

# Oxley Holdings Ltd

USD bond idea: OHLSP 6.375% 21Apr2021 Corp (USD)



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SINGAPORE | REAL ESTATE | CREDIT VIEW

17 July 2020

- The Oxley 6.375% USD bond has been on our radar for awhile for its compelling value. At the current price of 95.3, it offers an SGD swap implied yield to maturity of 12.51% with a tenor of less than 10 months (maturity date on 21 April 2021). Upon Oxley's recent company update on 9 July 2020, we provide some colour on the company's performance and its debt repayment ability, and why we believe Oxley's cash flows looks adequate to redeem the bond.

## CREDIT VIEW (BONDS)

### COMPANY DATA

BLOOMBERG CODE	OHL SP
MARKET CAP (SGD mn)	997.8
EXCHANGE	SGX

### MAJOR SHAREHOLDERS (%)

Ching Chiat Kwong (chairman)	42.48
Low See Ching (CEO)	28.25
Tee Wee Sien	11.19

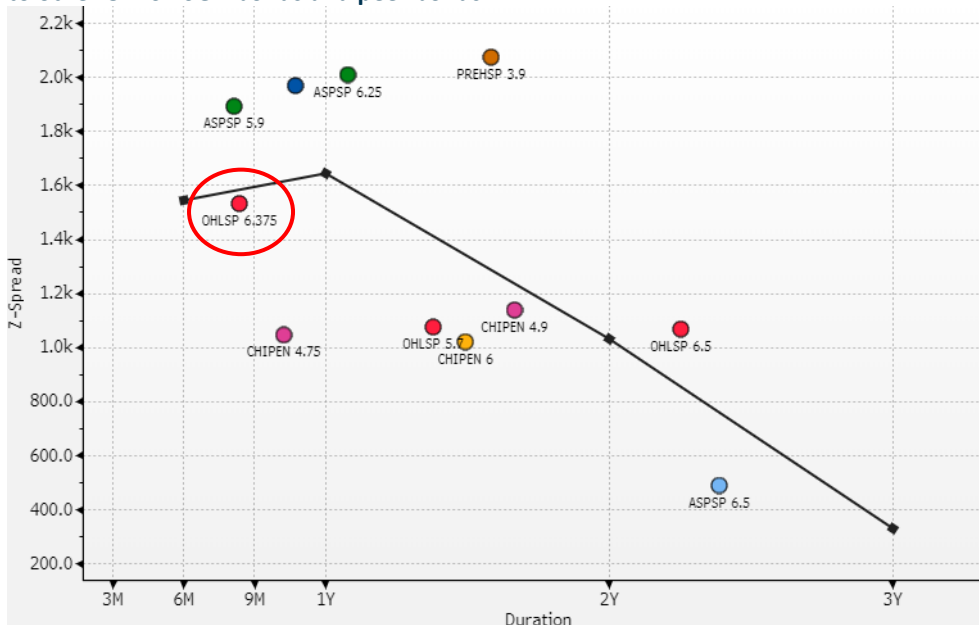
### KEY FINANCIALS

Y/E Jun, SGD mn	FY17	FY18	FY19	1HFY20
Revenue	1343	1189	686	594
EBITDA	386	75	(52)	81
Net Income	228	282	144	13
EBITDA Margin (%)	28.7	6.3	-	13.7
EBITDA Int. Coverage (X)	9.3	1.2	-	2.0
Debt/EBITDA (%)	6.4	46.3	-	19.2
Debt/Assets (%)	53.4	57.7	57.8	54.4
Net Debt/Assets (%)	44.4	53.5	50.1	48.7
Cash/ST borrowings (%)	67.8	103.3	35.3	39.1

Source: Company, Bloomberg, PSR

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Figure 1: The OHLSP 6.375% 21Apr2021 Corp (USD) bond offers compelling spread pickup to other OHLSP SGD bonds and peer bonds



Source: Bloomberg BVAL pricing

Figure 2: OHLSP 6.375% '21s compelling yield pickup to the OHLSP 5.7% SGD bond

Bond	Issue size (\$ mn)	Maturity date/ Call date	Gearing (D/A)	Ask price	YTM
OHLSP 6.375% '21s (USD)	USD 355	21/04/2021	54.4%	95.30	12.51%
OHLSP 5.7% '22s	150	31/01/2022	54.4%	95.80	8.68%
OHLSP 6.5% '23s	75	28/02/2023	54.4%	No quote	No quote

Indicative market prices as at 17 July 2020, Source: Bloomberg

## CREDIT VIEW

- Strong cash flow visibility despite construction delays.** The group's construction projects in Singapore have been halted since April due to COVID-19 measures, and may resume end July subjected to regulatory approval. Consequently, TOP dates have been delayed.

Cash and cash equivalents available as at 31 December 2019: S\$324mn

### Cash flows expected in 2020

The group's Singapore projects expected to be completed and revenues recognised in 2020 include The Verandah (S\$15mn) and Sea Pavilion Residences (S\$16mn), and similarly for overseas projects include Royal Wharf (S\$345mn), Dublin Landings

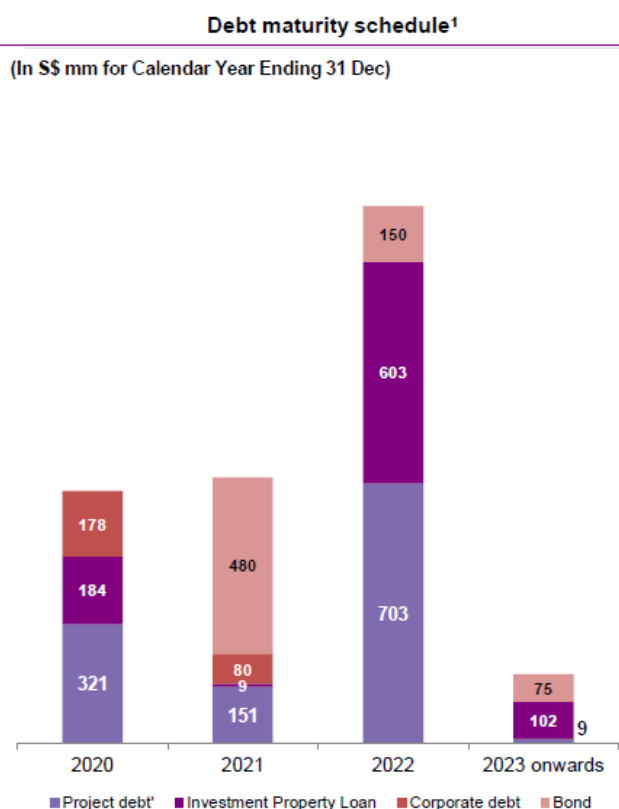
(S\$116mn), The Bridge (S\$5mn) and The Palms (S\$24mn), bringing the total revenues due for recognition in 2020 to S\$521mn. In addition to the cash flows from project completions, Oxley also received cash flows of S\$206mn from its successful divestment of Chevron House announced on 22 June 2020, and GBP30mn (S\$53mn) from a sale of its 20% stake in Galliard Group. Total expected cash inflows in 2020 amount to approximately S\$780mn.

**Cash flows expected in 2021**

Singapore projects due to TOP in 2021 include 1953 (S\$43mn), The Verandah (S\$150mn), and Sixteen35 Residences (S\$34mn), while overseas projects include The Peak (S\$213mn), bringing expected 2021 total project development revenue recognition to S\$440mn.

**Debt maturity schedule**

**Figure 3: The OHLSP 6.375% USD bond of issue size S\$480mn comes due on 21 April 2021, while investment property loans are refinanced**



Source: Company

**Comments**

With a debt maturity schedule of S\$499mn (321+178) in 2020 and S\$711mn (480+80+151) in 2021 totalling S\$1,210, and cash flow visibility of S\$1,104mn (324+780) in 2020 and S\$440mn in 2021 totalling S\$1,544mn, we believe Oxley has adequate liquidity to redeem the OHLSP 6.375% USD bond maturing in 2021.

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**Overweight ("OW")** – We expect the issuer's specific bond to outperform the issuer's other bonds, bonds of issuers operating within the same sector, or bonds with similar tenors but from different sectors over the next six months.

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