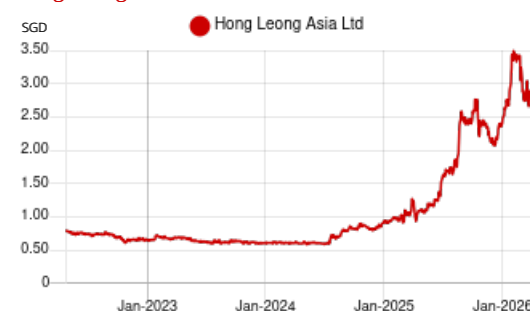
Key Financial Data (FY Dec)

Bloomberg Ticker	HLA SP
Sector	Capital Goods
Share Price(SGD)	3.17
DBS Rating	BUY
12-mth Target Price (SGD)	3.90
Market Cap (USDbn)	1.2
3m Avg. Daily Val (USDmn)	4.1
Dividend yield (%)	1.6
Fwd. P/E (x)	16.0
P/Book (x)	2.2
ROE (%)	10.7

Closing Price as of 21/04/2026

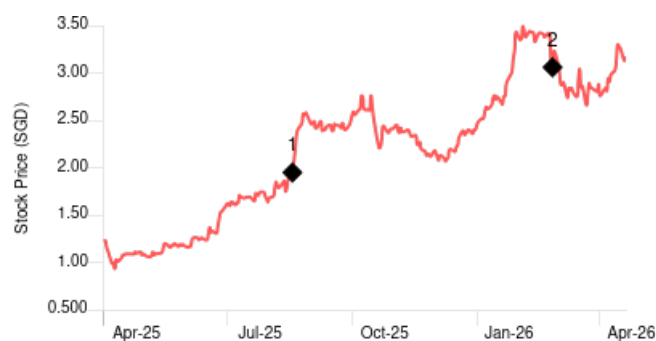
Source: Twelve Data, DBS, Visible Alpha

Hong Leong Asia Ltd Share Price



Source: Twelve Data

Target Price & Ratings History - Hong Leong Asia Ltd (HLA_SP_Equity)



S.No.	Date of Report	Closing Price	12-mth Target Price	Rating
1	18 Aug'25	1.88	2.80	BUY
2	26 Feb'26	3.05	3.90	BUY

Source: DBS
Analyst: Dale Lai

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HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)
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*Share price appreciation + dividends

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