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Zacks Small-Cap Research

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Ohmyhome Ltd (OMH-NASDAQ)

OMH: Backdrop of Industry Fundamentals, Positive Implications

The Singapore government has enacted measures to increase the country's long-term housing stock, but in the short-term, units coming available for resale fluctuate. According to the Straits Times, 2025 is expected to record the lowest number of units come available on the resale market in 11 years. In turn, this could drive demand for OMH services, in our view.

Current Price (2/27/25)	$0.33
Valuation	**$2.90**

OUTLOOK

The number of units in the company's property management segment grew 23% sequentially in 3Q24 to 9,283 from 7,560 at the end of 2Q24. OMH attributes this to its expanded presence in the property management space. Its goal is to continue to increase the number of units under management, which Ohmyhome believes will contribute to growing Property Management segment and consolidated revenue, in part reflecting cross-promotional opportunities as a growth driver. This goal likely has a positive tailwind from government steps to increase housing units available long-term.

SUMMARY DATA

52-Week High	**$1.15**
52-Week Low	**$0.32**
One-Year Return (%)	**-90**
Beta	**N/A**
Average Daily Volume (sh)	**194,675**
Shares Outstanding (mil)	**23**
Market Capitalization ($mil)	**$8**
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		3.3 A			7.3 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		-$0.07 A			-$0.15 E

Quarters might not sum due to rounding & share counts

Disclosures on page 10

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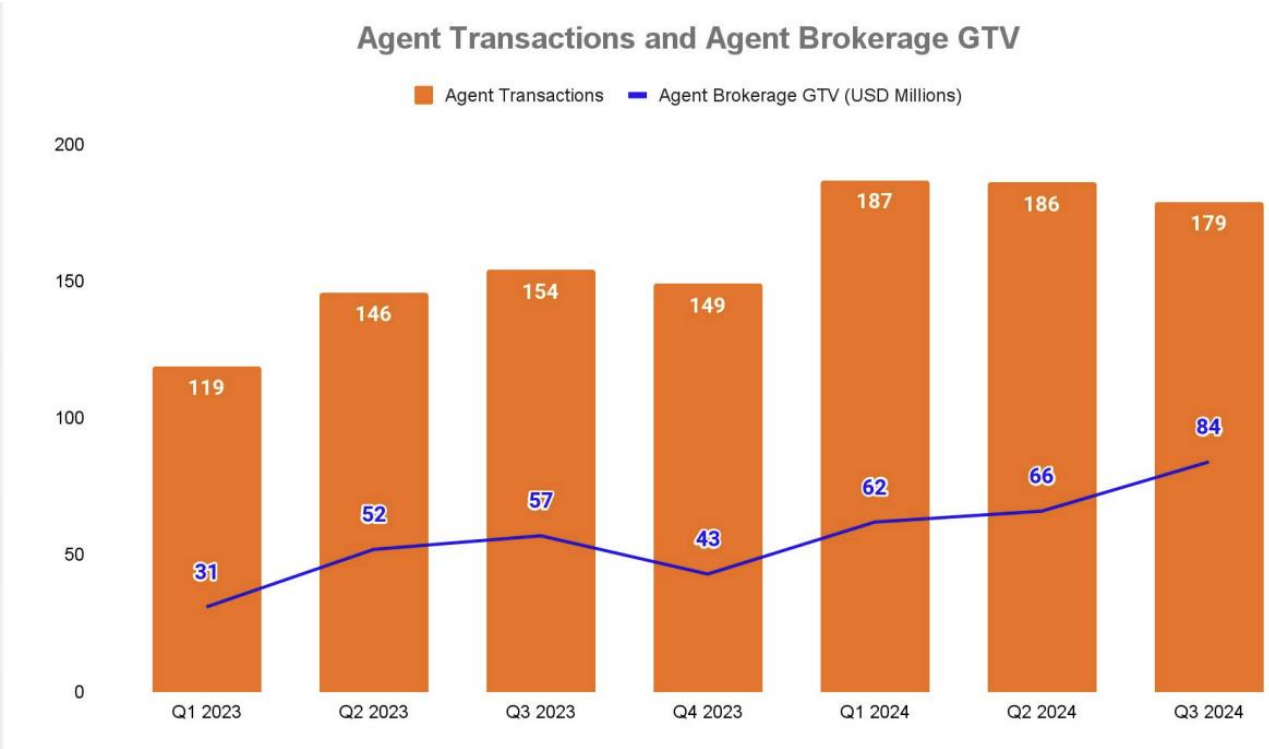
BACKDROP OF INDUSTRY FUNDAMENTALS, POSITIVE IMPLICATIONS

HDB sales volume up in 2024 …

Ohmyhome Ltd (OMH-NASDAQ), a Singapore-based technology company that operates an online real estate platform, has experienced substantial momentum, reflecting the ongoing strength of the domestic property market and its growth initiatives. For example, resale prices and volume sales of Housing and Development Board (HDB) units rose 2.5% and 20%, respectively, in 3Q24, according to CNBC, which notes that the majority of people reside in government subsidized HDB units.

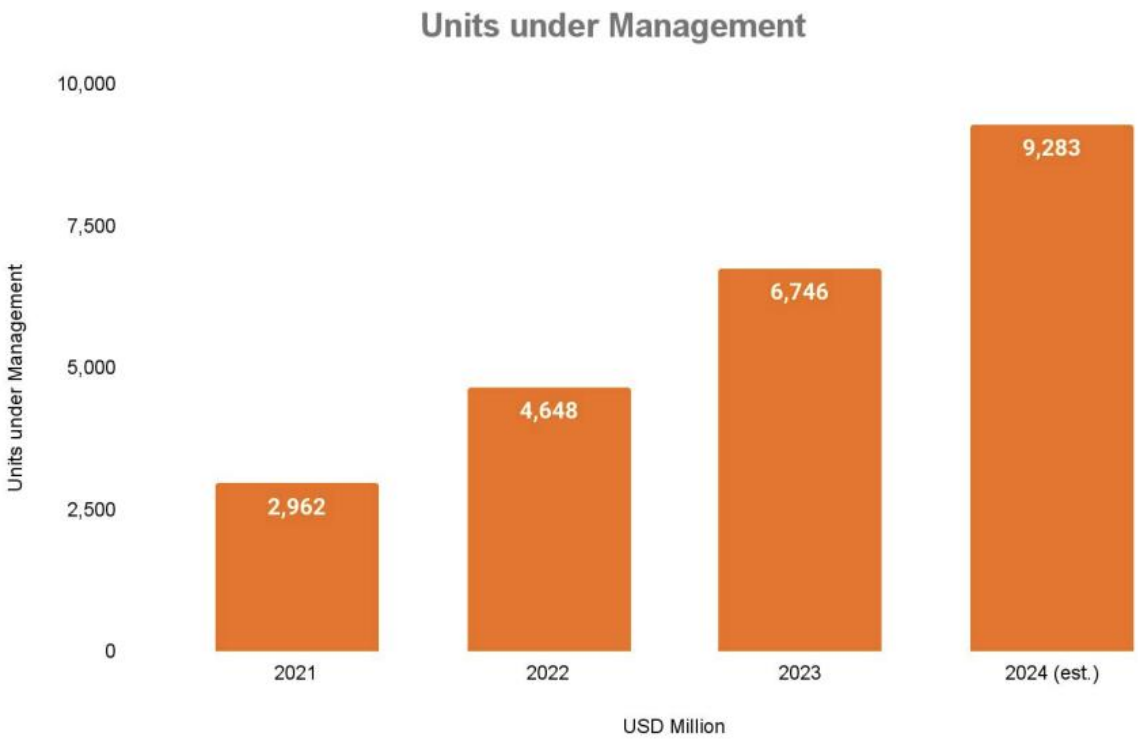
Resale prices of HDB units are expected to increase some 4% to 6% in 2025, according to the Straits Times, which is below the roughly 9.7% price increase registered in 2024, with lowest number of units expected to be available on the resale market in 11 years. The disequilibrium of demand for units compared to supply could drive demand for OMH services, in our view.

During the quarter, OMH's brokerage GTV grew 51% year-over-year and its renovation contracts advanced 403%. The company attributes the latter to rising customer interest in its renovation solutions. The company had previously indicated that the renovation business benefitted from demand from more office and residential projects.



Source: Company presentation

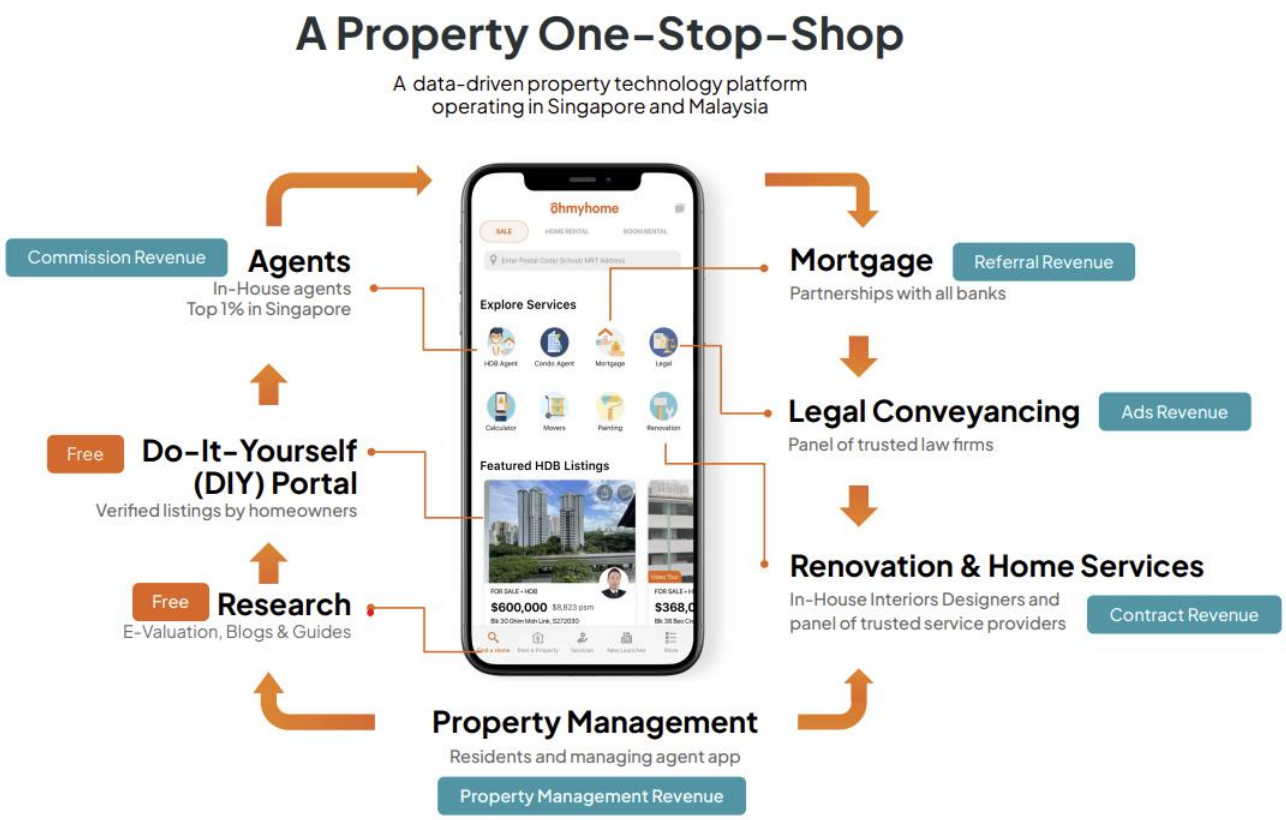
Property management units grew 23% from 7,560 to 9,283. The company attributed this growth to its expanded presence in the Property management space following the acquisition of Following the acquisition of property management company Simply Sakal in late 2023 and increasing value of the services its property management segment offers.



Source: Company presentation

The company its expansion into the property management space 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" and potentially expanding its overall target market within Singapore's private residential segment. Moreover, the property management space is significantly less seasonal compared to OMH's original transaction business. It generates a recurring revenue stream that is not dependent on housing transactions and which is also expected to help accelerate overall consolidated growth. The company's 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, in part reflecting cross-promotional opportunities as a growth driver. 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.



Source: Company reports

The company believes its technology platform offers end-to-end property solutions and services. These include brokerage, renovation and condominium property management services in Singapore. OMH believes it is Singapore's largest integrated property transactions and services platform. Since launching operations in 2016, Ohmyhome has transacted more than 15,500 properties (through June 30, 2024). According to management, it also ranks as the highest-rated property transaction platform. According to HDB (Housing & Development Board) transaction data, Ohmyhome had a roughly 5% market share of the public residential property resale market based on the number of transactions completed, as of year-end 2022.

Company believes 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 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.

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.

The number of condominium units is expected to grow significantly over the next few years, facilitated by government initiatives. OMH also believes the property management space specifically 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.

The 3Q24 trends are consistent with results earlier in 2024. In 1H 2024, Ohmyhome more than doubled revenue (up 106% year-over-year compared to the same period of 2023, coming in at S$4.5 million (US$3.3 million). Notably, the revenue advance reflects increases in each of OMH's three core business units. Specifically, brokerage services revenue advanced 13.9% year-over-year, the higher mortgage interest rate environment and general slowdown in market transaction activity notwithstanding. The company previously indicated that its GTV (gross transaction value) benefited from its tech investments in HomerAI, its AI feature. Revenue from the company's new Property Management services segment was S$2.0 million (US$1.5 million), while revenue from emerging and other services advanced 16% year-over-year compared to the same period of 2023. Higher demand for renovation services drove a 206% annual increase in independent third-party revenue.

Cash position grew sequentially

The company expects to maintain its focus on constraining operating expenses, boosting operational efficiency and driving profitability and cash flow. OMH anticipates further reduction in EBITDA loss in 2H 2024. Moreover, the company's founders, Rhonda Wong and Race Wong entered into an agreement with OMH on September 9, 2024, to settle an amount of their salaries deferred year-to-date through August 2024 through the issuance of 217,565 shares to each. The company indicated that reflecting these measures, its cash and equivalents position increased to SGD 2.7 million (US$2.1 million) at the end of 3Q24, compared to SGD 2.4 million (US$1.8 million) at the end of the prior quarter. This balance represents an increase of S$2.2 million compared to December 31, 2023.

VALUATION

OMH is optimistic about its growth plans and strategy as it expands its presence in Singapore and potentially enters 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. 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 a discount for the higher risk OMH faces, we derive a valuation of about $2.90 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.
- To remain listed on Nasdaq, OMH needs to regain compliance with Nasdaq price requirements.

RECENT NEWS

- On October 29, 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.

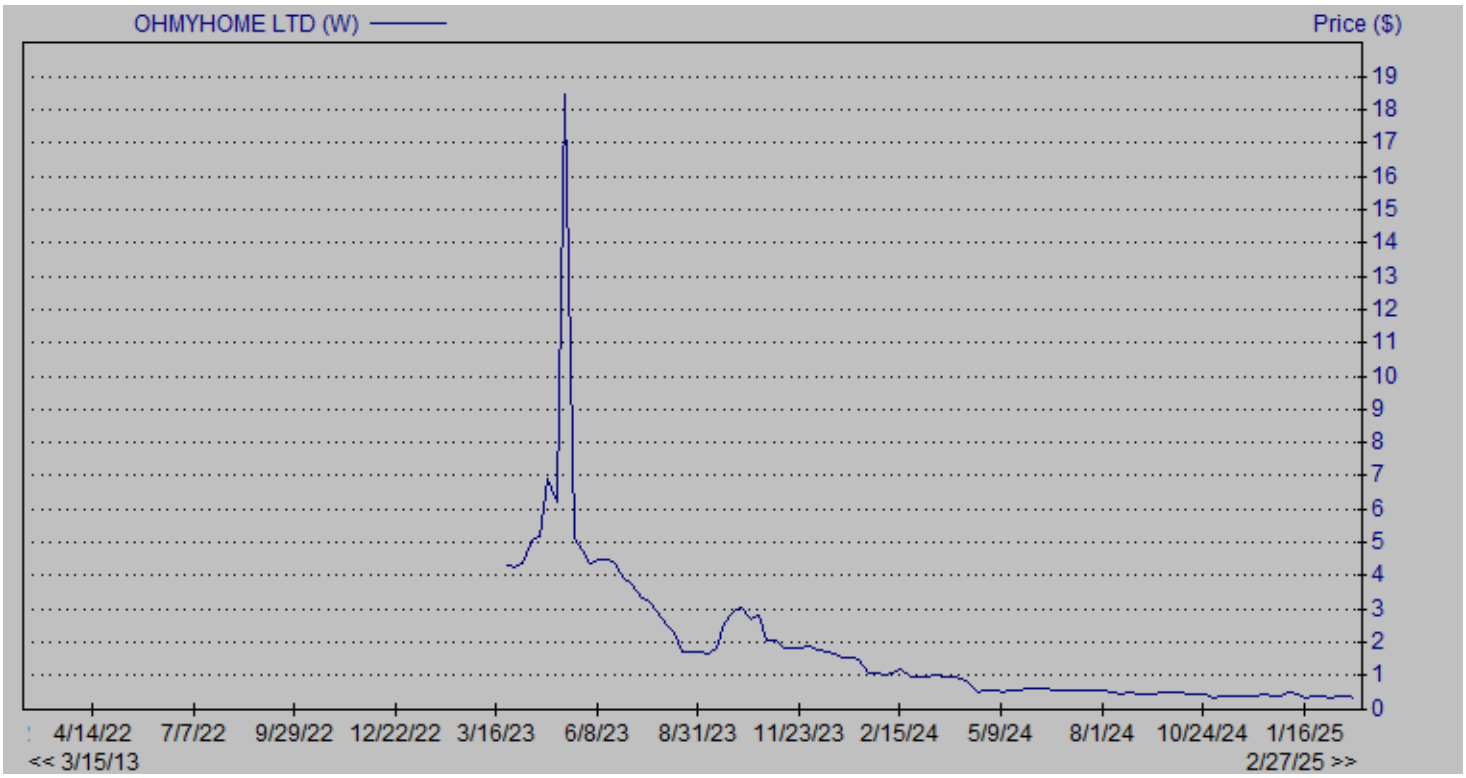
Ohmyhome Income Statement & Projections ($ Singapore dollars)

	2020	2021	1H22	2H22	2022	2H23A	2023A	1H24A	2024E
Brokerage services	2,901,479	3,731,586	1,695,673	1,376,387	3,072,060	1,345,726	2,817,930	1,533,293	3,806,050
Property Management	-	-	-		-	-	846,726	1,983,553	3,907,179
Emerging & other services	437,195	650,097	1,686,841	2,266,691	3,953,532	821,295	1,339,837	953,243	1,879,123
Total operating revenues	3,338,674	4,381,683	3,382,514	3,643,078	7,025,592	2,167,021	5,004,493	4,470,089	9,592,351
				-					
Brokerage services	(1,718,012)	(1,605,602)	(815,061)	(568,427)	(1,383,488)	(732,930)	(1,638,368)	(785,983)	(1,854,313)
Property Management							(582,582)	(1,325,466)	(2,852,240)
Emerging & other services	(249,109)	(390,020)	(1,041,081)	(2,284,109)	(3,325,190)	(630,446)	(1,063,891)	(688,491)	(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)	(2,799,940)	(6,301,582)
				-					
Gross profit	1,371,553	2,386,061	1,526,372	790,542	2,316,914	803,645	1,719,652	1,670,149	3,290,769
				-					
Technology and development expense	(1,539,651)	(1,449,065)	(857,584)	(910,146)	(1,767,730)	(1,096,651)	(1,304,914)	(788,962)	(2,653,895)
Selling and marketing expenses	(1,183,380)	(1,717,470)	(1,003,189)	(922,814)	(1,926,003)	(848,504)	(1,797,033)	(988,872)	(1,885,376)
G&A	(1,291,238)	(1,563,599)	(806,158)	(1,048,363)	(1,854,521)	(1,485,521)	(3,960,636)	(1,724,834)	(3,829,038)
Total operating expenses	(4,014,269)	(4,730,134)	(2,666,931)	(2,881,323)	(5,548,254)	(3,430,676)	(7,062,583)	(4,398,845)	(8,368,309)
				-					
Operating loss	(2,642,716)	(2,344,073)	(1,140,559)	(2,090,781)	(3,231,340)	(2,627,031)	(5,342,931)	(2,728,696)	(5,077,539)
				-					
Stock-based comp							(537,756)		
Interest income	7,620	10,262	3,983	2	3,985	24,454	106,023	136,679	60,744
Interest expense	(30,364)	(49,926)	(18,740)	(20,412)	(39,152)	(16,721)	(31,696)	(14,904)	(41,535)
Gov grants	565,979	492,404	205,113	42,954	248,067	8,399	25,769	45,418	81,752
FX	(5,313)	(3,065)	14,791	(70,417)	(55,626)	114,013	264,367	266,616	283,208
Other income	7,035	1,123	-	25	25	-	-	15,502	54,377
Total other income, net	544,957	450,798	205,147	(47,848)	157,299	130,145	(173,293)	449,311	438,546
				-					
Pretax loss	(2,097,759)	(1,893,275)	(935,412)	(2,138,629)	(3,074,041)	(2,496,886)	(5,516,224)	(2,279,385)	(4,638,993)
Taxes	-	-	-	-	-	-	-		-
				-					
Net loss	(2,097,759)	(1,893,275)	(935,412)	(2,138,629)	(3,074,041)	(2,496,886)	(5,516,224)	(2,279,385)	(4,638,993)
				-					
Minority interest	(160,682)	(68,467)	(15,998)	(5,043)	(21,041)	(22,030)	(46,494)	(1,385)	(2,493)
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)	(2,278,000)	(4,636,500)
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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	23,262,574	23,263,579
Loss per share	($0.13)	($0.12)	($0.06)	($0.06)	($0.19)	($0.13)	($0.30)	($0.10)	($0.20)

Source: Company reports, Zacks estimates

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