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Ohmyhome Ltd (OMH-NASDAQ)

OMH: Strong 1H 2024 Metrics Support Company Revenue Growth Guidance

OMH provided a business update last week. Following the acquisition of a property management company in late-2023, OMH continues to pursue a strategy to expand its service offerings, boost market share, potentially expand into additional markets and accelerate growth organically and through strategic M&A or investments.

OUTLOOK

OMH expects 1H24 revenue increased >110% y/y. OMH views its technology & data as competitive advantages & cites recently launched HomerAI & Property Mgmt. unit as key factors behind expected growth. Ohmyhome believes its online real estate platform provides a 1-stop solution for a broad range of services, with AI facilitating sales pipeline growth, particularly with mid- to high-intent property sellers & Property Management segment growing units managed, which is an important growth driver (~7,560 at 1H '24, up from 6,746 at YE '23).

Current Price (7/8/24)	$0.56
Valuation	**$3.00**

SUMMARY DATA

52-Week High	**$3.74**
52-Week Low	**$0.46**
One-Year Return (%)	**-84**
Beta	**N/A**
Average Daily Volume (sh)	**417,031**
Shares Outstanding (mil)	**23**
Market Capitalization ($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		3.4 E			9.8 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		-$0.31 E			-$0.29 E

Quarters might not sum due to rounding & share counts

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COMPANY EXPECTS REVENUE MORE THAN DOUBLED IN 1H 2024

Metrics thus far in 2024 support growth outlook…

Ohmyhome Ltd (OMH-NASDAQ) provided a business update last week. Ohmyhome is a Singapore-based technology company that operates an online real estate platform in Singapore and Malaysia. Following the acquisition of property management company Simply Sakal in late 2023, OMH believes it is Singapore's largest integrated property transactions and services platform. The company also continues to pursue 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.

According to HDB (Housing & Development Board) transaction data, Ohmyhome has a roughly 5% market share of the public residential property resale market based on the number of transactions completed. Ohmyhome has facilitated more than 15,000 transactions valued at a cumulative roughly $3 billion since its 2016 inception.

Key 1H24 Highlights; Company expects 1H24 Revenue Growth >110%

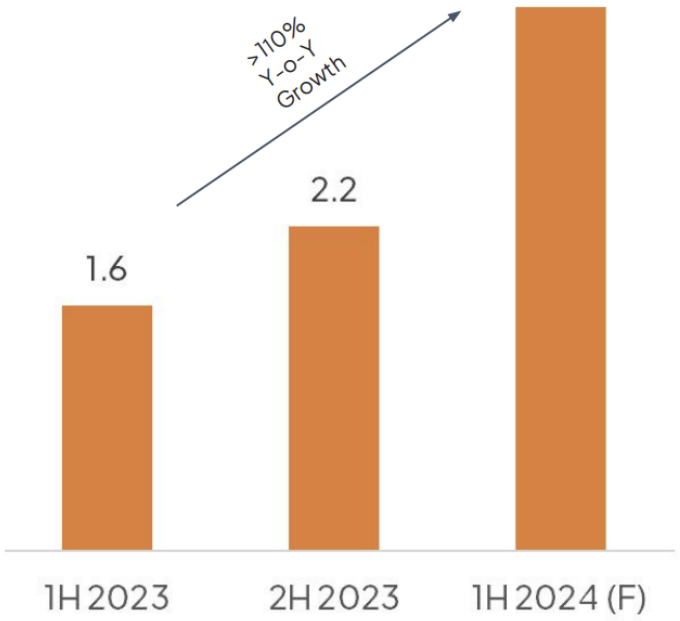
In 1H24, the company's business lines generally experienced strong advances, with highlights below:

- OMH's brokerage segment registered 53% y/y growth in Gross Transaction Value (GTV)
  - GTV benefited from OMH's tech investments in HomerAI, its AI feature, connecting more than 21,500 homes with aggregate value exceeding $14 billion
  - In 1Q24, transaction volume grew 60+%, in turn fueling a 90% increase in GTV
  - Company attributes this growth primarily to increased presence in condominium market
  - Brokerage GTV as a percentage of total property value transacted increased to 60% compared to 37% in 1H23
- Renovation segment registered 194% increase, with more office and residential projects
- Property Management segment projects under management increased 29% y/y
- OMH expects revenue for 1H24 increased by more than 110% year-over-year

Company Growth Outlook

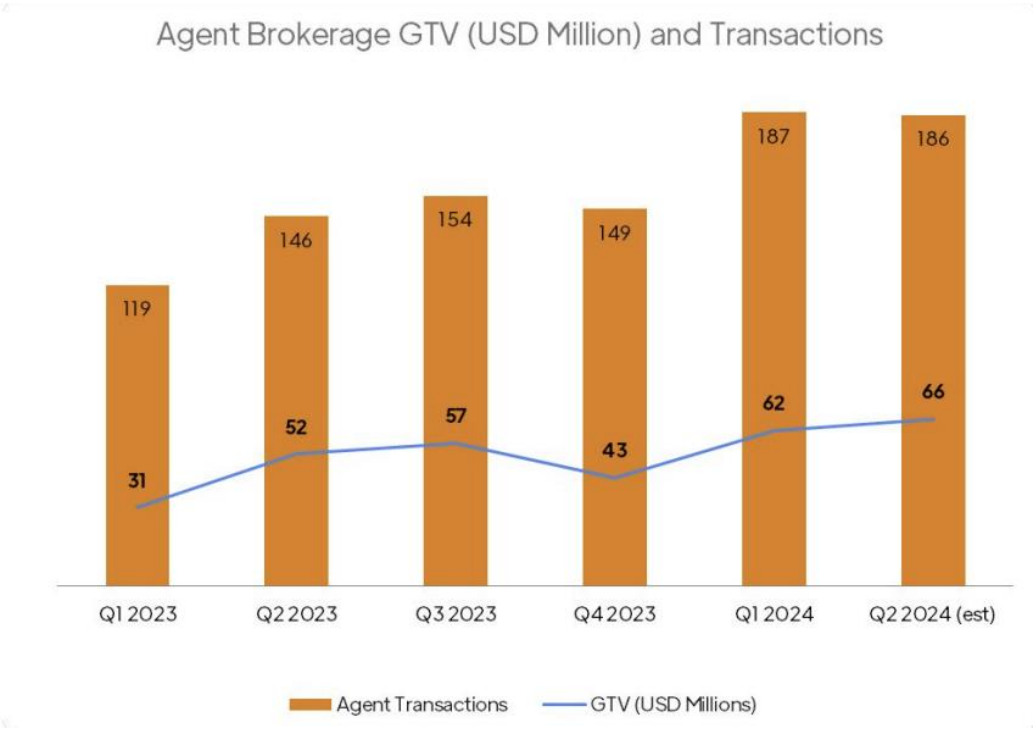
Based on its ongoing revenue trends, OMH expects 1H24 revenue to increase at least 110% compared to 1H23, as illustrated below. Overall, the company views its use of technology and data as key competitive advantages and believes the property management space is ripe for digitalization. The property management 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 its digital platform.

Company's Outlook for 1H24



Source: Company presentation

The company's technology enables its agents to facilitate a greater number of transactions than others within the industry and achieve greater (roughly 13X) efficiency per Ohmyhome agent compared to other agents at other real estate agencies, according to the company and external third-party data. The Ohmyhome platform leverages its matching algorithm, MATCH, to enable property buyers and sellers or renters to connect. About 65% of property transactions are completed within seven days on average and some even within one day, according to the company.



Source: Company presentation

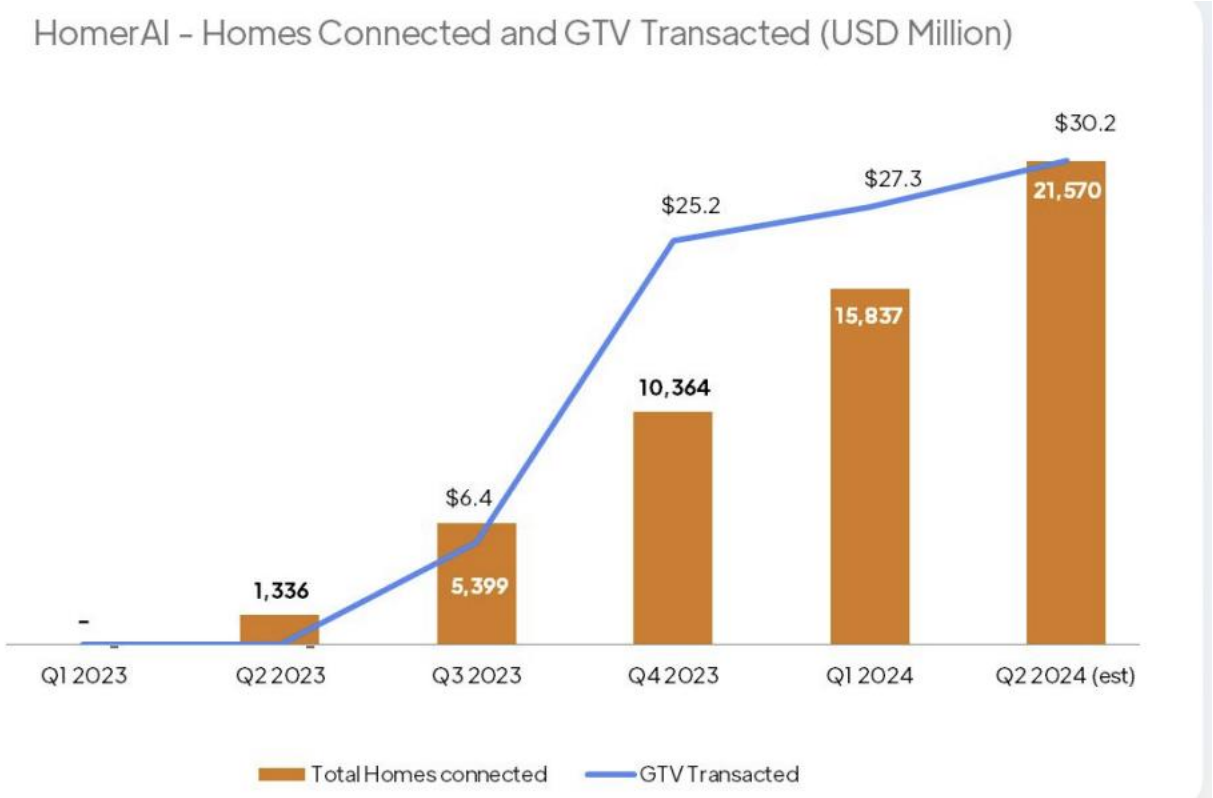
Ohmyhome's overall online platform enables customers to conduct research on real estate metrics. Once they are ready to move forward on property transactions, the company's platform offers brokerage services for clients who want to access professional real estate agents, as well as assistance for those 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.

AI helps attract and retain users / potential buyers/sellers…

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.

Ohmyhome seeks to offer solutions and services to help customers in most aspects of their property transactions. Ohmyhome users can access the overall Ohmyhome technology, including HomerAI , the AI-enabled digital feature Ohmyhome launched in 2023. 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. Management has indicated that HomerAI has produced a substantial increase in the sales pipeline.



Source: Company presentation

The AI capability includes a valuation feature that enables homeowners to gauge the value of their home. This, in turn, helps Ohmyhome attract users to its platform at an early stage in their decision making process, sometimes even before they have decided to sell their home. Other AI features, such as the capability that allows users to design and reimagine their space helps with traction to keep them using the platform so that when they ultimately decide to make a move, they are familiar and comfortable with the Ohmyhome technology. For homeowners who choose to move forward without using an agent Homer enables users to create their own listings using just a few online steps. HomerAI has enabled OMH to grow its sales pipeline, as management has indicated, with mid- to high-intent property sellers.

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.



Source: Company reports

With the benefits of its platform, launch of HomerAI and incorporation of property management revenue, OMH projects that 1H24 revenue will be more than double that of 1H23, as noted and the company's 2023 deployment of HomerAI.

The company has identified preliminary potential synergies estimated at about S$9 million in the first year. 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.

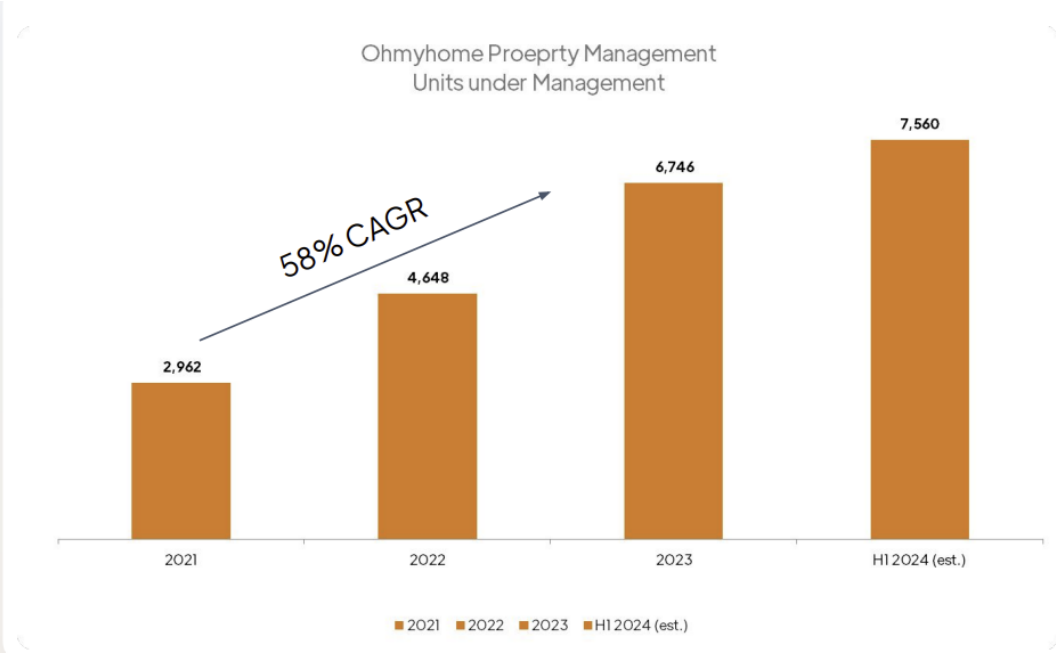
OHMYHOME PROPERTY MANAGEMENT

Property management segment expected to accelerate growth

Ohmyhome acquired Simply Sakal in late 2023, as noted. 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 acquisition diversifies Ohmyhome's revenue base, adding a less seasonal, recurring revenue stream, particularly as the property management sector expands OMH's access to Singapore's private residential segment where revenue per transaction is higher. According to OMH filings, as an independent company the sector generated 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 managed over this period. At the end of 2022, the former Simply Sakal managed some 4,648 units 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 company estimates that the property management segment managed about 7,560 units at the end of 1H24. The goal is to continue to increase the number of units under management, which Ohmyhome believes will contribute to growing Ohmyhome Property Management revenue and consolidated results.

Growing Units Under Management Expected to Drive Revenue Growth



Source: 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.

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. The company believes the property management industry in Singapore and elsewhere in Southeast Asia overall is fragmented and largely paper based, making it ready to be digitalized.

Moreover, OMH believes that the property management segment 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 and also help accelerate growth. The company notes that revenue per transaction in the private market is higher than in the HDB market and OMH expects the property management segment to be accretive to overall revenue growth and earnings and lead to positive EBITDA in 2025 pro forma for synergies.

LONG-TERM GROWTH STRATEGY INCLUDES POTENTIAL GEOGRAPHIC EXPANSION

Ohmyhome's growth strategy is to continue gaining market share by driving awareness and usage of its technology platform, among other measures, acquire companies that operating in complementary or synergistic areas and increase its service offerings. As the company pursues growth initiatives in its home market, its long-term growth 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'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.

The company believes the property management industry in Singapore, as well as in other Southeast Asian markets 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.

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 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.
- OMH 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 or resume at another time.
- The inflation and interest rate environments might have a greater impact on overall transaction volumes and on Ohmyhome revenue than the company expects.
- Property management segment revenue might not grow as quickly as management anticipates.
- If OHM does not regain Nasdaq price compliance by October 28, 2024, it might need an extension.

RECENT NEWS

- On July 5, 2024, OMH provided a business update.
- On May 6, 2024, OMH received Nasdaq notification regarding minimum bid deficiency of its share price.
- 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.

FINANCIAL MODEL

Ohmyhome Ltd.

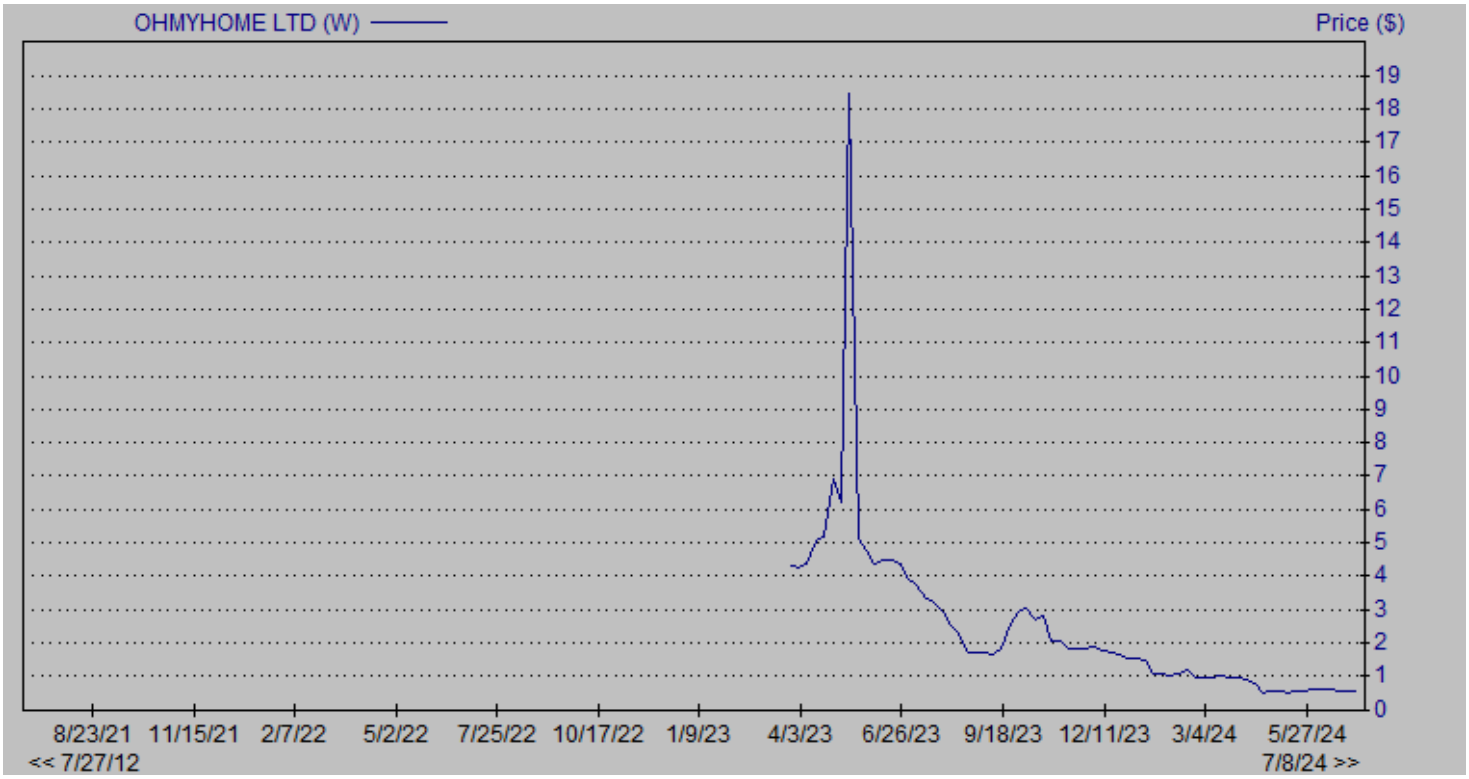
Ohmyhome Income Statement & Projections ($ Singapore dollars)

	2020	2021	1H22	2H22	2022	2H23A	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		3,947,014
Property Management	-	-	-		-	-	846,726		3,907,179
Emerging & other services	437,195	650,097	1,686,841	2,266,691	3,953,532	821,295	1,339,837	-	1,913,289
Total operating revenues	3,338,674	4,381,683	3,382,514	3,643,078	7,025,592	2,167,021	5,004,493	3,376,000	9,767,482
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)		(2,852,240)
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)	(2,194,400)	(6,301,582)
				-					
Gross profit	1,371,553	2,386,061	1,526,372	790,542	2,316,914	803,645	1,719,652	1,181,600	3,465,900
				-					
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)	(5,748,366)	(7,735,849)
				-					
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)	(5,923,391)	(7,358,192)
Taxes	-	-	-	-	-	-	-	-	-
				-					
Net loss	(2,097,759)	(1,893,275)	(935,412)	(2,138,629)	(3,074,041)	(2,496,886)	(5,516,224)	(5,923,391)	(6,004,770)
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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)	(5,900,144)	(5,954,101)
				-					
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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)	($0.31)	($0.29)

Source: Company reports, Zacks estimates

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