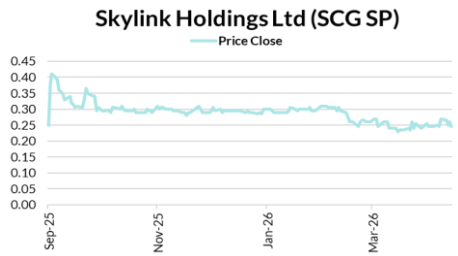
Skylink Holdings

Multi-Pronged Growth

Fair Value:	N/A
Price:	SGD0.245



Source: Bloomberg

Stock Profile

Bloomberg Ticker	SCG SP
Avg Turnover (SGD/USD)	0.37m/0.29m
Net Gearing (%)	1,261
Market Cap (SGDm)	53
Beta (x)	1.07
BVPS (SGD)	0.04
52-wk Price low/high (SGD)	0.225 - 0.445
Free float (%)	33

Major Shareholders (%)

PM Capital Pte. Ltd.	54.2
Teh Wing Kwan	12.5
Oversea-Chinese Banking Corporation	0.4

Share Performance (%)

	1m	3m	6m	12m
Absolute	0.0	(13.6)	(13.6)	N/A
Relative	1.1	(10.0)	(12.2)	N/A

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Investment Merits

- One of the largest commercial vehicle leasing companies in Singapore with a fleet size of more than 1,300 vehicles
- Growth via fleet expansion, more engineering contracts, and M&A
- Trades at c.16x FY25 P/E

Company Profile

Skylink Holdings is a one-stop customer-centric commercial vehicle leasing specialist with other complementary businesses such as hire-purchase financing and engineering services. The business was injected and listed via a reverse takeover of SGX-listed Sincap Group in Sep 2025.

Highlights

Integrated business model. SCG operates an integrated commercial vehicle platform that offers commercial vehicle leasing, engineering, and hire purchasing financing that has a complementary eco-system for customers to buy, use, and maintain vehicles – these provide stable recurring revenue streams. The company captures both ends of the vehicle users spectrum, with leasing serving the pro-asset light customers and vehicle financing supporting customers who choose to own their vehicles. The engineering segment services the customers in the maintenance and repair of their vehicles as well.

Strong demand growth for fleet rental. According to research firm Converging Knowledge, Singapore's commercial vehicle leasing market size was valued at SGD830-950m in 2024 and is projected to grow at a CAGR of 9-11% to SGD1.2-1.4bn by 2028. This is being driven by high vehicle prices, demand from construction activities, and growth in tourism and ecommerce sectors. SCG targets to have more than 1,500 vehicles in its fleet by FY28.

Multi-pronged growing strategy. Growth for SCG will be driven by fleet increase including EVs, more service contract wins for the engineering segment, and M&A. The Government is promoting EV adoption with its Commercial Vehicle Emissions Scheme or CVES and Early Turnover Scheme or ETS where SCG can obtain these incentives and grants to bolster is EV fleet. This can allow it to yield better rental margins and ROAs. The company has secured 18 new contracts and transitioned 16 existing customers to EVs with a total deployment of 43 new EV units in 4Q26 amid high oil prices. It recently won new contracts with a leading transport operator in Singapore and some corporations to service and repair their respective fleets in the engineering segment. Management meanwhile also sees opportunities to consolidate its position the industry by acquiring commercial vehicles and vehicle MRO companies, as well as more existing vehicle loans from competitors and peers.

Company Report Card

Results highlights. 1H26 revenue grew 34% YoY to SGD16m while core earnings grew by 33% YoY to SGD2m. Revenue growth was driven by the commercial leasing segment, which grew 53% YoY to SGD12m. SCG's engineering segment grew by 12% YoY to SGD2m on new maiden MRO services contracts with a major bus operator in Singapore. The credit business segment declined by 20% YoY to SGD2m due to early full settlement by hirers and lower recognition of interest income towards end of the loan book's hire purchase term. GPM narrowed by 4.5ppts to 23.9% on sales mix, as the higher-margin credit segment's contributions fell in place of the lower-margin leasing business. EBIT margin declined by 1.8ppts as a result to 12.4%.

Balance sheet/cash flow. The business has generated positive operating cash in 1H25 and 1H26 due to its high profit margin of over 10%. SCG is mainly a vehicle asset leasing business, where commercial vehicles are carried on its balance sheet. As such, its balance sheet is asset heavy with commercial vehicle assets in property plant and equipment comprising more than 60% of total assets. Capital is also required to acquire the vehicles and, therefore, its balance sheet has a net debt of SGD80m. We estimate interest spread on vehicle rental to financing cost to be at c.2% or more.

Dividend. Since its reverse takeover listing in Sep 2025, no dividends have been declared. The proposed dividend for FY26F is a 30% dividend payout. While there is no formal dividend policy, we expect dividends to be sustainably paid going forward.

Management team. SCG is led by CEO Wesley Shen, who founded the company in 2016, and Non-Executive Chairman Teh Wing Kwan. They are supported by COO Johnson Shen and CFO Leonard Teh. Its chairman, CEO, and CFO collectively control c.71% of the company.

Investment Case

Stable recurring earnings play. We see SCG as a key beneficiary to the growth of commercial vehicle leading market, with exposure to vehicle engineering and financing in Singapore as it seeks to morph into a more dominant market player. Already one of the largest commercial vehicle fleet owners in the country, we expect SCG's dominance to grow as it increases its fleet size. The stock offers entry into a stable, recurring revenue model backed by lease, repair, and maintenance contracts, and finance income. SCG currently trades at a mid-teens historical P/E.

Key risks. Key downside risks include a slowdown in commercial vehicle rental demand, a decline in certificate of entitlement or COE prices, which could see: i) Customers buying over leasing vehicles, ii) a low vehicle price environment where customers purchase vehicles without financing, and iii) a decline in the commercial vehicle population that would affect its maintenance business.

Profit & Loss	Mar-23	Mar-24	Mar-25
Total turnover (SGDm)	8	15	26
Reported net profit (SGDm)	1	2	3
Recurring net profit (SGDm)	1	2	3
Recurring net profit growth (%)	N/A	206.2	29.9
Recurring EPS (SGD)	0.00	0.01	0.01
DPS (SGD)	N/A	N/A	N/A
Dividend Yield (%)	N/A	N/A	N/A
Recurring P/E (x)	65.1	21.3	16.4
Return on average equity (%)	23.9	52.0	39.6
P/B (x)	15.5	11.0	6.5
P/CF (x)	31.9	5.9	2.7

Source: Company data, RHB

Balance Sheet (SGDm)	Mar-23	Mar-24	Mar-25
Total current assets	10	16	18
Total assets	42	84	111
Total current liabilities	15	29	42
Total non-current liabilities	25	51	63
Total liabilities	40	80	104
Shareholder's equity	3	4	7
Minority interest	0	0	0
Other equity	0	0	0
Total liabilities & equity	42	84	111
Total debt	35	72	89
Net debt	34	70	86

Source: Company data, RHB

Cash Flow (SGDm)	Mar-23	Mar-24	Mar-25
Cash flow from operations	1	7	16
Cash flow from investing activities	15	4	1
Cash flow from financing activities	(16)	(10)	(16)
Cash at beginning of period	1	1	3
Net change in cash	0	1	1
Ending balance cash	1	3	4

Source: Company data, RHB