UOBKayHian

Country Daily | Singapore

Monday, 17 August 2026

Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	53732.4	(0.2)	(0.6)	3.0	11.8
S&P 500	7785.8	(0.2)	0.4	4.4	13.7
FTSE 100	10750.1	(0.2)	(1.4)	1.4	8.2
AS30	9313.2	(0.7)	(1.4)	3.7	3.3
CSI 300	4665.9	0.0	(0.6)	3.0	0.8
FSSTI	5743.6	0.4	1.9	4.3	23.6
HSCEI	8340.8	(1.0)	(2.2)	2.5	(6.4)
HSI	25116.9	(1.1)	(2.1)	2.3	(2.0)
JCI	6401.9	1.6	(0.1)	3.7	(26.0)
KLCI	1727.4	(0.4)	(0.5)	(0.2)	2.8
KOSPI	6977.9	2.4	11.5	2.3	65.6
Nikkei 225	68713.8	0.6	4.6	7.1	36.5
SET	1609.1	(0.3)	(0.3)	(1.8)	27.7
TWSE	45811.0	(0.5)	3.6	7.4	58.2
BDI	2863	0.7	(7.3)	4.0	52.5
CPO (RM/mt)	4520	0.0	0.1	1.2	14.9
Brent Crude (US$/bbl)	89	0.2	1.1	0.7	45.8

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
Virtual Meeting on Indonesia Economic Outlook by Mr. Enrico Tanuwidjaja	Indonesia	19 Aug	19 Aug
Analyst Marketing by Julia Pan on Greater China Internet Sector	Singapore	07 Sep	08 Sep
Analyst Marketing by Julia Pan on Greater China Internet Sector	Malaysia	09 Sep	11 Sep

Corporate and Macro Calendar

Economic Indicator/Event	Date
Balance of Trade JUL	17 Aug
Non-Oil Exports MoM JUL	17 Aug
Non-Oil Exports YoY JUL	17 Aug
MAS 12-Week Bill Auction	18 Aug

Top Stories

Company Results | CSE Global (CSE SP/**BUY**/S$1.24/Target: S$1.79)

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- 1H26 adjusted net profit of S$13.9m (-12.4% yoy) came in at 34% of our 2026 forecast. This is largely due to one-offs, and remains in line with expectations. Revenue rose 27% yoy, in line with expectations, and order intake increased 28% yoy. Orderbook remains robust at S$620m. Maintain BUY on CSE with an unchanged target price of S$1.79, with higher earnings expected in 2H26.

Company Results | First Resources (FR SP/**BUY**/S$3.95/Target: S$4.57)

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- FR delivered 1H26 core net profit of US$216.2m (+42.2% yoy), above expectations at 56%/55% of our/consensus previous full-year forecasts respectively. 2Q26 core net profit of US$119.6m was up 23.8% qoq on higher palm product prices and 38.9% yoy on a higher sales volume. We lift 2026-28 net profit forecasts by 7-13%. Maintain BUY with a higher target price of S$4.57 (from S$3.65), based on 14x 2027F PE.

Company Results | Frencken Group (FRKN SP/**BUY**/S$2.63/Target: S$3.30)

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- 1H26 earnings of S$19m (-2% yoy) is in line with expectation at 43% of our 2026 estimate. 2Q26 earnings of S$11m grew 14% yoy/41% qoq. 1H26 revenue fell 1% to S$427m mainly due to weaker semiconductor and analytical life sciences segments. Frencken expects 2H26 revenue to improve yoy and hoh. Maintain BUY and target price of S$3.30.

Company Results | UMS Integration (UMSH SP/**BUY**/S$2.72/Target: S$3.27)

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- 1H26 earnings of S$33m (+66% yoy) exceeded our expectation at 58% of our full-year estimate. 2Q26 earnings reported strong traction as revenue from the semiconductor segment increased 28% to S$76m. UMS maintains a positive outlook as it expects strong demand from its key customers. Maintain BUY with an 18% lower target price of S$3.27.

Market Spotlight

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- US stocks were lower on Friday, with all indices falling as healthcare, information technology and consumer discretionary sectors slid. There were more advancers than decliners on both the NYSE and NASDAQ.
- The FSSTI rose 23.54 points to 5,743.59, supported by strength in Singtel and OCBC Bank. Mid-cap indices rose while small-cap indices fell, with a broad market advance on S$2.67b turnover.

What's Inside

Technical Analysis

CSE Global (CSE SP)

1H26: Earnings Impacted by One-Offs; 2H26 Earnings To Be Stronger

Highlights

- 1H26 adjusted net profit fell 12.4% yoy to S$13.9m, making up 34% of our forecast, largely due to one-offs, and remains in line with our expectations.
- CSE's operating momentum remains intact, with revenue up 27% yoy, order intake rising 28% yoy to S$470m, and a robust orderbook of S$620m.
- Maintain BUY with an unchanged target price of S$1.79. We expect 2H26 earnings to ramp up as its new facility reaches steady-state.

1H26 Results

Year to 31 Dec (S$m)	1H26	1H25	yoy%
Revenue	561.5	440.9	27.4
Gross profit	133.7	123.0	8.8
Gross profit margin (%)	23.8	27.9	(4.1) ppt
Net profit	13.2	16.2	(19.3)
Adjusted Net Profit*	13.9	15.9	(12.4)
Core net margin (%)	2.5	3.6	(1.1) ppt
Order intake	470.2	366.7	28.3
Order book	620.4	573.8	8.1

**1H26 adjusted net profit excluded non-recurring item: one-off irrecoverable tax of S$1.3m, offset by gain on disposal of a business and a 21% equity interest in a subsidiary of S$0.5m.*

Source: CSE, UOB Kay Hian

Analysis

- **Revenue in line, earnings missed due to one-offs.** CSE Global's (CSE) 1H26 revenue rose 27.4% yoy to S$561.5m, representing 50% of our full-year forecast, led by the electrification segment's US data centre project delivery. Adjusted net profit fell 12.4% yoy to S$13.9m, making up 34% of our full-year forecast. This was due to several factors including a mix shift toward lower-margin data centre projects, S$2.4m startup costs incurred for the new Champion facility, S$6.7m of the electrification segment's greenfield project overruns and S$5.3m of water/wastewater wind-down costs, impacting gross margins, which compressed 4.1ppt to 23.8% in 1H26. Adjusted EBITDA rose 7% yoy, while adjusted EBITDA margins eased 1.4 ppt to 7.4%.
- **Momentum in order intake; expects stronger orders in 2H26.** 1H26 order intake jumped 28% yoy to S$470m. Momentum was largely driven by electrification demand in the US despite a slowdown in 2Q26 (compared with 1Q26) which was due to a timing difference arising from the replacement of a purchase order, with the new purchase order expected to be received in 3Q26. We expect CSE's order intake to be stronger in 2H26. Orderbook remains robust at S$620m (+8% yoy), providing a healthy earnings growth outlook.

Key Financials

Year to 31 Dec (S$m)	2024	2025	2026F	2027F	2028F
Net turnover	861	969	1,126	1,227	1,300
EBITDA	72	68	82	92	96
Operating profit	54	50	56	64	68
Net profit (rep./act.)	26	37	40	45	48
Net profit (adj.)	37	37	40	45	48
EPS (S$ cent)	5.4	5.3	5.6	6.3	6.7
PE (x)	22.8	23.6	22.2	19.7	18.5
P/B (x)	3.4	3.3	3.0	2.8	2.6
EV/EBITDA (x)	15.1	16.1	13.3	11.7	11.3
Dividend yield (%)	1.9	2.1	2.3	2.5	2.7
Net margin (%)	3.1	3.9	3.5	3.7	3.7
Net debt/(cash) to equity (%)	28.2	59.2	61.0	57.5	52.0
Interest cover (x)	8.6	7.8	11.0	12.0	12.5
ROE (%)	11.2	14.1	14.0	14.6	14.5
Consensus net profit (S$m)	-	-	45	53	48
UOBKH/Consensus (x)	-	-	0.88	0.85	1.00

Source: CSE, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	S$1.24
Target Price	S$1.79
Upside	44.4%

Stock Data

Sector	Information Technology
Bloomberg ticker	CSE SP
Shares issued (m)	729.2
Market cap (S$m)	904.3
Market cap (US$m)	707.0
3-mth avg daily t'over (US$m)	13.3

Price Performance (%)

52-week high/low: S$1.91/S$0.62

1mth	3mth	6mth	1yr	YTD
4.2	(29.9)	0.0	90.8	25.9

Major Shareholders (%)

Temasek Hldgs	23.8

Balance Sheet Metrics

FY26 NAV/Share (US$)	0.41
FY26 Net Debt/Share (US$)	0.25

Price Chart

Source: Bloomberg

Company Description

CSE Global provides systems integration and information technology solutions, computer network systems, and industrial automation. The company also designs, manufactures, and installs management information systems. CSE Global develops, manufactures, and sells electronic and micro processor monitoring equipment.

- **Interim dividend declared.** An interim dividend of 0.91 S cents/share was declared (1H25: 1.14 S cents), in line with management's previous guidance of a 50% payout ratio. Operating cash flow also turned positive at S$15.9m (1H25: outflow S$27.4m) on better working capital management.
- **1H26 segment performance:** Electrification remains the growth engine.
  a) **Electrification grew 64% yoy** (2Q26: +18% qoq) to S$283.0m, driven by data centre and LNG projects in the Americas. Adjusted EBITDA rose 27.0% yoy to S$25.4m, while margin fell to 9.0% (1H25: 11.6%) on mix shift and the new US facility's ramp-up costs (S$2.4m).
  b) **Communications grew 9% yoy** (2Q26: +3% qoq) to S$139.4m, on Australia/New Zealand strength. Adjusted EBITDA increased 2.9% yoy to S$11.6m, while margin declined 0.5ppt to 8.3%.
  c) **Automation remained stable, declining marginally by 0.5% yoy** (2Q26: +9% yoy) to S$139.1m. However, adjusted EBITDA fell 41.6% yoy to S$4.5m on costs relating to the wind-down of water and wastewater projects (S$5.3m), and margin declined 2.3 ppt to 3.2%.
  d) This translates to a total revenue growth of 27% (2Q26: +12% qoq).
- **Leverage build slowed as cash flow turned positive.** Cash flow turned positive at +S$15.9m (1H25: S$27.4m outflow) on lower contract assets and stronger collections. Net debt rose to S$170.6m (Dec 25: S$163.0m) on higher borrowings for expansion, but gearing held broadly steady at 0.58x (Dec 25: 0.59x), with net debt to EBITDA at 2.0x, a marked slowdown from 2025's gearing jump from 0.28x to 0.59x.
- **Near-term headwinds have passed; expect a recovery in 2H26.** We have taken into account 1H26 being a softer period yoy due to rising material costs, start-up costs for the new 241,000sf electrification facility and close-outs of municipal projects in the renewables sector. We expect to see a recovery in 2H26 as the new facility reaches steady-state, start-up costs normalise and the S$620m orderbook converts into revenue.
- **Growing flow business.** CSE's flow business strengthened significantly in 1H2026, rising 41.5% yoy to S$446.2m and accounting for 79% of total project revenue, up from 72% in 1H25. This highlights CSE's growing exposure to recurring and repeat business, providing greater revenue visibility and resilience.

Valuation/Recommendation

- **Maintain BUY with an unchanged target price of S$1.79,** based on an unchanged 29x 2027F PE (+1.5 SD to mean). This reflects CSE's re-rating from its historical 15x mean, driven by the data centre electrification narrative and strong order intake. We believe the premium is justified by the Amazon warrant relationship and its robust S$620m orderbook.
- At S$1.23, the stock trades at around 19x 2027F PE, a meaningful discount to our multiple and in our view, a level that underprices the data centre growth story. While governance continues to be an overhang, it is resolvable and the business fundamentals have not changed.

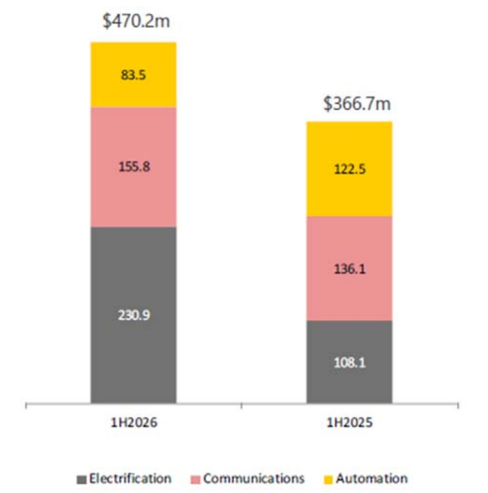
Earnings Revision/Risk

- We trim our 2026 earnings forecast by 2% to better incorporate the impact of the startup costs incurred for the new Champion facility, the electrification segment's greenfield project overruns and water/wastewater projects wind-down costs.

Share Price Catalyst

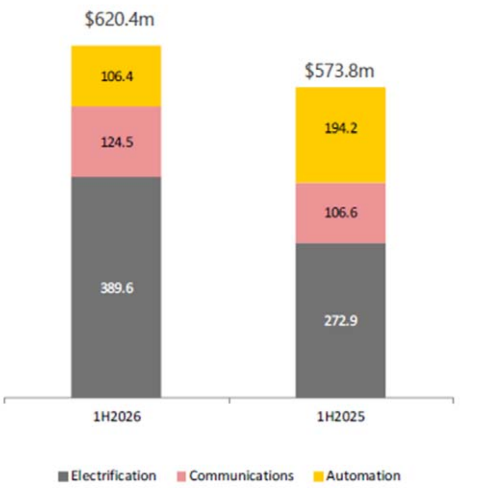
- New hyperscaler or large LNG contract announcements.
- EPS-accretive acquisitions or strategic partnerships.

1H26 Order Intake



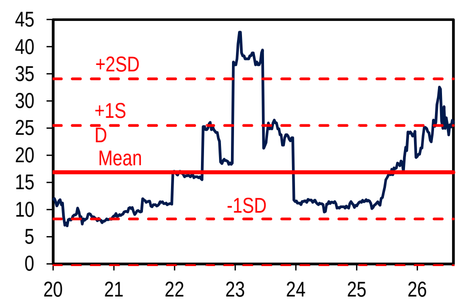
Source: CSE

1H26 Orderbook



Source: CSE

Long-term Historical PE Band



Source: Bloomberg, UOB Kay Hian

Profit & loss

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Net turnover	968.9	1,125.7	1,226.9	1,299.8
EBITDA	67.6	81.5	92.4	96.2
Deprec. & amort.	17.2	25.2	28.6	28.6
EBIT	50.4	56.3	63.8	67.6
Total other non-operating income	4.2	0.0	(0.0)	0.0
Associate contributions	(0.0)	0.0	0.0	0.0
Net interest income/(expense)	(8.6)	(7.4)	(7.7)	(7.7)
Pre-tax profit	45.9	48.9	56.1	59.9
Tax	(8.4)	(8.9)	(11.2)	(12.0)
Minorities	(0.0)	0.0	0.0	0.0
Net profit	37.5	39.9	44.9	47.9
Net profit (adj.)	37.5	39.9	44.9	47.9

Balance Sheet

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Fixed assets	67.2	100.3	105.4	111.9
Other LT assets	185.4	157.0	152.1	147.3
Cash/ST investment	46.2	28.9	25.8	30.5
Other current assets	458.8	530.3	575.9	609.6
Total assets	757.5	816.5	859.2	899.3
ST debt	205.2	205.2	205.2	205.2
Other current liabilities	221.2	259.6	278.8	294.6
LT debt	4.0	4.0	4.0	4.0
Other LT liabilities	51.6	51.2	51.2	51.2
Shareholders' equity	275.5	295.7	319.2	343.5
Minority interest	0.1	0.9	0.9	0.9
Total liabilities & equity	757.5	816.6	859.2	899.3

Cash flow

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Operating	(67.2)	40.7	58.8	70.2
Pre-tax profit	45.9	48.9	56.1	59.9
Tax	(14.1)	(8.9)	(11.2)	(12.0)
Deprec. & amort.	17.2	25.2	28.6	28.6
Associates	(0.0)	0.0	0.0	0.0
Working capital changes	(130.4)	(36.1)	(26.4)	(17.9)
Non-cash items	2.8	0.0	0.0	0.0
Other operating cashflows	11.3	11.7	11.7	11.7
Investing	(0.2)	(38.3)	(40.4)	(42.0)
Capex (growth)	(28.5)	(26.6)	(28.8)	(30.3)
Investment	0.0	0.0	0.0	0.0
Proceeds from sale of assets	1.2	0.0	0.0	0.0
Others	27.1	(11.7)	(11.7)	(11.7)
Financing	57.3	(18.5)	(20.3)	(22.5)
Dividend payments	(7.5)	(18.5)	(20.3)	(22.5)
Proceeds from borrowings	81.4	0.0	0.0	0.0
Loan repayment	(14.3)	0.0	0.0	0.0
Others/interest paid	(2.3)	0.0	0.0	0.0
Net cash inflow (outflow)	(10.1)	(16.1)	(2.0)	5.8
Beginning cash & cash equivalent	57.4	46.2	28.9	25.8
Changes due to forex impact	(1.1)	(1.1)	(1.1)	(1.1)
Ending cash & cash equivalent	46.2	28.9	25.8	30.5

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	7.0	7.2	7.5	7.4
Pre-tax margin	4.7	4.3	4.6	4.6
Net margin	3.9	3.5	3.7	3.7
ROA	5.4	5.1	5.4	5.4
ROE	14.1	14.0	14.6	14.5
Growth				
Turnover	12.5	16.2	9.0	5.9
EBITDA	(6.1)	20.6	13.3	4.1
Pre-tax profit	28.7	6.4	14.8	6.8
Net profit	42.3	6.5	12.4	6.8
Net profit (adj.)	2.0	6.5	12.4	6.8
EPS	(3.6)	6.5	12.4	6.8
Leverage				
Debt to total capital	43.2	41.4	39.5	37.8
Debt to equity	75.9	70.7	65.5	60.9
Net debt/(cash) to equity	59.2	61.0	57.5	52.0
Interest cover (x)	7.8	11.0	12.0	12.5

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Company – Results | Singapore

Monday, 17 August 2026

First Resources (FR SP)

1H26: Above Expectations On Volume Growth And Stronger Downstream Margins

Highlights

- FR delivered 1H26 core net profit of US$216.2m (+42.2% yoy), above expectations at 56%/55% of our/consensus previous full-year forecasts respectively. 2Q26 core net profit of US$119.6m was up 23.8% qoq on higher palm product prices and 38.9% yoy on higher sales volume.
- Sales volume ran ahead of production on a net inventory drawdown of 39,000 tonnes (1H25: 75,000-tonne build-up). FFB output grew 10.2% yoy and CPO production rose 18.4% yoy on a full six-month contribution from PT Austindo Nusantara Jaya (ANJ) against two months in 1H25, while refinery EBITDA nearly doubled to US$62.8m.
- We lift 2026-28 net profit forecasts by 7-13%. Maintain BUY with a higher target price of S$4.57 (from S$3.65), based on 14x 2027F PE.

1H26 Results

Year to 31 Dec (US$m)	2Q26	qoq %	yoy %	1H26	hoh %	yoy %
Revenue	496	4.0	26.0	974	(1.4)	44.5
EBITDA	179	7.9	15.1	344	(2.3)	31.3
Net profit	138	43.2	60.6	235	14.8	57.4
Core net profit	120	23.8	38.9	216	4.9	42.2
EBITDA margin (%)	36.0	34.7	39.4	35.4	35.7	38.9

Source: First Resources, UOB Kay Hian

Analysis

- **Above expectations.** First Resources' (FR) revenue rose 44.5% yoy to US$973.6m, EBITDA increased 31.3% yoy to US$344.4m, and reported net profit rose 57.4% yoy to US$234.9m. With the company's financial performance typically stronger in the second half of the calendar year, we consider our previous full-year forecasts too conservative.
- **Strong production momentum.** FFB rose 10.2% yoy to 2.23m tonnes and CPO production rose 18.4% yoy to 656,605 tonnes, with the oil extraction rate up to 21.9% (1H25: 21.7%). On a clean quarter (ANJ was already consolidated in 2Q25), 2Q26 FFB rose 2.9% yoy and CPO rose 6.9% yoy. Realised CPO price was broadly flat at US$860/tonne (1H25: US$873/tonne).

Key Financials

Year to 31 Dec (US$m)	2024	2025	2026F	2027F	2028F
Net turnover	1,038.7	1,661.1	2,016.2	2,063.4	2,116.7
EBITDA	399.0	614.8	730.5	678.7	655.6
Net profit (rep./act.)	245.8	353.9	436.9	399.7	384.7
Net profit (adj.)	245.8	356.4	436.9	399.7	384.7
EPS (US cent)	15.5	22.5	27.6	25.2	24.3
PE (x)	19.1	13.1	11.5	11.7	12.2
P/B (x)	3.4	3.0	2.9	2.5	2.3
EV/EBITDA (x)	15.3	9.9	8.7	10.2	10.3
Dividend yield (%)	2.5	3.7	5.2	5.1	4.9
ROE (%)	18.3	24.4	26.9	22.3	19.7
Consensus net profit	n.a.	n.a.	393.1	411.8	405.7
UOBKH/Consensus (x)	n.a.	n.a.	1.11	0.97	0.95

Source: First Resources, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	S$3.95
Target Price	S$4.57
Upside	+15.6%
Previous TP	S$3.65

Stock Data

Sector	Consumer Staples
Bloomberg ticker	FR SP
Shares issued (m)	1,584.1
Market cap (S$m)	6,257.1
Market cap (US$m)	4,916.2
3-mth avg daily t'over (US$m)	3.3

Price Performance (%)

52-week high/low: S$3.95/S$1.62

1mth	3mth	6mth	1yr	YTD
15.2	3.7	74.8	124.4	89.9

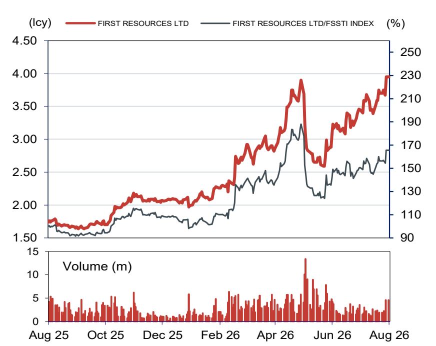
Major Shareholders (%)

Eight Capital Inc.	67.5
Infinite Capital Fund Limited	5.8

Balance Sheet Metrics

FY26 NAV/Share (US$)	1.08
FY26 Net Debt/Share (US$)	0.33

Price Chart



Source: Bloomberg

Company Description

First Resources is an Indonesia-based oil palm producer with 273,156ha of planted area. Operations span oil palm cultivation and palm oil mills, plus downstream refining, fractionation, biodiesel and kernel crushing plants.

- **Plantations lagged on cost.** Segment EBITDA rose 13.0% yoy to US$279.3m, well behind the 27.1% revenue growth, with margin narrowing to 39.2% from 44.1% in 1H25. Management attributes most of this to a deliberate step-up in third-party fruit and CPO purchases (above 15% of intake) taken to lift mill utilisation. Bought fruit carries a thinner margin than own crop, so its higher share dilutes the margin even as it adds absolute profit. Fertiliser is locked in for the rest of 2026 at a 30% higher price compared to last year.
- **Refining margins soared but are not repeatable.** Segment EBITDA almost doubled to US$62.8m on a 34.0% increase in volume and a margin of 7.3% (1H25: 5.5%). In 2Q26, processing contributed around 20% of group EBITDA against a normal 10%. The driver was a substantial discount in the domestic CPO price while export cancellations pushed volume into the local market during the uncertainty over the new export framework, which FR captured as refining spread. Management says the discount has faded; we assume it will normalise in 2H26.
- **Guidance brackets our numbers.** Management has guided for 5-10% FFB and 9-10% CPO production growth for 2026. Our assumptions are at 6.1% and 9.6% respectively.
- **Balance sheet and cash flow.** Net gearing was unchanged at 0.40x and operating cash flow before working capital rose to US$367.1m from US$263.7m. Cash of US$229.2m now includes US$115.4m restricted under Indonesia's revised export proceeds rules. The interim dividend was raised by 78% to 8.00 S cents (1H25: 4.50 S cents), at a 45% payout.

Valuation/Recommendation

- **Maintain BUY with a higher target price of S$4.57** (previously S$3.65), based on 14x 2027F PE against 12x. We see upside risk to CPO prices in 2H26 and more materially into 2027 as El Nino-induced dryness in late-26 manifests after a 9-18-month lag. The stock currently trades at 11.5x 2026F PE.
- **Higher realised CPO price should support earnings.** We maintain our CPO assumption at RM4,500/tonne for 2026, netting to US$858/tonne after the US$165/tonne levy. Management sees scope for US$950/tonne or slightly above, and has not forward-sold, particularly for 2027. Every US$50/tonne is worth about US$70m to group EBITDA.

Earnings Revision/Risk

- **We raise 2026-28 net profit forecasts by 12.8%, 8.1% and 7.3% respectively.** The upgrade is led by downstream, where we lift 2026 refining EBITDA estimate to US$118m from US$55m on throughput of 1.82m tonnes (from 1.23m) and unit EBITDA of US$65/tonne (from US$45). For upstream, we raise 2026F CPO production to 1.43m tonnes (+9.6% yoy, within management's 9-10% guidance) and re-base palm kernel pricing to US$788/tonne from US$706. Our 2026 EBITDA estimate is now US$730.5m (+18.8% yoy).
- **Key risks. a)** 2027 production, as the current dryness feeds through with a 6-9 month lag; b) a sharper fall in CPO prices; c) further changes to the export levy or repatriation rules; and d) faster normalisation of the domestic refining spread.

Share Price Catalyst

- **Stronger 2H26 peak crop.** Management still expects 4Q to be the seasonal high. A delivery at or above our 3% yoy assumption would support consensus upgrades.
- **B50 ramp-up.** FR is fully allocated at around 700,000 tonnes with plants at full utilisation; a larger 2027 allocation would lift volume.

Earnings Revision

Net profit (adj., US$m)	2026F	2027F	2028F
Previous	387.2	369.6	358.4
Revised	436.9	399.7	384.7
% change	12.8	8.1	7.3

Source: UOB Kay Hian

Segmental EBITDA

US$m	1H26	1H25	yoy %
Plantations and palm oil mills	279.3	247.1	13.0
Refinery and processing	62.8	32.2	94.7
Inter-segment elimination	2.3	(17.1)	n.m.
Total EBITDA	344.4	262.3	31.3
Segment margin (%)			
Plantations and palm oil mills	39.2	44.1	(4.9)ppt
Refinery and processing	7.3	5.5	+1.8ppt

Source: UOB Kay Hian

1H26 Production Summary

'000 tonnes	1H26	1H25	yoy %
FFB harvested	2,234.8	2,027.1	10.2
CPO produced	656.6	554.5	18.4
PK produced	143.1	122.2	17.1
Efficiency			
FFB yield (tonnes/ha)	9.6	9.6	–
OER (%)	21.9	21.7	+0.2ppt

Source: UOB Kay Hian

Profit & Loss

Year to 31 Dec (US$m)	2025	2026F	2027F	2028F
Net turnover	1,661.1	2,016.2	2,063.4	2,116.7
EBITDA	614.8	730.5	678.7	655.6
Deprec. & amort.	(115.0)	(116.0)	(118.8)	(119.2)
EBIT	494.6	614.5	559.9	536.4
Total other non-operating income	15.0	9.0	9.0	9.0
Net interest income/(expense)	(29.6)	(36.5)	(31.8)	(28.1)
Pre-tax profit	483.7	586.8	537.1	517.3
Tax	(110.1)	(130.3)	(119.5)	(115.4)
Minorities	(19.6)	(19.6)	(18.0)	(17.3)
Net profit	353.9	436.9	399.7	384.7
Net profit (adj.)	356.4	436.9	399.7	384.7

Balance Sheet

Year to 31 Dec (US$m)	2025	2026F	2027F	2028F
Fixed assets	788.0	822.9	827.0	828.2
Other LT assets	1,271.4	1,205.9	1,270.9	1,335.9
Cash/ST investment	292.2	331.8	414.1	497.5
Other current assets	541.0	473.5	492.6	508.3
Total assets	2,892.6	2,834.2	3,004.6	3,169.8
ST debt	96.8	80.0	80.0	80.0
Other current liabilities	207.4	215.3	217.1	219.0
LT debt	857.6	770.0	770.0	770.0
Other LT liabilities	63.1	(93.2)	(102.3)	(110.2)
Shareholders' equity	1,537.6	1,712.4	1,872.2	2,026.1
Minority interest	130.0	149.7	167.6	184.9
Total liabilities & equity	2,892.6	2,834.2	3,004.6	3,169.8

Cash Flow

Year to 31 Dec (US$m)	2025	2026F	2027F	2028F
Operating	230.9	655.4	516.2	508.3
Pre-tax profit	483.7	586.8	537.1	517.3
Tax	(110.1)	(130.3)	(119.5)	(115.4)
Deprec. & amort.	115.0	116.0	118.8	119.2
Working capital changes	(256.0)	90.3	(17.4)	(13.8)
Other operating cashflows	(1.6)	(7.5)	(2.8)	0.9
Investing	(125.7)	(245.7)	(205.7)	(205.7)
Capex	(120.0)	(240.0)	(200.0)	(200.0)
Financing	293.9	(366.6)	(224.8)	(215.8)
Dividend payments	(171.1)	(262.1)	(239.8)	(230.8)
Net change in debt	465.0	(104.4)	15.0	15.0
Net cash inflow/(outflow)	399.1	43.0	85.7	86.7
Beginning cash & cash equivalent	103.1	292.2	331.8	414.1
Ending cash & cash equivalent	292.2	331.8	414.1	497.5

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	37.0	36.2	32.9	31.0
Pre-tax margin	29.1	29.1	26.0	24.4
Net margin	21.5	21.7	19.4	18.2
ROE	24.4	26.9	22.3	19.7
Growth				
Turnover	59.9	21.4	2.3	2.6
EBITDA	54.1	18.8	(7.1)	(3.4)
Net profit (adj.)	45.0	22.6	(8.5)	(3.7)
Leverage				
Debt to equity	62.1	49.6	45.4	42.0
Net debt/(cash) to equity	43.1	30.3	23.3	17.4
Interest cover (x)	11.5	12.4	12.0	11.5
Operating				
FFB harvested ('000 tonnes)	4,678	4,965	4,965	5,008
CPO produced ('000 tonnes)	1,303	1,427	1,427	1,436
CPO ASP net of levy (US$/t)	825	858	835	824

Frencken Group (FRKN SP)

1H26: Earnings In Line With Expectation; Expect A Better 2H26

Analyst(s)

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Highlights

- 1H26 earnings of S$19m (-2% yoy) is in line with expectation, meeting 43% of our full-year estimate. 2Q26 earnings of S$11m grew 14% yoy/41% qoq.
- 1H26 revenue fell 1% to S$427m mainly due to weaker semiconductor and analytical life sciences segments. Performance improved in the medical, automotive and industrial automation segments.
- Frencken expects 2H26 revenue to improve yoy and hoh. Maintain BUY with an unchanged target price of S$3.30.

1H26 Results

Year to 31 Dec (S$m)	1H26	1H25	yoy%
Revenue	427.8	431.4	(1)
PATMI	19.3	20.0	(3)
Gross margin	15.0%	14.2%	0.8ppt
Net margin	4.5%	4.6%	(0.1ppt)

Source: Frencken, UOB Kay Hian

Analysis

- **1H26 earnings of S$19m (-2% yoy) is in line with expectation,** accounting for 43% of our full-year estimate**.** In addition, Frencken Group (Frencken) gained traction in 2Q26, with earnings of S$11m uop 14% yoy/41% qoq.
- **Revenue fell across two key segments, but offset by increase in other segments.** Frencken's 1H26 revenue fell 1% yoy to S$427m mainly due to weaker semiconductor (-1% yoy) and analytical life sciences segments (-14% yoy). This was offset by better performance in the medical (+10% yoy), automotive (+10% yoy) and industrial automation (+10% yoy) segments.
- **2H26 revenue expected to be higher than 2H25 and 1H26.** The expected yoy revenue growth of key segments in 2H26 is as follows: a) semiconductor (higher), b) medical (higher), c) automotive (higher), d) analytical life sciences (stable) and e) industrial automation (lower). Demand outlook from a major front-end semiconductor equipment OEM in Asia remains solid, particularly for certain semiconductor programmes in volume production. In Europe, the mechatronics division is well positioned to support an anticipated ramp-up in activities for a major front-end semiconductor equipment customer.

BUY (Maintained)

Share Price	S$2.63
Target Price	S$3.30
Upside	25.5%

Stock Data

Sector	Information Technology
Bloomberg ticker	FRKN SP
Shares issued (m)	429.3
Market cap (S$m)	1,129.1
Market cap (US$m)	882.9
3-mth avg daily t'over (US$m)	13.1

Price Performance (%)

52-week high/low				S$3.54/S$1.31
1mth	3mth	6mth	1yr	YTD
(4.7)	(22.9)	40.6	70.8	90.6

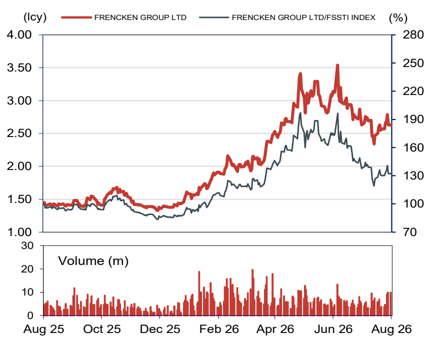
Major Shareholders (%)

Dato' Seri Gooi Soon Chai	23.77

Balance Sheet Metrics

FY26 NAV/Share (S$)	1.20
FY26 Net Cash/Share (S$)	0.28

Price Chart



Source: Bloomberg

Company Description

Frencken is a global integrated technology solutions company. The group provides ODM and OEM services for the automotive, healthcare, industrial, analytical & life sciences and semiconductor industries.

Key Financials

Year to 31 Dec (S$m)	2024	2025	2026F	2027F	2028F
Net turnover	794	865	930	997	1,070
EBITDA	74	75	84	90	96
Operating profit	44	44	52	55	59
Net profit (rep./act.)	37	39	45	49	52
Net profit (adj.)	37	39	45	49	52
EPS (S$ cent)	8.7	9.2	10.6	11.4	12.2
PE (x)	30.3	28.7	24.9	23.1	21.6
P/B (x)	2.6	2.4	2.2	2.1	1.9
EV/EBITDA (x)	13.6	13.5	12.1	11.2	10.5
Dividend yield (%)	1.0	1.0	1.2	1.3	1.4
Net margin (%)	4.7	4.5	4.9	4.9	4.9
Net debt/(cash) to equity (%)	(16.7)	(29.4)	(23.7)	(25.2)	(28.2)
Interest cover (x)	13.6	18.5	19.2	19.2	19.2
ROE (%)	8.9	8.6	9.1	9.2	9.2
Consensus net profit (S$m)	-	-	44	50	58
UOBKH/Consensus (x)	-	-	1.02	0.96	0.90

Source: Frencken, Bloomberg, UOB Kay Hian

- **To reach S$1b in annual revenue and sustain growth beyond this milestone,** Frencken plans to employ a two-pronged strategy comprising organic expansion initiatives, and strategic investments/M&As to add new growth engines. Frencken is exploring and evaluating investment opportunities that could complement existing businesses, bring new capabilities, and/or enhance growth potential. Based on the current trajectory of its core businesses and barring any unforeseen events, Frencken envisages crossing the S$1b annual revenue mark by 2028, if not earlier.
- **To capitalise on the semiconductor upcycle which is expected to stretch through at least 2027 and possibly 2028,** Frencken's Mechatronics Asia and Mechatronics Europe will continue to align its capacity and capabilities to key customers' needs and product roadmap. With a new facility in Singapore that is scheduled to be ready by 2H27, Frencken believes its mechatronics division will be better positioned to address the production needs of its key customers.
- **According to SEMI, global sales of total semiconductor manufacturing equipment are projected to reach a record high in 2026**. This growth momentum is anticipated to continue through 2028 as AI-related demand for more powerful chips will drive investments across the semiconductor capital equipment market.

Valuation/Recommendation

- **Maintain BUY and target price of S$3.30,** pegged to 29x 2027F PE, based on 3SD above mean PE. The 3SD in our PE multiple peg is to capture the recovery of the semiconductor cycle and to account for Frencken's strengths because of its local-for-local manufacturing capabilities and diversified geographical manufacturing facilities.

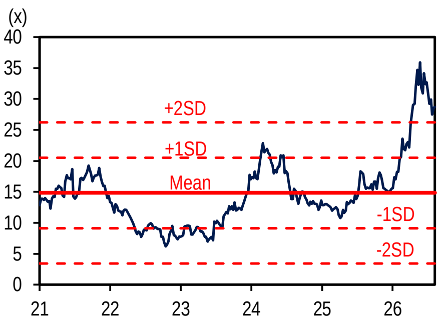
Earnings Revision/Risk

- We maintain our financial estimates.

Share Price Catalyst

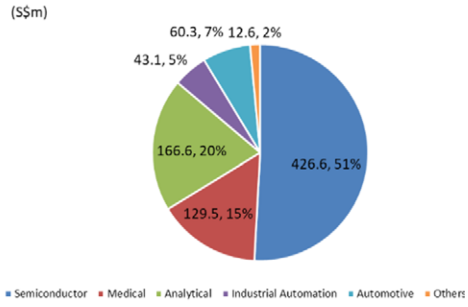
- Higher-than-expected factory utilisation rates and better cost management

Long-term Historical PE Band



Source: UOB Kay Hian

Revenue By Segment (2025)



Source: Frencken, UOB Kay Hian

Peer Comparison

Company	Ticker	Trading Curr (lcy)	Price @ 14 Aug 26 (lcy)	Market Cap (US$m)	PE 2026 (x)	PE 2027 (x)	P/B 2026 (x)	P/B 2027 (x)	EV/EBITDA 2026 (x)	EV/EBITDA 2027 (x)	ROE 2026 (%)	Yield 2026 (%)
AEM	AEM SP	SGD	10.46	2,613	38.1	33.4	6.0	5.3	27.0	24.1	16.7	0.7
UMS	UMSH SP	SGD	2.72	1,889	33.6	28.6	5.3	4.8	21.4	18.7	16.2	1.8
Venture	VMS SP	SGD	16.90	3,797	19.9	19.0	1.7	1.7	12.9	12.3	8.7	4.7
Singapore average					30.5	27.0	4.3	3.9	20.4	18.4	13.9	2.4
Kulicke & Soffa	KLIC US	USD	95.80	5,013	24.8	16.2	n.a.	n.a.	17.8	10.0	22.7	0.9
ASML	ASML NA	EUR	1608.4	721,437	44.0	31.4	23.8	17.3	34.4	25.7	60.2	0.6
Applied Materials	AMAT US	USD	534.54	424,403	42.5	29.9	16.2	13.0	36.1	25.2	42.7	0.4
Lam Research	LRCX US	USD	337.01	421,708	58.2	36.1	33.8	21.6	48.6	29.4	65.1	0.3
KLA Corp	KLAC US	USD	209.37	273,552	56.9	38.0	43.1	26.0	44.9	30.6	87.5	2.8
Teradyne	TER US	USD	410.52	64,181	46.6	35.8	17.3	14.0	35.5	27.8	42.0	0.1
Global average					45.5	31.3	26.8	18.4	36.2	24.8	53.4	0.8
UWC	UWC MK	MYR	6.70	1,810	75.3	50.0	12.2	9.4	48.1	31.3	18.4	0.0
Sam Engineering	SEQB MK	MYR	4.50	745	39.1	29.0	2.2	2.1	15.2	13.4	6.5	0.6
Coraza Integrated	CORAZA MK	MYR	1.19	145	29.0	23.3	3.5	3.1	12.2	10.3	10.8	n.a.
Greatech	GREATEC MK	MYR	2.73	1,680	37.9	28.4	5.8	4.9	27.3	19.9	16.8	0.1
Inari Amertron	INRI MK	MYR	2.42	2,274	47.5	35.6	3.3	3.2	25.9	20.4	7.0	1.9
Northeast	NE MK	MYR	1.16	210	24.2	21.1	n.a.	n.a.	15.9	13.1	12.0	n.a.
Oppstar	OPPSTAR MK	MYR	0.735	116	61.3	61.3	3.7	3.3	123.9	26.6	6.1	n.a.
Pentamaster	PENT MK	MYR	5.51	959	51.0	35.1	4.6	4.1	25.4	19.5	8.8	0.3
Vitrox	VITRO MK	MYR	9.29	4,307	59.2	46.9	13.2	11.1	47.8	39.5	23.6	0.4
Malaysia average					47.2	36.7	6.1	5.2	38.0	21.5	12.2	0.6
Frencken	FRKN SP	SGD	2.63	883	24.9	23.1	2.2	2.1	13.5	12.5	9.1	1.2

Source: Bloomberg, UOB Kay Hian

Profit & loss

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Net turnover	865.1	930.3	997.2	1,070.3
EBITDA	75.2	83.9	90.1	96.3
Deprec. & amort.	30.8	32.4	34.7	37.0
EBIT	44.3	51.5	55.4	59.3
Total other non-operating income	9.1	9.3	10.0	10.7
Associate contributions	0.0	0.0	0.0	0.0
Net interest income/(expense)	(4.1)	(4.4)	(4.7)	(5.0)
Pre-tax profit	49.4	56.4	60.7	65.0
Tax	(10.1)	(11.3)	(12.1)	(13.0)
Minorities	(0.2)	0.0	0.0	0.0
Net profit	39.1	45.2	48.6	52.0
Net profit (adj.)	39.1	45.2	48.6	52.0

Balance Sheet

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Fixed assets	185.9	193.6	198.9	202.0
Other LT assets	30.0	30.5	31.3	32.1
Cash/ST investment	161.9	143.9	160.4	187.0
Other current assets	362.5	436.6	452.1	477.4
Total assets	740.2	804.6	842.8	898.6
ST debt	21.7	21.7	21.7	21.7
Other current liabilities	173.6	204.9	207.6	223.2
LT debt	0.6	0.6	0.6	0.6
Other LT liabilities	65.5	61.4	66.6	74.4
Shareholders' equity	475.3	512.5	547.5	584.9
Minority interest	3.6	3.6	3.6	3.6
Total liabilities & equity	740.2	804.6	847.5	908.3

Cash flow

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Operating	103.5	27.7	75.5	87.0
Pre-tax profit	49.4	56.4	60.7	65.0
Tax	(11.1)	(9.9)	(10.7)	(12.4)
Deprec. & amort.	30.8	32.4	34.7	37.0
Associates	0.0	0.0	0.0	0.0
Working capital changes	47.1	(51.2)	(9.2)	(2.6)
Non-cash items	(12.7)	0.0	0.0	0.0
Other operating cashflows	0.0	0.0	0.0	0.0
Investing	(16.5)	(36.3)	(39.3)	(39.2)
Capex (growth)	(13.1)	(40.0)	(40.0)	(40.0)
Investment	0.0	0.0	0.0	0.0
Proceeds from sale of assets	0.5	0.0	0.0	0.0
Others	(4.0)	3.7	0.7	0.8
Financing	(42.6)	(16.9)	(19.7)	(21.2)
Dividend payments	(11.1)	(11.1)	(13.5)	(14.6)
Proceeds from borrowings	0.0	0.0	0.0	0.0
Loan repayment	(64.4)	0.0	0.0	0.0
Others/interest paid	32.9	(5.8)	(6.2)	(6.6)
Net cash inflow (outflow)	44.4	(25.5)	16.5	26.6
Beginning cash & cash equivalent	159.2	161.9	143.9	160.4
Changes due to forex impact	(41.7)	7.5	0.0	0.0
Ending cash & cash equivalent	161.9	143.9	160.4	187.0

Key Metric

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	8.7	9.0	9.0	9.0
Pre-tax margin	5.7	6.1	6.1	6.1
Net margin	4.5	4.9	4.9	4.9
ROA	5.3	5.8	5.9	6.0
ROE	8.6	9.1	9.2	9.2
Growth				
Turnover	8.9	7.5	7.2	7.3
EBITDA	1.3	11.6	7.4	6.9
Pre-tax profit	7.2	14.3	7.6	7.1
Net profit	5.4	15.4	7.6	7.1
Net profit (adj.)	5.4	15.4	7.6	7.1
EPS	5.4	15.4	7.6	7.1
Leverage				
Debt to total capital	4.4	4.1	3.9	3.6
Debt to equity	4.7	4.3	4.1	3.8
Net debt/(cash) to equity	(29.4)	(23.7)	(25.2)	(28.2)
Interest cover (x)	18.5	19.2	19.2	19.2

UMS Integration (UMSH SP)

1H26: Earnings Above Expectation; Optimistic About Continued Robust Growth

Highlights

- 1H26 earnings of S$33m (+66% yoy) exceeded our expectation at 58% of our full-year estimate. 2Q26 earnings reported strong traction, surging 89% yoy and 39% qoq to S$19m.
- 2Q26 revenue rose 29% yoy and 26% qoq to S$87m. Revenue from the semiconductor segment increased 28% to S$76m.
- UMS maintains a positive outlook as it expects strong demand from its key customers. Maintain BUY with an 18% lower target price of S$3.27.

1H26 Results

Year to 31 Dec (S$m)	2Q26	2Q25	yoy % chg	1H26	1H25	yoy % chg
Revenue	87	67	29	157	125	25
Gross profit	47	37	29	84	69	21
Gross margin (%)	54.3	54.5	-0.2ppt	53.3	55.1	-1.8ppt
PATMI	19	10	89	33	20	66
Net margin (%)	21.8	14.9	6.9ppt	21.0	16.0	5.0ppt

Source: UIMS, UOB Kay Hian

Analysis

- **1H26 results above expectations**. UMS Integration (UMS) reported 1H26 earnings of S$33m (+66% yoy), exceeding our expectation at 58% of our full-year estimate. 2Q26 earnings reported strong traction, surging 89% yoy and 39% qoq to S$19m.
- **2Q26 revenue rose 29% yoy/26% qoq due to growth in semiconductor and aerospace segments**. Revenue from the semiconductor segment increased 28% to S$76m, while aerospace revenue surged 59% to S$9m. Semiconductor integrated system sales increased 19% yoy to S$33.5m in 2Q26. Revenue from semiconductor component sales climbed 37% yoy to S$42.1m in 2Q26. Revenue from Singapore increased 24% to S$53.5m from S$43.1m, mainly due to higher shipments of both integrated systems and components. Malaysia revenue surged 50% to S$14.0m as UMS continued to ramp up production of semiconductor components for its new major customer. Korea revenue jumped 347% to S$6.4m due to shipments of semiconductor components to the new major customer's location in Korea.

Key Financials

Year to 31 Dec (S$m)	2024	2025	2026F	2027F	2028F
Net turnover	242	251	326	362	402
EBITDA	65	75	112	128	145
Operating profit	46	50	83	97	111
Net profit (rep./act.)	41	42	72	84	97
Net profit (adj.)	41	42	72	84	97
EPS (S$ cent)	5.8	5.9	8.1	9.5	10.9
PE (x)	47.2	46.1	33.6	28.6	24.9
P/B (x)	4.6	4.5	5.3	4.8	4.4
EV/EBITDA (x)	36.3	31.6	21.1	18.5	16.4
Dividend yield (%)	1.9	1.6	1.8	1.8	1.8
Net margin (%)	16.9	16.7	22.0	23.3	24.1
Net debt/(cash) to equity (%)	(18.9)	(10.0)	(15.6)	(18.2)	(23.6)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.	n.a.
ROE (%)	10.5	9.9	16.2	17.6	18.4
Consensus net profit (S$m)	-	-	58	75	94
UOBKH/Consensus (x)	-	-	1.24	1.13	1.04

Source: UMS Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	S$2.72
Target Price	S$3.27
Upside	+20.2%
Previous TP	S$4.01

Stock Data

Sector	Information Technology
Bloomberg ticker	UMSH SP
Shares issued (m)	888.2
Market cap (S$m)	2,415.8
Market cap (US$m)	1,888.8
3-mth avg daily t'over (US$m)	24.5

Price Performance (%)

52-week high/low: S$3.15/S$1.03

1mth	3mth	6mth	1yr	YTD
6.3	(7.8)	103.0	136.1	139.4

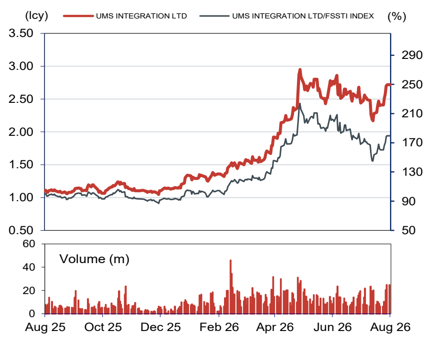
Major Shareholders (%)

Luong Andy	14.04
Catcher Technology	5.12

Balance Sheet Metrics

FY26 NAV/Share (S$)	0.52
FY26 Net Cash/ Share (S$)	0.08

Price Chart



Source: Bloomberg

Company Description

UMS provides high precision components and complex electromechanical assembly and final testing for semiconductor equipment manufacturers.

- **UMS remains optimistic about continued robust growth going forward** as its current level of performance has yet to reflect the full contribution from several new manufacturing services that UMS is setting up and progressing through customer qualification. UMS's key customers have also given strong forecasts for equipment demand for several years ahead.
- **Both of UMS's major customers have projected robust demand,** with yoy growths expected in 2026 and 2027. One of its key existing customers believes that the semiconductor industry is experiencing its strongest period ever as artificial intelligence is driving unprecedented computing demand and long-term growth. In the coming months, UMS will continue to work closely on its new major customer's new product introduction programme to complete qualification and ramp up various programmes, further enhancing its vertical integration competitive edge.

Valuation/Recommendation

- **Maintain BUY with an 18% lower target price of S$3.27 (S$4.01 previously),** based on a lower PE-based valuation of 30x 2028F EPS, pegged to 2.5SD above historical mean PE (37.5x, or +3.5SD previously). Our reduced valuation multiple peg is to reflect the later semiconductor earnings cycle where UMS is starting to realise higher earnings from the upcycle. However, we remain positive on UMS due to the strong outlook for the semiconductor industry, better earnings quality from new contributions from its new customer and more new projects from its existing key customer.

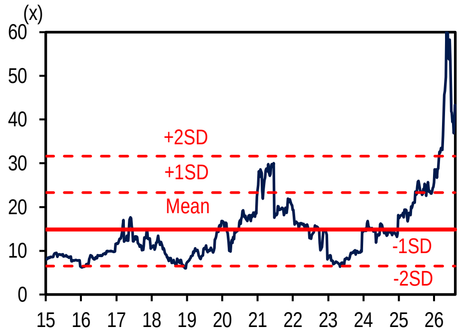
Earnings Revision/Risk

- We raised our 2026/27/28 earnings forecasts by 23%/14%/14% respectively after raising our revenue estimates by 10%/5%/4% to incorporate the earnings beat and better-than-expected growth guidance by UMS' key customers.

Share Price Catalyst

- Large project wins.
- EPS-accretive acquisitions.

Historical PE band



Source: UMS, UOB Kay Hian

Peer Comparison

		Trading	Price @	Market	PE		P/B		EV/EBITDA		ROE	Yield
Company	Ticker	Curr	14 Aug 26	Cap	2026	2027	2026	2027	2026	2027	2026	2026
		(lcy)	(lcy)	(US$m)	(x)	(x)	(x)	(x)	(x)	(x)	(%)	(%)
AEM	AEM SP	SGD	10.46	2,613	38.1	33.4	6.0	5.3	27.0	24.1	16.7	0.7
Venture	VMS SP	SGD	16.90	3,797	19.9	19.0	1.7	1.7	12.9	12.3	8.7	4.7
Frencken	FRKN SP	SGD	2.63	883	24.9	23.1	2.2	2.1	13.5	12.5	9.1	1.2
Singapore average					27.6	25.2	3.3	3.0	17.8	16.3	11.5	2.2
Kulicke & Soffa	KLIC US	USD	95.80	5,013	24.8	16.2	n.a.	n.a.	17.8	10.0	22.7	0.9
ASML	ASML NA	EUR	1606.4	720,478	43.9	31.4	23.8	17.2	34.3	25.7	60.2	0.6
Applied Materials	AMAT US	USD	534.54	424,403	42.5	29.9	16.2	13.0	36.1	25.2	42.7	0.4
Lam Research	LRCX US	USD	337.01	421,708	58.2	36.1	33.8	21.6	48.6	29.4	65.1	0.3
KLA Corp	KLAC US	USD	209.37	273,552	56.9	38.0	43.1	26.0	44.9	30.6	87.5	2.8
Teradyne	TER US	USD	410.52	64,181	46.6	35.8	17.3	14.0	35.5	27.8	42.0	0.1
Global average					45.5	31.2	26.8	18.4	36.2	24.8	53.4	0.8
UWC	UWC MK	MYR	6.70	1,810	75.3	50.0	12.2	9.4	48.1	31.3	18.4	0.0
Sam Engineering	SEQB MK	MYR	4.50	745	39.1	29.0	2.2	2.1	15.2	13.4	6.5	0.6
Coraza Integrated	CORAZA MK	MYR	1.19	145	29.0	23.3	3.5	3.1	12.2	10.3	10.8	n.a.
Greatech	GREATEC MK	MYR	2.73	1,680	37.9	28.4	5.8	4.9	27.3	19.9	16.8	0.1
Inari Amertron	INRI MK	MYR	2.42	2,274	47.5	35.6	3.3	3.2	25.9	20.4	7.0	1.9
Northeast	NE MK	MYR	1.16	210	24.2	21.1	n.a.	n.a.	15.9	13.1	12.0	n.a.
Oppstar	OPPSTAR MK	MYR	0.735	116	61.3	61.3	3.7	3.3	123.9	26.6	6.1	n.a.
Pentamaster	PENT MK	MYR	5.51	959	51.0	35.1	4.6	4.1	25.4	19.5	8.8	0.3
Vitrox	VITRO MK	MYR	9.29	4,307	59.2	46.9	13.2	11.1	47.8	39.5	23.6	0.4
Malaysia average					47.2	36.7	6.1	5.2	38.0	21.5	12.2	0.6
UMS	UMSH SP	SGD	2.72	1,889	33.6	28.6	5.3	4.8	21.1	18.5	16.2	1.8

Source: Bloomberg, UOB Kay Hian

Profit & loss

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Net turnover	251.1	326.4	362.3	402.1
EBITDA	75.0	112.5	128.5	144.6
Deprec. & amort.	24.9	29.9	32.0	34.0
EBIT	50.1	82.6	96.5	110.6
Total other non-operating income	(0.0)	0.0	0.0	0.0
Associate contributions	0.0	0.0	0.0	0.0
Net interest income/(expense)	0.5	0.0	0.0	0.0
Pre-tax profit	50.6	82.7	96.5	110.6
Tax	(6.6)	(8.7)	(10.1)	(11.6)
Minorities	(2.0)	(2.0)	(2.0)	(2.0)
Net profit	41.9	72.0	84.4	97.0
Net profit (adj.)	41.9	72.0	84.4	97.0

Balance Sheet

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Fixed assets	194.4	190.5	183.6	174.5
Other LT assets	96.3	96.2	96.2	96.2
Cash/ST investment	43.1	71.8	91.0	130.4
Other current assets	194.8	211.3	235.8	257.2
Total assets	528.5	569.8	606.5	658.3
ST debt	0.0	0.0	0.0	0.0
Other current liabilities	53.5	53.5	58.9	64.9
LT debt	0.0	0.0	0.0	0.0
Other LT liabilities	18.6	23.6	27.4	29.7
Shareholders' equity	428.7	459.9	499.9	552.4
Minority interest	27.8	27.8	27.8	27.8
Total liabilities & equity	528.5	564.8	614.0	674.9

Cash flow

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Operating	39.7	90.6	101.1	117.8
Pre-tax profit	50.3	82.7	96.5	110.6
Tax	(6.0)	(6.3)	(8.2)	(10.1)
Deprec. & amort.	24.9	29.9	32.0	34.0
Associates	0.0	0.0	0.0	0.0
Working capital changes	(21.8)	(13.7)	(17.2)	(14.7)
Non-cash items	(7.7)	(1.9)	(2.0)	(2.1)
Other operating cashflows	0.0	0.0	0.0	0.0
Investing	(36.6)	(26.0)	(25.0)	(25.0)
Capex (growth)	(38.6)	(26.0)	(25.0)	(25.0)
Investment	0.0	0.0	0.0	0.0
Proceeds from sale of assets	0.0	0.0	0.0	0.0
Others	2.0	0.0	0.0	0.0
Financing	(37.4)	(40.8)	(44.4)	(44.4)
Dividend payments	(31.3)	(40.9)	(44.4)	(44.4)
Proceeds from borrowings	0.0	0.0	0.0	0.0
Loan repayment	(0.8)	0.0	0.0	0.0
Others/interest paid	(5.4)	0.0	0.0	0.0
Net cash inflow (outflow)	(34.4)	23.8	31.7	48.4
Beginning cash & cash equivalent	79.9	43.1	66.8	98.6
Changes due to forex impact	(2.5)	0.0	0.0	0.0
Ending cash & cash equivalent	43.1	66.8	98.6	146.9

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	29.9	34.5	35.5	36.0
Pre-tax margin	20.1	25.3	26.6	27.5
Net margin	16.7	22.0	23.3	24.1
ROA	8.1	13.1	14.3	15.3
ROE	9.9	16.2	17.6	18.4
Growth				
Turnover	3.7	30.0	11.0	11.0
EBITDA	14.8	50.0	14.2	12.6
Pre-tax profit	7.4	63.5	16.8	14.6
Net profit	2.4	71.7	17.2	14.9
Net profit (adj.)	2.4	71.7	17.2	14.9
EPS	2.4	37.4	17.2	14.9
Leverage				
Debt to total capital	0.0	0.0	0.0	0.0
Debt to equity	0.0	0.0	0.0	0.0
Net debt/(cash) to equity	(10.0)	(15.6)	(18.2)	(23.6)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.

Market News

US stocks were lower on Friday, as healthcare, information technology and consumer discretionary sectors led shares lower. At the close of the NYSE, the Dow Jones fell 0.20% while the S&P 500 index was down 0.17%, and the NASDAQ Composite index slid 0.28%. Advancing stocks outnumbered falling ones on the NYSE by 1,444 to 1,291 and 82 ended unchanged; on the Nasdaq Stock Exchange, 2,423 advanced and 2,417 declined, while 198 ended unchanged.

During the last trading session, the FSSTI index rose 23.54pt to 5,743.59. Among the top active stocks were Singtel (+4.7%), DBS (-1.3%), OCBC Bank (+0.9%), SingPost (-1.4%) and UMS (+0.7%). The FTSE ST Mid Cap index rose 0.1%, while the FTSE ST Small Cap Index fell 1.1%. The broader market had 262 gainers and 307 losers with a total trading value of S$2.67b.

UOBKayHian

Company – Results | Singapore

Monday, 17 August 2026

Bumitama Agri (BAL SP)

1H26: Above Expectations; Strong FFB Production Growth

Highlights

- Bumitama's 1H26 net profit Rp1,838b (+44% yoy) came in above expectations, driven by higher-than-expected CPO sales volume following strong FFB production growth.
- Management has raised its FFB production growth guidance to 5-10% yoy while lowering its production cost guidance to 0-5% yoy.
- We raise our 2026-28 earnings estimates by 17%/18%/18% respectively, after factoring in higher FFB production growth and an increase in palm kernel prices.
- Maintain BUY with a higher target price of S$2.15 based on 14x 2027F PE.

2Q26 Results

Year to 31 Dec (Rpb)	2Q26	2Q25	qoq%	yoy%	1H26	yoy%
Revenue	6,457	5,149	14.7	25.4	12,084	24.0
EBITDA	2,085	1,538	47.9	35.6	3,495	37.1
Core Net Profit	1,088	771	47.0	41.1	1,838	44.3
Margin						
EBITDA	32.3	29.9	28.9	28.9	10.6	10.6
Net Profit	16.8	15.0	28.1	12.5	16.3	16.3
Sales Volume ('000 tonnes)						
CPO	358	304	5.9	17.8	696	21.2
Palm Kernel	69	62	6.6	11.3	134	12.4

Source: Bumitama Agri, UOB Kay Hian

Analysis

- **Above expectations.** Bumitama Agri (Bumitama) reported 1H26 net profit of Rp1,838b (+44% yoy), beating estimates at 56%/54% of our/consensus full-year forecasts respectively. This was primarily driven by higher-than-expected CPO sales volume (+21% yoy) in tandem with a 10% rise in fresh fruit bunch (FFB) production in 1H26.

Key Financials

Year to 31 Dec (Rp b)	2024	2025	2026F	2027F	2028F
Net turnover	16,732	19,951	25,159	24,987	25,473
EBITDA	4,572	5,635	6,880	6,698	6,786
Operating profit	3,690	4,693	5,984	5,735	5,771
Net profit (rep./act.)	2,287	2,802	3,832	3,696	3,724
Net profit (adj.)	2,287	2,802	3,832	3,696	3,724
EPS	1,306	1,600	2,188	2,108	2,147
PE (x)	16.5	13.4	11.7	12.2	12.1
P/B (x)	2.8	2.7	2.5	2.3	2.5
EV/EBITDA (x)	6.5	6.8	6.6	6.7	6.5
Dividend yield (%)	3.6	5.0	6.0	6.2	6.2
Net margin (%)	13.7	14.0	15.2	14.8	14.6
Net debt/(cash) to equity(%)	10.5	6.3	3.2	(1.8)	(6.4)
Interest cover (x)	28	34	33	29	30
ROE (%)	16.1	18.7	23.7	21.6	20.7
Consensus net profit	n.a	n.a	3,392	3,530	3,375
UOBKH/Consensus (x)	n.a	n.a	1.13	1.05	1.10

Source: Bumitama Agri, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	S$1.86
Target Price	S$2.15
Upside	15.6%
Previous TP	S$2.01

Stock Data

Sector	Consumer Staples
Bloomberg ticker	BAL SP
Shares issued (m)	1,734.1
Market cap (S$m)	3,270.5
Market cap (US$m)	2,557.1
3-mth avg daily t'over (US$m)	3.6

Price Performance (%)

52-week high/low S$2.2/S$0.7

1mth	3mth	6mth	1yr	YTD
2.2	(2.1)	26.5	102.1	37.8

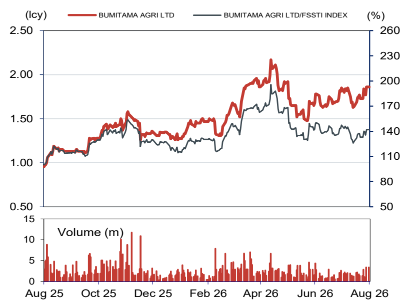
Major Shareholders (%)

Fortune Holdings Ltd	51.6
IOI Corporation	31.7

Balance Sheet Metrics

FY26 NAV/Share (S$)	0.65
FY26 Net Debt/Share (S$)	0.3

Price Chart



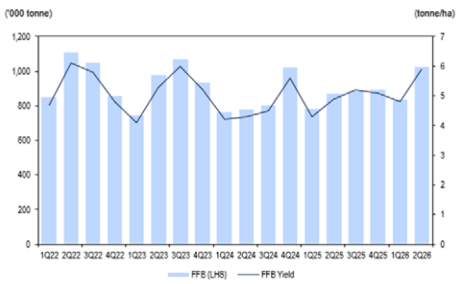
Source: Bloomberg

Company Description

Pure upstream palm oil player in Indonesia.

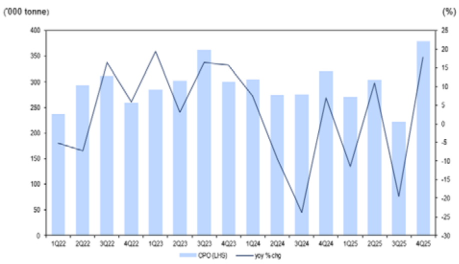
- Revenue rose 25% yoy to Rp6,457b in 2Q26 mainly due to higher CPO sales volume (+18% yoy) and higher parm kennel prices (+16% yoy), which almost reached parity to CPO prices in 2Q26 due to the tightening global lauric oil supply. EBITDA margin also improved by 2.4bp to 32% due to a lower proportion of external FFB purchases of 37% vs 39% in the previous quarter.
- **Bumitama has declared a higher interim dividend of 4.1 S cents (1H25: 3.63 S cents),** which translated into a 55% payout. The group managed to turn into a net cash position in 2Q26 through its sustained positive operating cash flow of Rp2,957b (+43% yoy) generated in 1H26.
- **Raises production guidance to 5-10% yoy.** Following the strong 1H26 FFB output growth of 10%, management has raised its production guidance from 0-5% to 5-10% in anticipation of this momentum sustaining into 2H26. Management is expecting a more balanced production split between 1H and 2H for this year, with peak production expected to be in August. However, management remains cautious on the risk of weather-induced supply heading into 2027, as both of its Central and West Kalimantan estates have been experiencing a significant drop in rainfall since Jun 26.
- **Revises down production cost guidance to 0-5% yoy.** Management has revised down its production cost guidance from 5-10% to 0-5% yoy (2025: Rp5,400/kg) due to the expectation of a strong high-single digit FFB production growth in 2026. Bumitama plans to start its fertiliser tender cycle for 2027 requirements in Sep 26, with management foreseeing a possibility of a significant increase in fertiliser cost for next year.

FFB Production Trend



Source: UOB Kay Hian

CPO Production Trend



Source: UOB Kay Hian

Valuation/Recommendation

- **Maintain BUY with a higher target price of S$2.15 (previously S$2.01),** based on an unchanged 14x PE (+2SD to two-year average PE) pegged to our revised 2027F EPS. We believe the premium valuation is justified by Bumitama's positive dividend outlook, relatively stable production profile leveraged on the group's strong external purchases network, and constructive CPO outlook heading into 2027 underpinned by Indonesia's implementation of B50 mandate as well as negative yield impacts from the now-confirmed strong El Nino.

Earnings Revision/Risk

- **We raise our 2026-28 earnings estimates by 17%/18%/18% respectively**, after factoring in: a) a higher FFB production growth of 9% yoy (from 5.5% yoy), in line with management's guidance, and b) higher palm kernel-CPO prices ratio of 85% from 75% previously while maintaining our CPO price assumptions of RM4,500 and RM4,400 per tonne for 2026/27 respectively.

Share Price Catalyst

- Higher-than-expected FFB output.
- Stronger-than-expected CPO prices.
- Further enhancement of dividend policy. Bumitama has raised its dividend payout policy twice over the past 24 months, with the current policy set at a minimum payout of 60% and a maximum of 75%.

Profit & Loss

Year to 31 Dec (Rpb)	2025	2026F	2027F	2028F
Net turnover	19,951	25,159	24,987	25,474
EBITDA	5,636	6,881	6,699	6,786
Deprec. & amort.	942	896	963	1015
EBIT	4,694	5,985	5,735	5,771
Total other non-operating income	0	0	0	50
Associate contributions	0	0	0	0
Net interest income/(expense)	10	5	24	33
Pre-tax profit	4,660	5,990	5,759	5,804
Tax	(1,295)	(1,468)	(1,411)	(1,422)
Minorities	(563)	(690)	(652)	(657)
Net profit	2,803	3,832	3,696	3,725
Net profit (adj.)	2,803	3,832	3,696	3,725

Balance Sheet

Year to 31 Dec (Rpb)	2025	2026F	2027F	2028F
Fixed assets	6,120	6,678	7,082	7,419
Other LT assets	10425	10970	11150	11336
Cash/ST investment	2503	2874	3863	4874
Other current assets	3,816	4,287	4,287	4,351
Total assets	22,865	24,809	26,382	27,980
ST debt	1,657	1,657	1,657	1,657
Other current liabilities	1,683	1,787	1,784	1,793
LT debt	1,791	1,791	1,791	1,791
Other LT liabilities	370	370	370	370
Shareholders' equity	15,019	16,169	17,093	18,024
Minority interest	2,345	3,035	3,687	4,345
Total liabilities & equity	22,865	24,809	26,382	27,980

Cash Flow

Year to 31 Dec (Rpb)	2025	2026F	2027F	2028F
Operating	4,823	5,475	5,891	5,941
Pre-tax profit	4,660	5,990	5,759	5,804
Tax	(1,295)	(1,468)	(1,411)	(1,422)
Deprec. & amort.	942	896	963	1015
Working capital changes	252	(311)	(169)	(213)
Other operating cashflows	263	368	749	725
Investing	(1,000)	(1,500)	(1,300)	(1,300)
Capex (maintenance)	(1,000)	(1,500)	(1,300)	(1,300)
Investments	0	0	0	0
Proceeds from sale of assets	0	0	0	0
Others	0	0	0	0
Financing	(2,892)	(3,683)	(3,768)	(3,790)
Dividend payments	(1,892)	(2,683)	(2,772)	(2,794)
Issue of shares	0	0	1	0
Proceeds from borrowings	0	0	1	1
Loan repayment	(1,000)	(1,000)	(999)	(999)
Others/interest paid	0	0	1	0
Net cash inflow (outflow)	931	292	823	852
Beginning cash & cash equivalent	1,705	2,637	2,929	3,752
Changes due to forex impact	0	0	0	0
Ending cash & cash equivalent	2,637	2,929	3,752	4,604

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	27.3	28.2	27.3	26.8
Pre-tax margin	21.8	23.4	23.8	23.0
Net margin	13.7	14.0	15.2	14.8
ROA	10.9	12.3	15.4	14.0
ROE	16.1	18.7	23.7	21.6
Growth				
Turnover	8.3	19.2	26.1	(0.7)
EBITDA	1.3	23.3	22.1	(2.6)
Pre-tax profit	(5.5)	27.7	28.5	(3.9)
Net profit	(6.6)	22.5	36.7	(3.6)
Net profit (adj.)	(6.6)	22.5	36.7	(3.6)
EPS	(6.6)	22.5	36.7	(3.6)
Leverage				
Debt to total capital	15.2	15.1	13.9	13.1
Debt to equity	22.5	23.0	21.3	20.2
Net debt/(cash) to equity	10.5	6.3	3.6	(2.4)

Nanofilm Technologies (NANO SP)

1H26: Strong Recovery And Positive Outlook Maintained

Highlights

- 1H26 earnings of S$4.3m (+166% yoy) is in line with our expectation, meeting 22% of our full-year estimate. 1H earnings typically account for around 20% of full-year contribution due to strong seasonality in the 2H.
- Revenue grew 6% yoy, driven by a 10% yoy growth in the AMBU segment supported by programme expansion and the ramp-up of new customer projects. Gross margin grew 6ppt to 38.6%, driven by higher efficiencies.
- The outlook for 2H26 is positive as core businesses are expected to sustain positive momentum. Maintain BUY with a 12% lower target price of S$1.68.

1H26 Results

Year to 31 Dec (S$m)	1H26	1H25	yoy % chg
Revenue	113.7	107.2	6.1
Gross profit	43.8	34.9	25.5
Gross margin	38.5	32.6	5.9ppt
PATMI	4.3	1.6	165.6
Net margin	3.8	1.5	2.3ppt

Source: Nanofilm, UOB Kay Hian

Analysis

- **1H26 earnings within expectation.** Nanofilm Technologies International's (Nanofilm) 1H26 earnings of S$4.3m (+166% yoy) is in line with our expectation, at 22% of our full-year estimate. 1H earnings typically account for around 20% of full-year contribution due to strong seasonality in the 2H. Gross profit grew 26% yoy as gross margin grew 6ppt to 38.6%, driven by higher labour productivity, improved resource allocation, increased automation, and continued cost discipline.
- **Largest business unit delivered strong revenue growth.** Nanofilm's largest segment, the advanced material business unit (AMBU), recorded a 10% yoy revenue growth and contributed 87% of revenue in 1H26. The consumer subsegment grew 10% yoy, supported by programme expansion and the ramp-up of new customer projects. The industrial subsegment grew 9% yoy with functional applications gaining traction and a strong solutions pipeline supporting future revenue growth.

Key Financials

Year to 31 Dec (S$m)	2024	2025	2026F	2027F	2028F
Net turnover	204	245	275	311	350
EBITDA	50	62	57	71	81
Operating profit	10	18	27	39	47
Net profit (rep./act.)	8	12	20	30	36
Net profit (adj.)	8	12	20	30	36
EPS (S$ cent)	1.2	1.8	3.1	4.5	5.5
PE (x)	88.8	58.3	33.9	23.1	19.2
P/B (x)	1.8	1.6	1.5	1.4	1.4
EV/EBITDA (x)	13.9	11.3	12.2	9.8	8.6
Dividend yield (%)	0.6	1.1	0.6	0.9	1.0
Net margin (%)	3.8	4.8	7.3	9.5	10.2
Net debt/(cash) to equity (%)	(6.5)	1.8	(3.8)	(2.7)	(3.1)
Interest cover (x)	116.8	49.2	45.6	56.8	64.4
ROE (%)	2.0	2.9	4.5	6.4	7.3
Consensus net profit (S$m)	-	-	21	29	33
UOBKH/Consensus (x)	-	-	0.97	1.02	1.08

Source: Nanofilm, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	S$1.05
Target Price	S$1.68
Upside	60.0%
Previous TP	S$1.91

Stock Data

Sector	Materials
Bloomberg ticker	NANO SP
Shares issued (m)	651.1
Market cap ({{Curr}}m)	683.7
Market cap (US$m)	534.5
3-mth avg daily t'over (US$m)	6.5

Price Performance (%)

52-week high/low				S$1.68/S$0.530
1mth	3mth	6mth	1yr	YTD
(10.3)	(32.3)	68.0	43.8	79.5

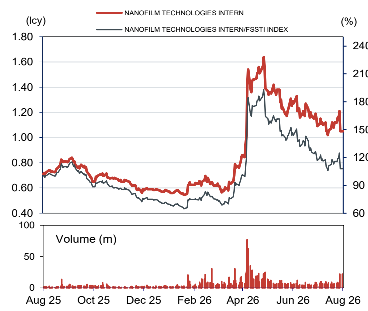
Major Shareholders (%)

Dr Shi Xu	44.86

Balance Sheet Metrics

FY26 NAV/Share (S$)	0.70
FY26 Net Cash/ Share (S$)	0.03

Price Chart



Source: Bloomberg

Company Description

Nanofilm Technologies International Limited provides nanotechnology solutions. The company specialises in advanced materials and nanoproducts. Nanofilm Technologies International serves customers in Asia.

- **Positive outlook driven by multiple factors.** Nanofilm's core businesses are expected to sustain positive momentum, driven by new product applications in high growth industries, programme ramp-ups, and new business opportunities. In addition, the industrial equipment business unit's (IEBU) healthy order backlog provides visibility for a stronger 2H26, with visibility extending into 2027. Furthermore, several new product lines and equipment solutions are progressing towards commercialisation to address evolving demand, especially in high-growth industries.
- **Multiple positive drivers for AMBU.** For the consumer subsegment, Nanofilm anticipates key customer programme ramp-ups, increasing adoption of functional coatings and expanding engagement with Chinese and Korean customers, with good traction in smartwatch housings. On the other hand, for the industrial subsegment, Nanofilm expects a broadening pipeline of opportunities across China, Southeast Asia, and Europe, driven by new applications and product launches spanning PCB, micro-tools, semiconductor components, textiles, decorative and medical applications.

Valuation/Recommendation

- **Maintain BUY with a 12% lower target price of S$1.68 (S$1.91 previously).** We value Nanofilm based on 37x 2027 EPS (previously: 42x 2027 EPS based on +1SD), based on 0.5SD above its long-term forward PE mean, to reflect the earnings recovery cycle and Nanofilm's better prospects. We believe there could be upside to our earnings estimates if Nanofilm can deliver more new product wins and margin expansion.

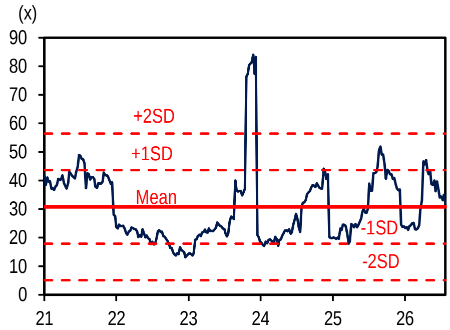
Earnings Revision/Risk

- We maintain our financial estimates.

Share Price Catalyst

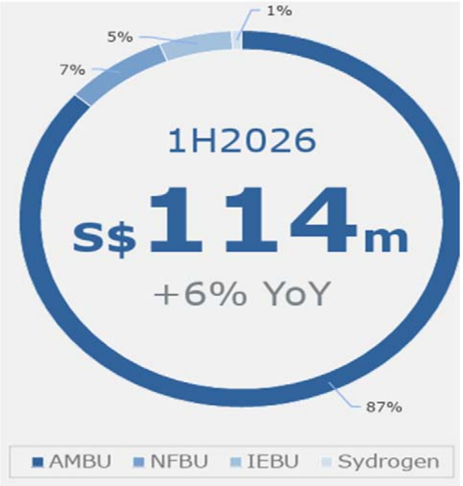
- Positive surprise in future revenue guidance and winning of more new customers.

Long-Term Forward PE Band



Source: UOB Kay Hian

Revenue Breakdown



Source: UOB Kay Hian

Peer Comparison

Company	Ticker	Price @ 14 Aug 26 (lcy)	Market Cap (US$m)	PE 2025 (x)	PE 2026 (x)	PE 2027 (x)	3-yr EPS CAGR (%)	P/B 2026 (x)	Yield 2026 (%)	ROE 2026 (%)	Net Gearing (%)
3M Co	MMM US	182.65	94,197	30.2	20.4	18.7	8.9	26.3	1.7	93.2	327.1
PPG Industries	PPG US	114.73	25,504	16.5	14.5	13.2	22.0	3.0	2.5	20.5	68.3
EMS-Chemie	EMSN SW	797.5	22,940	39.9	37.4	35.4	4.6	9.7	2.4	26.4	(30.8)
OC Oerlikon	OERL SW	5.08	2,123	n.a.	12.1	20.2	7.9	1.6	3.6	23.0	62.0
Rogers Corp	ROG US	137.71	2,461	n.a.	36.7	30.9	47.0	n.a.	n.a.	n.a.	(15.8)
Red Avenue	603650 CH	64.51	5,894	68.6	56.4	46.1	17.6	8.7	1.0	15.0	66.6
Bodycote	BOY LN	911	2,096	29.4	18.4	16.2	73.3	4.0	2.6	11.6	31.1
Average					36.9	28.0	25.8		8.9	2.3	31.6
AEM	AEM SP	10.46	2,613	193.7	38.1	33.4	104.1	6.0	0.7	16.7	(10.4)
Aztech Global	AZTECH SP	0.605	365	11.6	23.4	15.8	(25.2)	2.0	3.3	7.5	(20.5)
Frencken	FRKN SP	2.63	883	28.7	24.9	23.1	9.4	2.2	1.2	9.1	(1.0)
UMS	UMSH SP	2.72	1,889	46.5	33.6	28.6	27.4	5.3	1.8	16.2	(6.3)
Valuetronics	VALUE SP	1.01	324	21.3	15.9	14.6	0.7	1.7	6.3	10.9	(82.6)
Venture Corp	VMS SP	16.9	3,796	21.4	19.9	19.0	1.7	1.7	4.7	8.7	(40.7)
Average					53.9	25.9	22.4		3.1	3.0	11.5
Nanofilm Tech	NANO SP	1.05	534	58.3	33.9	23.1	56.7	1.5	0.6	4.5	3.1

Source: Bloomberg, UOB Kay Hian

Profit & loss

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Net turnover	244.6	275.5	310.5	350.2
EBITDA	61.9	57.4	71.4	81.0
Deprec. & amort.	44.0	30.6	32.6	34.3
EBIT	17.9	26.8	38.8	46.7
Total other non-operating income	(3.3)	0.0	0.0	(0.0)
Associate contributions	(0.1)	0.0	0.0	0.0
Net interest income/(expense)	(1.3)	(1.3)	(1.3)	(1.3)
Pre-tax profit	13.2	25.5	37.6	45.4
Tax	(1.3)	(5.6)	(8.3)	(10.0)
Minorities	(0.1)	0.3	0.3	0.3
Net profit	11.8	20.2	29.6	35.7
Net profit (adj.)	11.8	20.2	29.6	35.7

Balance Sheet

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Fixed assets	306.3	325.7	343.1	358.8
Other LT assets	86.1	86.1	86.1	86.1
Cash/ST investment	84.6	109.5	105.4	107.9
Other current assets	163.8	157.1	174.4	194.0
Total assets	640.7	678.3	709.0	746.8
ST debt	10.7	10.7	10.7	10.7
Other current liabilities	62.7	84.5	91.8	101.3
LT debt	81.8	81.8	81.8	81.8
Other LT liabilities	15.7	15.7	15.7	15.7
Shareholders' equity	437.7	453.9	477.6	506.1
Minority interest	32.1	31.8	31.5	31.2
Total liabilities & equity	640.7	678.3	709.0	746.8

Cash flow

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Operating	48.6	80.2	53.1	60.9
Pre-tax profit	13.2	25.5	37.6	45.4
Tax	(1.3)	(5.6)	(8.3)	(10.0)
Deprec. & amort.	44.0	30.6	32.6	34.3
Associates	(0.1)	0.0	0.0	0.0
Working capital changes	(8.7)	28.5	(10.0)	(10.1)
Non-cash items	0.0	0.0	0.0	0.0
Other operating cashflows	1.5	1.3	1.3	1.3
Investing	(67.8)	(49.8)	(49.8)	(49.8)
Capex (growth)	(46.9)	(50.0)	(50.0)	(50.0)
Investment	(5.3)	0.0	0.0	0.0
Proceeds from sale of assets	0.6	0.0	0.0	0.0
Others	(16.2)	0.2	0.2	0.2
Financing	(6.2)	(6.7)	(8.6)	(9.8)
Dividend payments	(4.3)	(4.0)	(5.9)	(7.1)
Proceeds from borrowings	18.4	0.0	0.0	0.0
Loan repayment	(15.3)	0.0	0.0	0.0
Others/interest paid	(5.0)	(2.7)	(2.7)	(2.7)
Net cash inflow (outflow)	(25.3)	23.7	(5.3)	1.3
Beginning cash & cash equivalent	110.2	85.7	110.7	106.6
Changes due to forex impact	(0.3)	0.0	0.0	0.0
Ending cash & cash equivalent	84.5	109.5	105.4	107.9

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	25.3	20.8	23.0	23.1
Pre-tax margin	5.4	9.3	12.1	13.0
Net margin	4.8	7.3	9.5	10.2
ROA	1.9	3.1	4.3	4.9
ROE	2.9	4.5	6.4	7.3
Growth				
Turnover	19.7	12.6	12.7	12.8
EBITDA	23.2	(7.2)	24.4	13.4
Pre-tax profit	37.3	92.6	47.4	20.8
Net profit	52.4	71.1	46.7	20.6
Net profit (adj.)	52.4	71.1	46.7	20.6
EPS	52.4	71.8	46.7	20.6
Leverage				
Debt to total capital	16.4	16.0	15.4	14.7
Debt to equity	21.1	20.4	19.4	18.3
Net debt/(cash) to equity	1.8	(3.8)	(2.7)	(3.1)
Interest cover (x)	49.2	45.6	56.8	64.4

Technical Analysis

Analyst(s)

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DFI Retail Group (DFI SP)

Trading buy range:	US$3.80-3.81
Last price:	US$3.82
Target price:	US$4.25
Protective stop:	US$3.66

Price staged a rebound off its resistance-turned-support zone, printing a Doji candlestick. The RSI holds firmly above its neutral 50-midline. This structural defence above the converted support suggests a continuation move higher towards the upper overhead resistance targets.

The potential upside target is US$4.25. Stop-loss could be placed at US$3.66.

Approximate timeframe on average: 1-2 weeks (initiate this trade idea if the stock hits the entry price range within three trading days)

Our institutional research has a fundamental BUY and target price of US$5.30.

Sembcorp Industries (SCI SP)

Trading buy range:	S$5.73-5.74
Last price:	S$5.83
Target price:	S$6.42
Protective stop:	S$5.48

Price has executed a clean breakout and closed above its prior swing high, solidifying higher highs and higher lows. The RSI is trending firmly upward in positive territory above its neutral 50-midline. This points toward an uninterrupted continuation of the upward movement.

The potential upside target is S6.42. Stop-loss could be placed at S$5.48.

Approximate timeframe on average: 1-2 weeks (initiate this trade idea if the stock hits the entry price range within three trading days)

Our institutional research has a fundamental BUY and target price of S$8.06.