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Ohmyhome Ltd (OMH-NASDAQ)

OMH: Guiding to Strong Revenue Growth Following Acquisition, Organic Steps

OMH believes that its productivity per agent continues to outperform that of the largest Singaporean agencies. This, plus the expansion into property management and launch of HomerAI are factors behind OMH's projection that it will reach breakeven EBITDA by 4Q24 on its way toward positive EBITDA.

OUTLOOK

Ohmyhome Property Management continues to increase the number of residential units managed. The business unit managed 6,746 residential units as of December 31, 2023, up about 45% compared to some 4,648 units at the end of 2022, according to the company's filings, and up from 2,962 at the end of 2021. The goal is to continue to increase the number of units under management, which Ohmyhome believes will contribute to consolidated revenue growth. This goal likely has a positive tailwind from actions by the Singapore government to increase the country's housing stock.

Current Price (4/30/24)	$0.55
Valuation	**$3.00**

SUMMARY DATA

52-Week High	**$57.00**
52-Week Low	**$0.48**
One-Year Return (%)	**-91**
Beta	**N/A**
Average Daily Volume (sh)	**1,906,590**
Shares Outstanding (mil)	**20**
Market Capitalization ($mil)	**$12**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**1**
Insider Ownership* (%)	**45**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2024 Estimate	**N/A**
P/E using 2025 Estimate	**N/A**

*Including non-founders

Risk Level	**High**
Type of Stock	**N/A**
Industry	**Tech**

ZACKS ESTIMATES

Revenue
(in millions of US$ converted at S$=.73 US$)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2021					3.2 A
2022		2.5 A			5.1 A
2023		1.6 A			5.0 A
2024		5.4 E			13.6 E

Per Share Data
(US$ converted at S$=.73 US$)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2021					-$0.09 A
2022		-$0.04 A			-$0.14 A
2023		-$0.09 A			-$0.30 A
2024		-$0.27 E			-$0.29 E

Quarters might not sum due to rounding & share counts

Disclosures on page 11

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COMPANY EXPECTS SUBSTANTIAL 2024 REVENUE INCREASE…

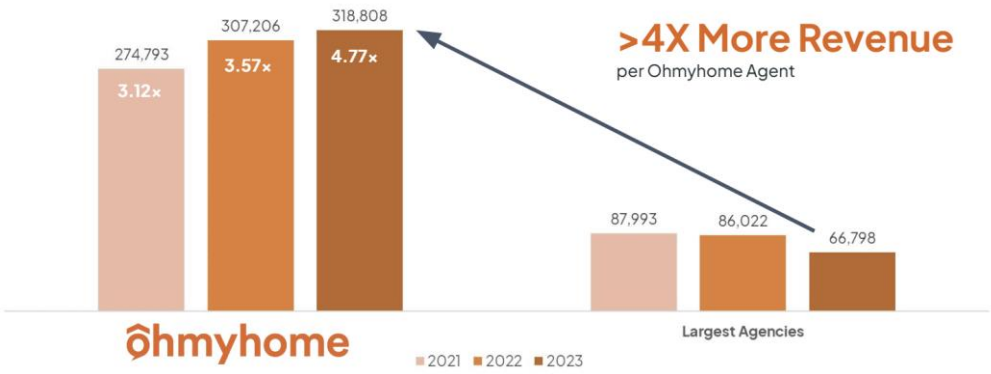
… and reiterates expectation for breakeven EBITDA by the end of 2024

Ohmyhome Ltd (OMH-NASDAQ) is a Singapore-based technology company that operates an online real estate platform in Singapore and Malaysia. The company is pursuing a strategy to expand its service offerings, boost market share, expand into additional markets and accelerate growth organically and through strategic M&A or investments.

The company has a roughly 5% market share of the public residential property resale market. Specifically, Ohmyhome had an average about 200,000 monthly active users on its website and mobile app as of December 31, 2023, at which time the platform had more than 18,000 active listings for residential properties for sale and rent, according to the company. Thus, according to HDB (Housing & Development Board) transaction data, this represents a 5% market share of the public residential property resale market based on the number of transactions completed, as noted.

Driven by government price curbing measures, overall HDB resale transactions fell 4.2% year-over-year in 2023, according to HDB resale statistics and private property transactions fell 13.0% in terms of new sales and resales, according to Urban Redevelopment Authority of Singapore, resulting in an overall 8.0% market decline. For the largest agencies in Singapore, according to the company's monitoring of publicly available data, the average annual brokerage revenue per agent declined about 22%. Although OMH total transactions declined by 28.5% reflecting the impact from the overall market condition, the company believes that its productivity per agent outperformed that of the largest Singaporean agencies, as illustrated below.

Ohmyhome vs Largest Agencies



Source: Company presentation

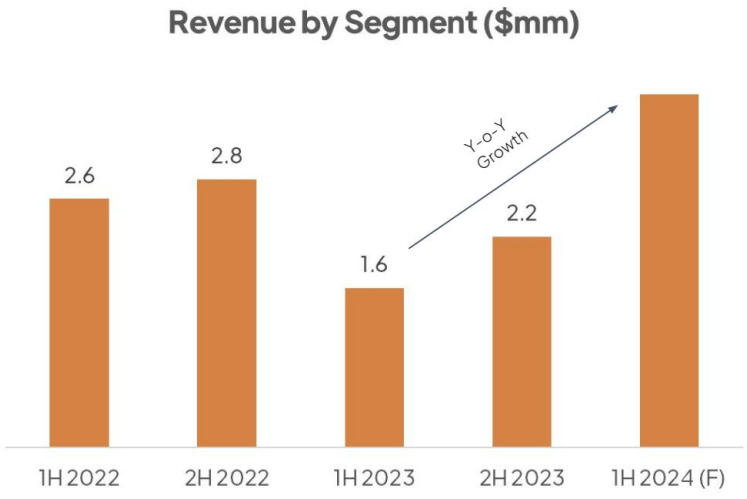
Reflecting overall market con constraints, OMH recorded 2023 total revenue of S$5.0 million, down 28% compared to S$7.0 million in 2022. However, the company expects results will improve over 2024, partially the result of the Simply Sakal integration (which has been rebranded as Ohmyhome Property Management). Ohmyhome seeks to offer solutions and services to help customers in most aspects of their property transactions. Simply Sakal residents and other Ohmyhome users can access the overall Ohmyhome technology, including HomerAI , its AI-enabled digital agent. HomerAI enables Ohmyhome customers and, as noted, Simply residential users, to access Ohmyhome's suite of services, including live e-valuations and data about relevant prior transactions. The company expects to continue to enhance the HomerAI capabilities.



Source: Company reports

Ohmyhome believes its online real estate platform provides a one-stop solution for a broad range of services that now includes property management solutions, as illustrated above. The company's technology platform also enables buyers and sellers to connect through the company's AI-enabled technology, assess valuations on real estate assets, obtain mortgage and legal referrals, and home renovation and furnishing services, among other offerings. The platform leverages its matching algorithm, MATCH, to enable property buyers and sellers or renters to connect. About 50% of property transactions are completed within seven days on average and some even within one day, according to the company.

With the benefits of its platform and incorporation of Simply Sakal, OMH projects that 1H 2024 revenue will increase following the acquisition and surpass the previous two years, supported by a substantial increase in the sales pipeline and the company's 2023 deployment of HomerAI. The company projects full-year 2024 revenue will be triple that of 2023 and that adjusted EBITDA can reach breakeven in 4Q24.



Source: Company presentation

OHMYHOME PROPERTY MANAGEMENT

Growing Units Under Management Expected to Drive Revenue Growth

Ohmyhome acquired Simply Sakal in late 2023. According to OMH, Simply Sakal is a leading tech-enabled property management company operating in Singapore. OMH acquired Simply Sakal for about S$4.7 million (roughly US$ 3.5 million), through a combination of S$1.7 million in cash and also OMH shares. The company believes this transaction strengthens its position within the Singapore real estate market and expands its service offerings, advancing its goal to create a leading one-stop-shop property "Super App."

We view it positively that the Simply acquisition diversifies Ohmyhome's revenue base, adding a less seasonal, recurring revenue stream, particularly as Simply expands OMH's access to Singapore's private residential segment where revenue per transaction is higher. According to OMH filings, Simply reported operating revenues of S$2.6 million (US$2.0 million) in 2022, up 58% from S$1.7 million in 2021. Much of this growth reflects the increase in number of residential units Simply managed over this period. Simply managed some 4,648 units at the end of 2022, according to the company's filings, up from 2,962 at the end of 2021. Simply managed 6,746 residential units as of December 31, 2023, up about 45% compared to year-end 2022. The goal is to continue to increase the number of units under management, which Ohmyhome believes will contribute to growing Ohmyhome Property Management revenue (in 1H 2023, Simply registered operating revenue growth of about 23% year-over-year).



Source: Zacks based on data from company reports

The goal is to increase units under management for the newly rebranded Ohmyhome Property Management business. This goal likely has a positive tailwind from actions by the Singapore government. According to Singapore's Urban Redevelopment Authority (URA), the government has taken measures to increase the country's housing stock. Specifically,

> *"The Government has ramped up housing supply via the Government Land Sales (GLS) programme. The Confirmed List supply of private housing in the GLS Programme has been increased significantly by around 50% to 9,250 units in 2023, from 6,290 units in 2022. In 1H2024, the GLS supply injection will be increased further, with the release of 5,450 units compared to 5,160 units in 2H2023 and 4,090 units in 1H2023.…The increased private housing supply from the GLS programme will be ready for sales launch in the coming year or so, to cater to purchase demand and help keep prices in line with economic fundamentals."*

Currently, more than 400,000 families in Singapore live in condominiums and executive condominiums (ECs), according to the company, and approximately 40,000 additional units are expected to be completed over the next few years. The company notes that residents often engage with the condominium property management company for services and Ohmyhome believes this interaction is largely paper-based and would be substantially more efficient if digitalized and accessible in an app.

Moreover, OMH believes that the Simply Sakal acquisition can expand its overall target market within Singapore's private residential segment, adding a less seasonal, recurring revenue stream that is not dependent on housing transactions. The company notes that revenue per transaction in the private market is higher than in the HDB market and OMH expects the transaction to be accretive to Ohmyhome's revenue growth and earnings in 2024 and lead to positive EBITDA in 2025 pro forma for synergies. The company believes that Simply Sakal will help accelerate its growth.

Acquisition expands platform, with paper-based property management space set for digitalization

The company views its use of technology and data as key competitive advantages and believes the property management space is ripe for digitalization. The property management sector in Singapore and Southeast Asia is fragmented, according to Ohmyhome, which believes there exists a need for digitalization to provide a better access for both managing agents and condominium residents. The company views "its paperless workflow process in the paper-heavy industry" as an important strength of Simply's digital platform.

Ohmyhome's overall online platform enables customers to conduct research on real estate metrics. Once they are ready to move forward on property transactions, the company's platform offers brokerage services for clients who want to access professional real estate agents, as well as assistance for those who want to engage in DIY transactions, listing and research services for home sellers, mortgage referral and legal and insurance referral services, as well as renovation offerings to help current and prospective homeowners.

The technology enables the company's agents to facilitate a greater number of transactions than others within the industry that are significantly higher than the industry's average brokers, according to the company citing data from consulting and market research firm Frost & Sullivan. OMH's "Super Agents" enjoy better than industry average closing metrics, as noted, but customers can also use the company's tools to improve their DIY property transactions by leveraging the company's AI capabilities.

In addition to agent assisted transactions, customers can also use the company's platform to facilitate self-transacted or DIY property transactions, as noted. For example, customers can get a list of recommended properties based on the preferences they have indicated through the platform. They can then view the property in-person or virtually.

As the company pursues growth initiatives in its home market, its strategy is to further penetrate and deepen its operations within the Singapore and the Malaysian markets and also expand into additional Southeast Asian markets. The company believes the property management industry in Singapore and Southeast Asia overall is fragmented and largely paper based, making it ready to be digitalized. The company's goal is to leverage its property technology and data insights into other Southeast Asian markets. Expected growth in the SEA housing market reflects a rising middle class that is forecast to roughly double by 2030, according to the World Bank. A high percentage of this group will enter the prime home buying category in the near-term, as more than 380 million people in the overall SEA region are under 35 years of age.

Company Growth Outlook

The company attributes government measures designed to constrain property price inflation in Singapore as having a negative impact on OMH's revenue in recent periods. However, management is optimistic that these measures will be phased out in the near- to medium-term.

In fact, the company believes the challenges that constrained revenue in 2023 are temporary and expects transaction volume to rebound, as noted, with three-fold growth in revenue expected in 2024, including Ohmyhome Property Management. Our 2024 revenue forecast is below the three-fold growth metric to reflect potential delays or slippage, and so could prove conservative.

The company has identified preliminary potential synergies estimated at about S$9 million in the first year. The Simply deal is also expected to lead to positive EBITDA in 2025 pro forma for synergies, as noted. Moreover, the company views Simply as potentially its initial entry into the broader property management space. As noted, the number of condominium units is expected to grow significantly over the next few years, facilitated by government initiatives.

Another recent company growth initiative is the recent cross-promotional agreement with Webuy Global Ltd., an emerging e-commerce retailer focused on grocery and travel in Southeast Asia. Earlier this month, the two companies unveiled a strategic collaboration to cross-sell their respective products and services across Singapore to enhance customer experience and boost community engagement and presumably help drive revenue. Aspects of their joint initiative include the integration of Ohmyhome's services into Webuy communities, expected to facilitate off-market listings and offer exclusive benefits to Webuy customers. In addition, Webuy will offer its "group buy" service to thousands of homeowners Ohmyhome services, offering them a range of products, including groceries and travel services. Webuy aims to open 100 stores in major communities in Singapore, according to the company, and Ohmyhome brokerage services are expected to facilitate this targeted expansion.

Balance sheet

The company had cash and equivalents of S$0.2 million to advance its growth measures, as of December 31, 2023, down from S$0.3 million at December 31, 2022. In 2023, the company conducted an offering of 3.6 million shares at $1.35 per share. The size represented an upsizing and generated gross proceeds to Ohmyhome of about $4.8 million. OMH projects that it will reach breakeven EBITDA by 4Q24 on its way toward positive EBITDA projected for 2025. Moreover, with strategic M&A and investments an integral part of the company's growth strategy, additional potentially accretive tuck-ins over time would not surprise us.

VALUATION

OMH is optimistic about its growth plans and strategy as it expands its presence in Singapore and Malaysia and into new ASEAN markets. Despite the company's outlook, the shares dropped sharply following the March 2023 IPO reflecting, we believe, concerns about the impact of inflation and interest rates, perhaps government initiatives, and potential dilution from subsequent offerings. They have remained under pressure and it would not surprise us to see investors wait in the near-term for upcoming milestones. Nevertheless, if the company can deliver on its growth initiatives, in success we would anticipate share price appreciation over time.

Given this stage of the company's ongoing strategy and external factors, including government measures, we assign a 90% confidence multiple to our 2024 revenue forecast at this point. If Simply revenue ramps faster than we anticipate and the impact of government measures lessens, our confidence factor might prove conservative and we might increase / lower our confidence multiple in the future.

We believe it is difficult to compare OMH shares to those of other publicly traded companies. While there are companies that provide services similar to one or more the company offers – including companies such as Zillow, Compass and Redfin, among others – there does not seem to be a direct competitor. On a price-to-sales (P/S) basis, these players trade at a wide range of multiples of forward revenue that range from <1x to >7x. Some have established footprints, revenue bases and brands and also operate primarily in more mature, albeit lower growth, markets. Conversely, we would expect Ohmyhome to record faster growth at this early stage in its development and off a significantly lower base. If we use the P/S multiple at the higher end of the range and apply an upwardly revised discount for the higher risk OMH faces, we derive a valuation of about $3.00 per OMH share on our 2024 revenue estimate.

If the company delivers milestones earlier than anticipated, it could impact these multiples and adjustments. Conversely, any delay or failure in successful execution of the strategy could represent a potential risk to our valuation and cause the share price to decline. We believe the risk / reward ratio could be attractive for investors who have a higher than average risk tolerance and longer time horizon.

RISKS

We believe risks to Ohmyhome achieving its goals, and to our valuation, include the following, among others.

- OMH might not gain market share in Singapore or Malaysia and / or in new ASEAN markets as quickly as the company expects, which could lead to slower than anticipated revenue ramp.
- The company could incur unanticipated costs associated with its initiatives.
- Competition could increase.
- The company might need to raise capital to support its strategy that might be dilutive to current shareholders.
- The company faces FX risk as it expands into other international markets.
- Government initiatives aimed at constraining property price inflation could last longer than management anticipates.
- The inflation and interest rate environments might have a greater impact on overall transaction volumes and on Ohmyhome revenue than the company expects.
- Simply revenue might not grow as quickly as management anticipates.

RECENT NEWS

- OMH filed its 20F results on April 24, 2024.
- OMH and Webuy announced a cross-promotional collaboration on January 8, 2024.
- On October 11, 2023, Ohmyhome announced the acquisition of Simply Sakal.
- Ohmyhome reported 1H23 results on October 4, 2023.
- Ohmyhome announced a partnership with eMediaLinks on September 22,, 2023.
- Ohmyhome hosted an Hawaii State Housing Delegation in Singapore on September 18, 2023.
- The company retained Skyline Corporate Communications to provide IR services on June 12, 2023.
- On May 15, 2023, Ohmyhome signed an MOU for the potential acquisition of Simply.
- Ohmyhome announced that it had signed an MOU (Memorandum of Understanding) with Ohmyhome Property Inc. to officially expand into the Philippines market on April 27, 2023.

FINANCIAL MODEL

Ohmyhome Ltd.

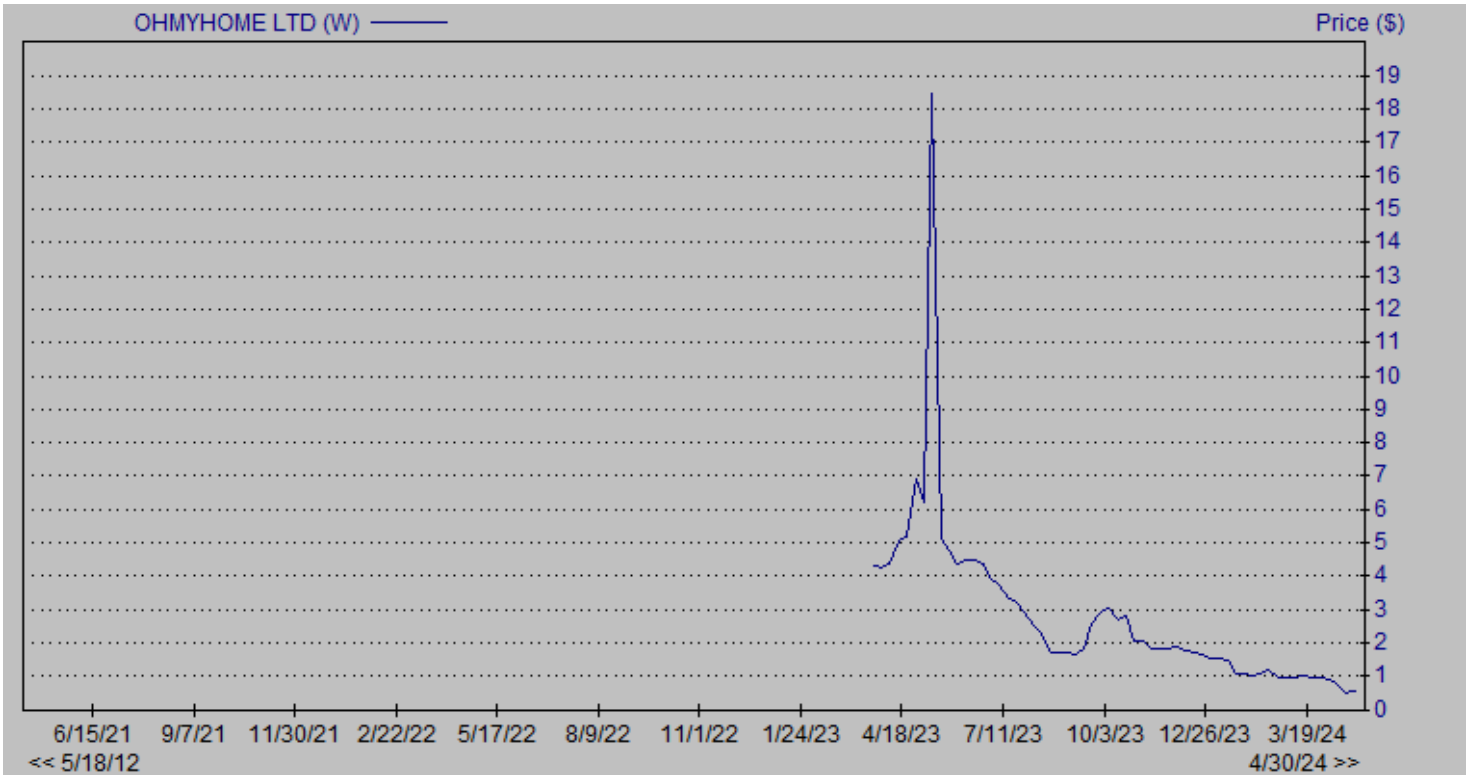
Ohmyhome Income Statement & Projections ($ Singapore dollars)

	2020	2021	1H22	2H22	2022	1H23A	2023A	1H24E	2024E
Brokerage services	2,901,479	3,731,586	1,695,673	1,376,387	3,072,060	1,345,726	2,817,930		4,087,979
Property Management	-	-	-		-	-	846,726		6,511,964
Emerging & other services	437,195	650,097	1,686,841	2,266,691	3,953,532	821,295	1,339,837	-	2,989,514
Total operating revenues	3,338,674	4,381,683	3,382,514	3,643,078	7,025,592	2,167,021	5,004,493	5,417,553	13,589,457
Brokerage services	(1,718,012)	(1,605,602)	(815,061)	(568,427)	(1,383,488)	(732,930)	(1,638,368)		(1,854,313)
Property Management							(582,582)		(4,753,734)
Emerging & other services	(249,109)	(390,020)	(1,041,081)	(2,284,109)	(3,325,190)	(630,446)	(1,063,891)	-	(1,595,028)
Total cost of revenues	(1,967,121)	(1,995,622)	(1,856,142)	(2,852,536)	(4,708,678)	(1,363,376)	(3,284,841)	(3,521,409)	(8,203,075)
				-					
Gross profit	1,371,553	2,386,061	1,526,372	790,542	2,316,914	803,645	1,719,652	1,896,143	5,386,382
				-					
Technology and development expense	(1,539,651)	(1,449,065)	(857,584)	(910,146)	(1,767,730)	(1,096,651)	(1,304,914)		(3,377,685)
Selling and marketing expenses	(1,183,380)	(1,717,470)	(1,003,189)	(922,814)	(1,926,003)	(848,504)	(1,797,033)		(2,240,051)
G&A	(1,291,238)	(1,563,599)	(806,158)	(1,048,363)	(1,854,521)	(1,485,521)	(3,960,636)	-	(5,584,013)
Total operating expenses	(4,014,269)	(4,730,134)	(2,666,931)	(2,881,323)	(5,548,254)	(3,430,676)	(7,062,583)	(6,929,966)	(11,201,749)
				-					
Operating loss	(2,642,716)	(2,344,073)	(1,140,559)	(2,090,781)	(3,231,340)	(2,627,031)	(5,342,931)	(5,033,822)	(5,815,367)
				-					
Stock-based comp							(537,756)		
Interest income	7,620	10,262	3,983	2	3,985	24,454	106,023		60,744
Interest expense	(30,364)	(49,926)	(18,740)	(20,412)	(39,152)	(16,721)	(31,696)		(41,535)
Gov grants	565,979	492,404	205,113	42,954	248,067	8,399	25,769		20,863
FX	(5,313)	(3,065)	14,791	(70,417)	(55,626)	114,013	264,367		283,208
Other income	7,035	1,123	-	25	25	-	-	-	54,377
Total other income, net	544,957	450,798	205,147	(47,848)	157,299	130,145	(173,293)	(175,026)	377,657
				-					
Pretax loss	(2,097,759)	(1,893,275)	(935,412)	(2,138,629)	(3,074,041)	(2,496,886)	(5,516,224)	(5,208,848)	(5,437,710)
Taxes	-	-	-	-	-	-	-	-	-
				-					
Net loss	(2,097,759)	(1,893,275)	(935,412)	(2,138,629)	(3,074,041)	(2,496,886)	(5,516,224)	(5,208,848)	(6,004,770)
				-					
Minority interest	(160,682)	(68,467)	(15,998)	(5,043)	(21,041)	(22,030)	(46,494)	(23,247)	(50,669)
Net loss to Ohmyhome Ltd	(1,937,077)	(1,824,808)	(919,414)	(2,133,586)	(3,053,000)	(2,474,856)	(5,469,730)	(5,185,601)	(5,954,101)
				-					
				0					
Avg shares out	16,250,000	16,250,000	16,250,000	16,250,000	16,250,002	19,050,000	18,461,340	19,221,584	20,590,000
Loss per share	($0.13)	($0.12)	($0.06)	($0.06)	($0.19)	($0.13)	($0.30)	($0.27)	($0.29)

Source: Company reports, Zacks estimates

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