Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	51594.1	(2.2)	(1.2)	(1.1)	7.3
S&P 500	7316.2	(1.5)	(2.4)	(1.7)	6.9
FTSE 100	10908.4	0.3	1.8	4.0	9.8
AS30	9199.7	1.0	2.2	2.4	2.0
CSI 300	4600.3	0.7	(2.5)	(7.6)	(0.6)
FSSTI	5713.2	1.7	2.1	10.5	23.0
HSCEI	8623.5	2.2	4.5	14.1	(3.3)
HSI	25807.9	2.0	3.7	12.1	0.7
JCI	6091.4	(0.6)	(3.8)	7.9	(29.6)
KLCI	1715.6	0.2	0.2	3.1	2.1
KOSPI	5663.2	(6.0)	(16.7)	(33.2)	34.4
Nikkei 225	61434.2	(1.5)	(7.1)	(12.3)	22.0
SET	1624.5	(1.2)	(1.3)	2.1	29.0
TWSE	40039.2	(3.8)	(10.7)	(13.2)	38.2
BDI	2664	(1.2)	(1.9)	7.0	41.9
CPO (RM/mt)	4499	(0.7)	0.0	(0.1)	14.4
Brent Crude (US$/bbl)	91	7.9	(3.5)	24.0	49.1

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
Hybrid Post-result Group Luncheon with Plover Bay Technologies Ltd (1523 HK)	Hong Kong	31 Jul	31 Jul
Virtual Meeting with i-Tail Corporation Public Company Limited (ITC TB)	Thailand	05 Aug	05 Aug
Virtual Meeting with UOB-Kay Hian Holdings Ltd (UOBK SP)	Singapore	11 Aug	11 Aug
Hybrid Meeting with UltraGreen.ai Ltd (UGAI SP)	Singapore	13 Aug	13 Aug

Corporate and Macro Calendar

Economic Indicator/Event	Date
Unemployment Rate Prel Q2	30 Jul
6-Month T-Bill Auction	30 Jul
Bank Lending JUN	31 Jul
Business Confidence Q2	31 Jul

Please click on the page number to move to the relevant pages

Top Stories

Company Results | DFI Retail Group (DFI SP/**BUY**/US$3.58/Target: US$5.20) Page 3

Excluding DFI's Singapore Food divestment, DFI's 1H26 revenue of US$4.1b and PATMI of S$117.7m represent approximately 51% and 44% of our 2026 forecasts respectively. Continuing businesses remain resilient, with stronger LFL sales and underlying profit growth supported by an improving business mix. We maintain BUY with a lower US$5.20 target price, implying 45% upside at 24x 2027F PE.

Company Results | Keppel REIT (KREIT SP/**BUY**/S$0.915/Target: S$1.13) Page 6

KREIT achieved strong positive rental reversion of 12.8% in 1H25 (Singapore: 10%, Australia: >20%). Rent reversion should improve further in 2027. Management intends to utilise the proceeds from the divestment of KR Ginza II and T Tower to pare down debts and pursue unit buybacks. Maintain BUY. Target price: S$1.13.

Company Results | Mapletree Logistics Trust (MLT SP/**HOLD**/S$1.24/Target: S$1.29) Page 9

We observed broad-based moderation in rental reversion. Positive rental reversion eased to 2.3% in 1QFY27 (4QFY26: 4.2%), excluding China. Negative rental reversion in China moderated to 1.8%. Maintain HOLD on MLT for FY27 DPU yield of 5.6%. Target price: S$1.29.

Company Results | Singapore Airlines (SIA SP/**HOLD**/S$7.53/Target: S$6.71) Page 12

SIA's 1QFY27 reported net loss of S$76m came in within our guided range; however, excluding a sizeable one-off accounting gain for Air India, SIA's core earnings would have missed our expectations. We still expect SIA's earnings to rebound in 2QFY27, driven by more effective fuel cost pass-throughs, but have cut our FY27-29 earnings forecasts for SIA by 11-13% as we finetune our fuel cost projections. Maintain HOLD with a lower target price of S$6.71.

Market Spotlight

Page 15

- US stocks were lower on Wednesday, with all indices falling as the industrials, information technology and financials sectors slumped. There were more decliners than advancers on both the NYSE and NASDAQ.

- The FSSTI rose 97.08pt to 5,713.19, supported by strength in Singtel, Thai Beverage and DBS, with mid-cap indices rising while small-cap indices fell with a broad market advance on S$2.48b turnover.

Disclaimer: *In Traders' Corner, technical analysis is carried out purely based on charting patterns, price movements and trends, and is thus independent of the fundamental research views of our analysts. As a result, and from time to time, we may make a technical recommendation that is opposite to our fundamental BUY/HOLD/SELL rating.*

Technical Analysis

Oiltek International | OTEK SP Page 16

Trading sell range: S$1.58-1.59

Singapore Exchange | SGX SP Page 16

Trading sell range: S$23.97-23.98

DFI Retail Group (DFI SP)

1H26: Underlying Growth Intact; Temporary Top-Line Weakness From Divestment

Highlights

- Excluding divestment impact, DFI's 1H26 revenue of US$4.1b and PATMI of S$117.7m represent around 51%/44% of our 2026F forecasts respectively.
- Continuing businesses remain resilient, with stronger LFL sales and underlying profit growth supported by an improving business mix.
- Maintain BUY with a lower target price of US$5.20 implying 45% upside, pegged to 24x 2027F PE, in-line with historical mean.

1H26 Results

US$m	1H26	1H25	Chg %
Sales	4,139	4,387	-5.7%
Gross profit	1,497	1,583	-5.4%
Operating profit	184.2	172.1	7.0%
Associates/JVs	15.2	36.2	-58.0%
PATMI	119.7	-37.4	NM
Underlying PATMI	117.7	-37.6	NM
Operating margin	4.5%	3.9%	+0.6ppt
Net margin	2.8%	NM	NM

Source: DFI

Analysis

- **Underlying growth intact despite seemingly weaker top-line.** DFI Retail Group (DFI) reported 1H26 revenue of US$4.1b (-6% yoy) and 1H26 PATMI of S$117.7m (1H25: net loss of US$38.0m), representing 47% & 42% of our 2026F forecasts respectively. This underperformance was due to the absence of sales from the Singapore Food Business that DFI divested at the end of 2025 (not yet reflected in our previous forecasts). Excluding divestment impact, revenue and PATMI make up approximately 51%/44% of our forecasts respectively. This has been reflected in our new forecasts going forward. We expected DFI's continuing business to display continued growth and momentum, with seasonality support in 2H26.
- **Continuing business continued to demonstrate growth.** In 1H26, like-for-like (LFL) subsidiary sales growth from continuing businesses improved to 3% yoy (+4% yoy), while underlying profit from continuing businesses grew 44% yoy to US$117m. In our forecasts, we expect continuing business to grow 3% yoy, and see net margin improving yoy as DFI's business mix improves.

Key Financials

Year to 31 Dec (US$m)	2024	2025	2026F	2027F	2028F
Net turnover	8,869	8,869	8,326	8,601	8,819
EBITDA	1,037	1,201	1,156	1,187	1,213
Operating profit	199	362	365	370	375
Net profit (rep./act.)	(245)	235	284	293	303
Net profit (adj.)	201	235	284	293	303
EPS (US$ cent)	14.8	17.4	21.0	21.7	22.4
PE (x)	24.2	20.6	17.0	16.5	16.0
P/B (x)	8.3	17.4	10.5	8.8	7.6
EV/EBITDA (x)	4.6	3.9	4.1	4.0	3.9
Dividend yield (%)	2.9	16.3	4.1	4.2	4.4
Net margin (%)	(2.8)	2.6	3.4	3.4	3.4
Net debt/(cash) to equity (%)	80.4	(25.0)	(27.0)	(62.7)	(92.9)
Interest cover (x)	6.9	9.6	9.1	9.8	10.7
ROE (%)	(31.3)	54.6	76.7	57.9	50.9
Consensus net profit (US$m)	-	-	290	320	349
UOBKH/Consensus (x)	-	-	0.98	0.92	0.87

Source: DFI Retail Group, Bloomberg, UOB Kay Hian

BUY (Maintained)	
Share Price	US$3.58
Target Price	US$5.20
Upside	45.3%
Previous TP	US$5.60

Analyst(s)
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Stock Data

GICS Sector	Consumer Staples
Bloomberg ticker	DFI SP
Shares issued (m):	1,353.7
Market Cap (US$m):	4,846.1
Market cap (US$m):	4,846.1
3-mth avg t'over (US$m):	4.8

Price Performance (%)

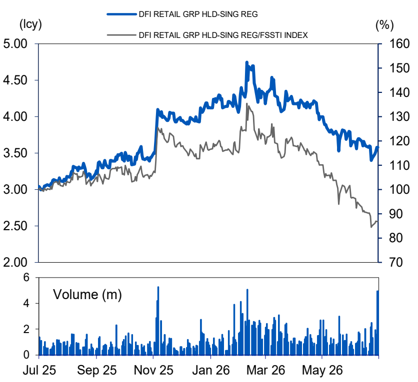
52-week high/low: US$4.82/US$2.95

1mth	3mth	6mth	1yr	YTD
(5.8)	(15.4)	(13.3)	15.4	(9.4)

Balance Sheet Metrics

FY26 NAV/Share (US$)	0.34
FY26 Net Cash/ Share (US$)	0.12

Price Chart



Source: Bloomberg

Company Description

DFI Retail is a leading Asian retailer operating supermarkets, convenience stores, health and beauty, and home furnishings brands, with a strong presence across Hong Kong, Southern China, Singapore, and Southeast Asia.

- **An interim DPS of US$0.062 was declared** (+77% yoy). This represents a dividend payout of 71%, in line with the new payout policy of 70% announced in Dec 25, and implies a 2026F dividend yield of around 4.2%.
- **Raised 2026F guidance amid ongoing momentum.** DFI raised its 2026F full-year organic revenue growth guidance to be between 3.0-4.0% (compared to 2-3% previously), and underlying profit to be between US$285m-US$305m (compared to US$280m-300m previously).

Stock Impact

- **Health & Beauty: Share gains continue, but margin under pressure.** Sales grew 8% yoy to US$1.4b (6% yoy LFL), the group's most resilient segment. Hong Kong/Macau posted 5% yoy LFL on bigger baskets and tourist rebound, Guardian SE Asia grew 9% yoy LFL, but Malaysia lagged without cash aid support. Operating profit rose just 2% yoy to US$109m as promotions defended share. Catalysts include the new Holland & Barrett distribution partnership and wider in-store skin & scalp assessment coverage.
- **Convenience: Mix shift to RTE offsets cigarette decline.** Sales rose 4% yoy to US$1.2b (2% yoy LFL), with the shift toward RTE food and exclusive collectibles offsetting cigarette weakness. Hong Kong snapped a 10-quarter LFL slump, Singapore led at 8% yoy LFL, and South China grew 12% yoy via franchise expansion (+112 net new stores) and Food Bar rollout (+128 new stores in 1H26). Operating profit grew 2% yoy to US$37m.
- **Food: LFL inflects positive on value repositioning.** Sales from continuing business grew 1% yoy to US$1.1b, with LFL turning positive at +0.5% yoy in 2Q26 on Hong Kong's pricing investment and fresh proposition. Wellcome shifted from a price premium to a discount versus Greater Bay Area competitors via its expanded Everyday Value range, alongside online order volume growth of over 35%. Cambodia delivered double-digit sales growth with profit more than doubling yoy. Segmental profit rose 27% yoy to US$17m.
- **Home Furnishings: Genuine demand recovery, not just easier competition.** Sales grew 4% yoy to approximately US$0.3b, with LFL swinging to +4% yoy from (6%) yoy in 1H25, driven by price reinvestment in core SKUs and IKEA Food (15% of sales). Profit surged 85% yoy on recovery and cost optimisation. DFI intends to grow via organic expansion while continuing to assess closure of unprofitable stores.
- **Maxim's and DFIQ Media:** Maxim's sales grew 4% yoy to US$1.4b on Southeast Asia strength, with profit up 15% yoy to US$16m. Yuu drove e-commerce and DFIQ Media to approximately 35% of sales growth, with DFIQ Media revenue tripling yoy. DFI also recently acquired 100% of Cody HK for US$3.8m to expand into outdoor advertising (expected completion in 2H26).

Earnings Revision/Risk

- **We lower our 2026-28F revenue forecasts by 6%** to reflect the divestment of DFI's Singapore Food business. Despite the lower revenue base, we raise 2026F earnings by 1% on stronger expected 2H26 margins, while trimming 2027-28F earnings by 1% and 3% due to a lower revenue base, respectively.

Valuation/Recommendation

- **We maintain our BUY rating on DFI with a lower PE-based target price of US$5.20 (compared to US$5.60),** pegged to 24x 2027F (25x previously), in line with historical mean. This implies an upside of 45.3%. We expect business momentum to continue, and see better sales and margins in 2H26, which should further support DFI's full-year results.

Share Price Catalysts

- Maintenance of sales momentum for the health & beauty segment and convenience segment (introduction of higher-margin RTE products).
- Monetisation of its DFIQ media platform and data from its yuu platform.
- Acquisitions and/or further divestments that are accretive to ROCE.

Management's Targets by 2028

Segment	Sales	OPM	ROCE
Health & wellness	4-6%	9-11%	55-60%
Convenience	6-8%	5-6%	25-27%
Food	1-3%	2.5-4%	12-14%
Home furnishings	1-3%	4-6%	5-7%
Group level	2-3%	5-7%	15%

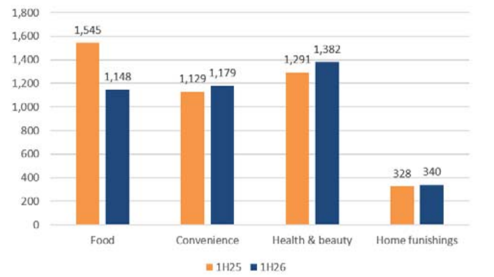
Note: Sales targets refer to 2025-28 CAGR; OPM = operating profit margin; ROCE = return on capital employed
Source: DFI, UOB Kay Hian

Revised 2026F Outlook

	Previous Guidance	Revised Guidance
Revenue from Subsidiaries	2 – 3% organic growth[1]	3 – 4% organic growth[1]
Underlying Profit Attributable to Shareholders	US$270 – 300M *Representing 12-25% YoY growth*[2]	US$285 – 305M *Representing 18-27% YoY growth*[2]
Capex	US$200 – 220M	Unchanged
Ordinary Dividend Payout	70% payout	Unchanged
ROCE[3]	11 – 13%	Unchanged

Source: DFI

Sales Performance in 1H26 (US$m)



Source: DFI

Changes to Earnings Forecasts

US$m	2026F	2027F	2028F
Revenue - was	8,854	8,126	9,349
Revenue - is	8,326	8,601	8,819
Change (%)	(5.9)	(5.8)	(5.7)
Net profit - was	281	296	312
Net profit - is	284	293	303
Change (%)	(1.1)	(1.1)	(2.9)

Source: UOB Kay Hian

Profit & Loss

Year to 31 Dec (US$m)	2025	2026F	2027F	2028F
Net turnover	8,869	8,326	8,601	8,819
EBITDA	1,201	1,156	1,187	1,213
Deprec. & amort.	839	791	817	838
EBIT	362	365	370	375
Total other non-operating income	(0)	0	(0)	0
Associate contributions	60	113	113	113
Net interest income/(expense)	(125)	(126)	(121)	(114)
Pre-tax profit	297	351	362	374
Tax	(58)	(63)	(65)	(67)
Minorities	(4)	(4)	(4)	(4)
Net profit	235	284	293	303
Net profit (adj.)	235	284	293	303

Balance Sheet

Year to 31 Dec (US$m)	2025	2026F	2027F	2028F
Fixed assets	560	588	617	648
Other LT assets	3,081	3,130	3,183	3,237
Cash/ST investment	169	225	444	696
Other current assets	843	787	813	833
Total assets	4,652	4,730	5,057	5,415
ST debt	99	100	100	101
Other current liabilities	2,364	2,077	2,118	2,167
LT debt	0	0	0	0
Other LT liabilities	1,892	2,069	2,263	2,476
Shareholders' equity	278	462	550	640
Minority interest	18	22	26	30
Total liabilities & equity	4,652	4,730	5,057	5,415

Cash Flow

Year to 31 Dec (US$m)	2025	2026F	2027F	2028F
Operating	1,099	987	1,258	1,287
Pre-tax profit	362	365	370	375
Tax	(48)	0	0	0
Deprec. & amort.	839	791	817	838
Associates	0	0	0	0
Working capital changes	(35)	(231)	16	28
Non-cash items	0	0	0	0
Other operating cashflows	(19)	63	55	46
Investing	849	(213)	(215)	(217)
Capex (growth)	(113)	(216)	(221)	(225)
Investment	0	0	0	0
Proceeds from sale of assets	16	0	0	0
Others	946	3	5	8
Financing	(2,061)	(770)	(875)	(873)
Dividend payments	(739)	(200)	(206)	(213)
Proceeds from borrowings	732	0	0	0
Loan repayment	(1,375)	1	0	1
Others/interest paid	(678)	(571)	(669)	(661)
Net cash inflow (outflow)	(112)	4	167	197
Beginning cash & cash equiv.	274	169	173	340
Changes due to forex impact	7	0	0	0
Ending cash & cash equiv.	169	173	340	538

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	13.5	13.9	13.8	13.8
Pre-tax margin	3.3	4.2	4.2	4.2
Net margin	2.6	3.4	3.4	3.4
ROA	3.9	6.1	6.0	5.8
ROE	54.6	76.7	57.9	50.9
Growth				
Turnover	0.0	(6.1)	3.3	2.5
EBITDA	15.9	(3.8)	2.7	2.2
Pre-tax profit	n.a.	18.2	3.1	3.3
Net profit	n.a.	21.0	3.2	3.3
Net profit (adj.)	17.1	21.0	3.2	3.3
EPS	17.1	21.0	3.2	3.3
Leverage				
Debt to total capital	25.1	17.1	14.8	13.1
Debt to equity	35.7	21.6	18.2	15.8
Net debt/(cash) to equity	(25.0)	(27.0)	(62.7)	(92.9)
Interest cover (x)	9.6	9.1	9.8	10.7

Keppel REIT (KREIT SP)

1H26: Prioritising Divestment And Potential Share Buyback

BUY (Maintained)	
Share Price	S$0.915
Target Price	S$1.13
Upside	+23.5%

Highlights

- KREIT achieved strong positive rental reversion of 12.8% in 1H25 (Singapore: 10%, Australia: >20%). Rent reversion should improve in 2027 as the average rent of leases expiring is lower at S$11.49 psf pm.
- KREIT announced the divestment of KR Ginza II in Tokyo for JPY11.5b (S$91.4m). It is also exploring divestment of T Tower in Seoul, which is valued at 305.4b Korean won (S$269.7m). Management intends to utilise the proceeds from divestment to pare down debts and pursue unit buyback.
- KREIT trades at a 2026 distribution yield of 5.9% (CICT: 4.7%, Suntec: 5.0%) and P/NAV of 0.75x. Maintain BUY. Target price: S$1.13.

1H26 Results

Year to 31 Dec (S$m)	1H26	yoy % Chg	Remarks
Gross Revenue	159.3	+16.7	Acquisition of Top Ryde City Shopping Centre in Sydney.
Net Property Income (NPI)	122.5	+13.1	Benefitting from higher rents in Singapore and strong Australian dollar.
Associates and JVs	83.8	+37.2	Acquisition of MBFC Tower 3, higher rents and lower borrowing costs.
Borrowing Costs	(48.8)	+5.4	Drawdown of loans to finance acquisitions.
Distributable Income	129.6	+22.8	Include anniversary distribution of S$10m.
DPU (S cents)	2.61	-4.0	REIT manager receives 75% of management fees in units (2025: 100%).

Source: KREIT, UOB Kay Hian

Analysis

- Keppel REIT (KREIT) reported 1H26 DPU of 2.61 S cents (-4.0% yoy), reflecting enlarged unit base after equity fund raisings to fund acquisitions.
- **NPI increased 13.1% yoy to S$122.5m** in 1H26, while share of JV income surged 37.2% yoy to S$83.8m. Excluding the acquisitions Top Ryde City Shopping Centre (completion: 19 Dec 25) and additional one-third interest in MBFC Tower 3 (completion: 31 Dec 25), NPI still increased 2.5% yoy and JV income grew 11.6% yoy, demonstrating underlying resilience.
- **Benefitting from flight-to-quality across its key markets.** KREIT signed 1,122,500sf of leases in 1H26 and achieved strong positive rental reversion of 12.8% (Singapore: 10%, Australia: >20%). New and expansion leasing was led by the banking, insurance and financial services (65%), followed by technology, media & telecommunications (10%). Portfolio WALE was healthy at 4.5 years (top 10 tenants: 8.0 years). The average signing rent for Singapore CBD office leases was S$13.14 psf pm, above the average rent of leases expiring in 2026 of S$12.24 psf pm. Management highlighted structural demand drivers such as AI-led business expansion, growth in wealth management and continued flight-to-quality trends.

Key Financials

Year to 31 Dec (S$m)	2024	2025	2026F	2027F	2028F
Net turnover	262	274	319	323	328
EBITDA	137	150	172	175	179
Operating profit	137	150	172	175	179
Net profit (rep./act.)	101	445	214	221	228
Net profit (adj.)	145	118	214	221	228
EPU (S$ cent)	3.8	3.0	4.3	4.4	4.5
DPU (S$ cent)	5.6	5.2	5.4	5.3	5.2
PE (x)	24.0	30.1	21.0	20.6	20.2
P/B (x)	0.7	0.7	0.8	0.8	0.8
DPU yld (%)	6.1	5.7	5.9	5.8	5.7
Net margin (%)	38.5	162.0	67.2	68.5	69.4
Net debt/(cash) to equity (%)	49.6	65.5	45.0	46.3	47.3
Interest cover (x)	1.7	1.8	1.8	1.9	1.9
ROE (%)	1.9	8.3	3.6	3.5	3.6
Consensus DPU (S$ cent)	-	-	5.1	5.1	5.2
UOBKH/Consensus (x)	-	-	1.06	1.05	1.01

Source: Keppel REIT, Bloomberg, UOB Kay Hian

Analyst(s)
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Stock Data

GICS Sector	Real Estate
Bloomberg ticker	KREIT SP
Shares issued (m)	4,967.3
Market cap (S$m)	4,545.1
Market cap (US$m)	3,517.9
3-mth avg daily t'over (US$m)	13.0

Price Performance (%)

52-week high/low: S$1.08/S$0.83

1mth	3mth	6mth	1yr	YTD
4.6	1.7	(7.1)	(3.5)	(6.2)

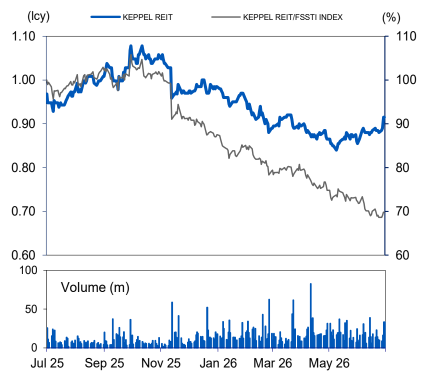
Major Shareholders

	%
Temasek Hldgs	35.6

Balance Sheet Metrics

FY26 NAV/Share (S$)	1.20
FY26 Net Debt/Share (S$)	0.58

Price Chart



Source: Bloomberg

Company Description

Keppel REIT invests in quality income-producing commercial real estate in the Asia Pacific region. Its portfolio comprises predominantly of premium Grade A office buildings located in prime business and financial districts in Singapore, Australia (Sydney, Melbourne and Perth), South Korea (Seoul) and Japan (Tokyo).

- **Portfolio committed occupancy remained high at 96.0%** as of Jun 26, supported by strong occupancies across core Singapore assets including MBFC Tower 1&2 (98.6%), MBFC Tower 3 (99.5%), One Raffles Quay (99.1%) and Ocean Financial Centre (OFC) (96.5%). KREIT is actively leasing two half floors at OFC. It is close to signing one floor at attractive rents and it is in negotiation for another floor. Rent reversion is expected to further improve in 2027 as the average rent of leases expiring is lower at S$11.49 psf pm.
- **Growth led by Singapore and Australia.** Singapore NPI increased 23.5% yoy in 1H26, supported by the increased ownership in MBFC Tower 3 and higher rentals. Australia NPI rose 21.2% yoy, driven by contributions from Top Ryde City Shopping Centre, increased contribution from Pinnacle Office Park and a strong Australian dollar.
- **Unlocking value through divestment of KR Ginza II.** KREIT is divesting its 98.47% interest in KR Ginza II, a freehold boutique office building in Tokyo, at agreed property value at 11.5b yen (S$91.4m) with completion expected in 3Q26. The property comprises an eight-storey office building with ground-floor retail space and 38,685sf of NLA. The divestment crystallises value at a 28.4% premium to the acquisition price and a 9.7% premium to the independent valuation, underscoring KREIT’s disciplined capital recycling approach. Assuming the proceeds are used for debt repayment, aggregate leverage would improve from 40.0% to 39.6%.
- **KREIT will prioritise divestment** over acquisition in 2026 as aggregate leverage remains slightly elevated. KREIT is exploring divestment of T Tower in Seoul, which is valued at 305.4b Korean won (S$269.7m). The transaction market in Seoul is quite active. It is timely to take profit as cap rates have compressed meaningfully since acquisition in May 19. Management intends to utilise the proceeds from divestment of KR Ginza II and T Tower to pare down debts and pursue unit buyback.
- **Proactive capital management.** Aggregate leverage was stable at 40.0% as of Jun 26. Average cost of debt eased 24bp yoy and 11bp qoq to 3.27% in 1H26, after repaying the bridge loan in Jan 26. 62% of borrowings are fixed-rate. Interest coverage ratio improved to 2.7x. Documentation is already underway to refinance borrowings due in 4Q26, highlighting management's proactive approach towards capital management.

Valuation/Recommendation

- **Maintain BUY.** Our target price of S$1.13 is based on DDM (cost of equity: 6.0%, terminal growth: 1.5%).

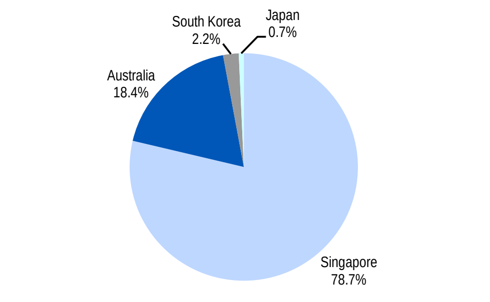
Earnings Revision/Risk

- **Valuation still attractive based on distribution yield and P/NAV.** KREIT provides an attractive 2026 distribution yield of 5.9% (CICT: 4.7%, Suntec: 5.0%). It trades at P/NAV of 0.75x (25% discount to NAV per unit of S$1.22).

Share Price Catalyst

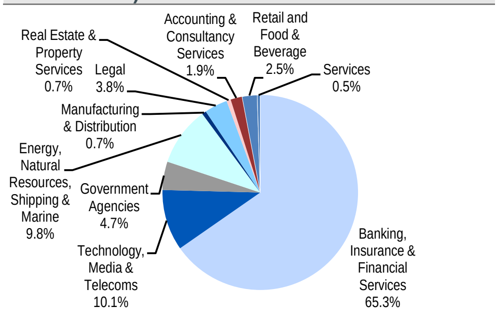
- Resilient rents and capital values for office properties in Singapore and Sydney, Australia.
- Yield-accretive acquisition of retail assets in Singapore.

Portfolio Valuation By Country



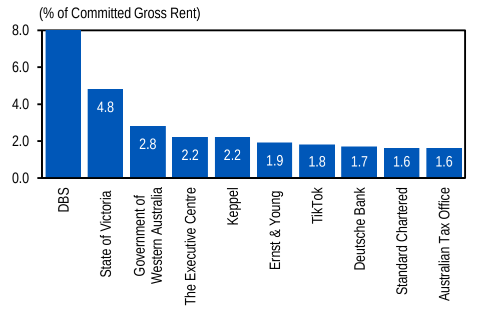
Source: KREIT

Diversified Base Of Tenants (% Committed Gross Rent)



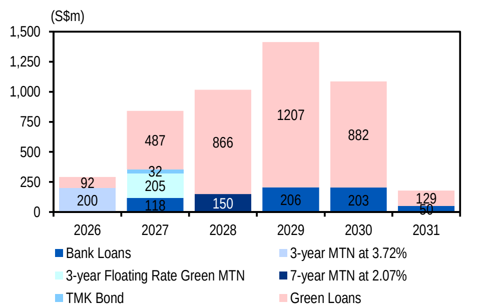
Source: KREIT

Top 10 Tenants By Committed Gross Rent



Source: KREIT

Debt Maturity Profile



Source: KREIT

Profit & Loss

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Net turnover	274.5	319.1	322.9	328.1
EBITDA	149.9	172.1	175.1	179.0
Deprec. & amort.	0.0	0.0	0.0	0.0
EBIT	149.9	172.1	175.1	179.0
Total other non-operating income	329.1	0.0	0.0	0.0
Associate contributions	124.6	199.1	202.4	207.6
Net interest income/(expense)	(84.2)	(95.9)	(93.5)	(95.3)
Pre-tax profit	519.4	275.3	283.9	291.3
Tax	(13.7)	(21.9)	(22.6)	(23.1)
Minorities	(49.6)	(23.9)	(25.2)	(25.2)
Perpetual Securities	(11.3)	(15.1)	(15.1)	(15.1)
Net profit	444.8	214.5	221.1	227.9
Net profit (adj.)	118.1	214.5	221.1	227.9

Balance Sheet

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Fixed assets	5,573.1	5,583.1	5,593.1	5,603.1
Other LT assets	4,235.3	4,235.3	4,235.3	4,235.3
Cash/ST investment	135.5	139.1	142.9	146.7
Other current assets	35.0	58.3	58.9	59.5
Total assets	9,978.9	10,015.9	10,030.2	10,044.6
ST debt	1,319.6	1,319.6	1,319.6	1,319.6
Other current liabilities	122.1	80.4	81.5	82.7
LT debt	2,437.0	1,680.0	1,740.0	1,790.0
Other LT liabilities	93.4	104.9	105.5	106.3
Shareholders' equity	5,526.5	6,350.7	6,303.3	6,265.6
Minority interest	480.3	480.3	480.3	480.3
Total liabilities & equity	9,978.8	10,015.9	10,030.2	10,044.6

Cash Flow

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Operating	223.3	58.8	114.6	118.2
Pre-tax profit	191.0	273.3	281.9	289.3
Tax	0.0	0.0	0.0	0.0
Deprec. & amort.	0.0	0.0	0.0	0.0
Associates	(124.6)	(199.1)	(202.4)	(207.6)
Working capital changes	50.5	(52.6)	0.5	0.6
Non-cash items	0.0	0.0	0.0	0.0
Other operating cashflows	106.4	37.2	34.5	35.9
Investing	(1,116.3)	189.1	192.4	197.6
Capex (growth)	(1,271.3)	0.0	0.0	0.0
Capex (maintenance)	(14.1)	(10.0)	(10.0)	(10.0)
Proceeds from sale of assets	0.0	0.0	0.0	0.0
Others	169.0	199.1	202.4	207.6
Financing	950.4	(244.3)	(303.2)	(312.1)
Distribution to unitholders	(276.6)	(267.2)	(266.5)	(263.5)
Issue of shares	113.0	879.0	0.0	0.0
Proceeds from borrowings	1,135.9	(757.0)	60.0	50.0
Loan repayment	0.0	0.0	0.0	0.0
Others/interest paid	(22.0)	(99.1)	(96.7)	(98.5)
Net cash inflow (outflow)	57.4	3.6	3.8	3.8
Beginning cash & cash equivalent	80.9	135.5	139.1	142.9
Changes due to forex impact	(2.8)	0.0	0.0	0.0
Ending cash & cash equivalent	135.5	139.1	142.9	146.7

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	54.6	53.9	54.2	54.6
Pre-tax margin	189.2	86.3	87.9	88.8
Net margin	162.0	67.2	68.5	69.4
ROA	4.8	2.1	2.2	2.3
ROE	8.3	3.6	3.5	3.6
Growth				
Turnover	4.9	16.3	1.2	1.6
EBITDA	9.5	14.9	1.7	2.3
Pre-tax profit	291.3	(47.0)	3.1	2.6
Net profit	341.4	(51.8)	3.1	3.1
Net profit (adj.)	(18.7)	81.6	3.1	3.1
EPU	(20.1)	42.8	2.0	2.0
Leverage				
Debt to total capital	38.5	30.5	31.1	31.6
Debt to equity	68.0	47.2	48.5	49.6
Net debt/(cash) to equity	65.5	45.0	46.3	47.3
Interest cover (x)	1.8	1.8	1.9	1.9

Mapletree Logistics Trust (MLT SP)

1QFY27: Gradually Trimming Exposure To Greater China

Highlights

- Positive rental reversion eased to 2.3% in 1QFY27 (4QFY26: 4.2%), excluding China. Negative rental reversion in China moderated to 1.8%.
- Mapletree Investments has partnered China Life to launch Mapletree China Logistics Renminbi Fund, which acquired two logistics properties in Wuxi from MLT for Rmb724m (S$138m).
- We observed broad-based moderation in rental reversion. Maintain HOLD for FY27 DPU yield of 5.6%. Target price: S$1.29.

1QFY27 Results

Year to 31 Mar (S$m)	1QFY27	yoy % Chg	Remarks
Gross Revenue	178.9	0.8	Mapletree Joo Koon Logistics Hub and acquisition in India.
Net Property Income (NPI)	151.4	2.0	Held back by divestments and regional currency weaknesses.
Borrowing Costs	(38.3)	-2.7	Lower SORA for unhedged Singapore dollar borrowings.
Distributable Income	93.0	1.1	
DPU (S cents)	1.816	0.2	

Source: MLT, UOB Kay Hian

Analysis

- Mapletree Logistics Trust (MLT) reported DPU of 1.816 S cents for 1QFY27 (+0.2% yoy), supported by a stable operating performance and lower borrowing costs. The results were in line with our expectations.
- **Headwinds from strong Singapore dollar.** Gross revenue and NPI increased 0.8% and 2.0% yoy respectively in 1QFY27, driven by contributions from the India acquisition, full-quarter contribution from Mapletree Joo Koon Logistics Hub in Singapore (completion: May 25) and stronger contributions from existing assets. Regional currencies depreciated against the Singapore dollar (JPY: -9.8% yoy and KRW: -11.1% yoy). Excluding forex volatility, gross revenue and NPI have risen by 2.0% and 3.1% respectively.
- **Softer leasing environment.** Portfolio rental reversion moderated to +0.9% in 1QFY27 (4QFY26: +3.3%), though rental reversion excluding China remained positive at 2.3% (4QFY26: 4.2%). China's rental reversion improved slightly to -1.8% from -2.0% in the previous quarter and -7.5% a year ago, indicating that market conditions in China are gradually stabilising. Positive rental reversions were seen in Vietnam (4.7%), Singapore (4.1%), Japan (3.8%), India (3.2%) and South Korea (3.0%).
- **Lower occupancy.** Portfolio occupancy eased 0.5ppt qoq to 96.4% as of Jun 26, reflecting lower occupancies in Singapore (-0.6ppt qoq to 95.9%), China (-0.4ppt qoq to 93.8%) and Australia (-4.7ppt qoq to 95.3%).

Key Financials

Year to 31 Mar (S$m)	2025	2026	2027F	2028F	2029F
Net turnover	727	708	708	711	715
EBITDA	518	512	488	491	494
Operating profit	518	512	488	491	494
Net profit (rep./act.)	184	254	254	254	254
Net profit (adj.)	278	238	254	254	254
EPU (S$ cent)	5.5	4.7	4.9	4.9	4.9
DPU (S$ cent)	8.1	7.3	6.9	6.9	6.9
PE (x)	22.5	26.5	25.1	25.3	25.5
P/B (x)	0.9	1.0	1.0	1.0	1.1
DPU yld (%)	6.5	5.9	5.6	5.6	5.6
Net margin (%)	25.2	35.9	35.9	35.7	35.5
Net debt/(cash) to equity (%)	73.2	73.5	75.9	78.6	81.4
Interest cover (x)	3.4	3.5	3.1	3.0	3.0
ROE (%)	2.5	3.6	3.6	3.7	3.7
Consensus DPU (S$ cent)	-	-	7.2	7.4	7.4
UOBKH/Consensus (x)	-	-	0.96	0.93	0.94

Source: Mapletree Logistics Trust, Bloomberg, UOB Kay Hian

HOLD (Maintained)	
Share Price	S$1.24
Target Price	S$1.29
Upside	+4.0%

Analyst(s)
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Stock Data

GICS Sector	Real Estate
Bloomberg ticker	MLT SP
Shares issued (m)	5,119.9
Market cap (S$m)	6,348.7
Market cap (US$m)	4,913.8
3-mth avg daily t'over (US$m)	16.1

Price Performance (%)

52-week high/low: S$1.36/S$1.12

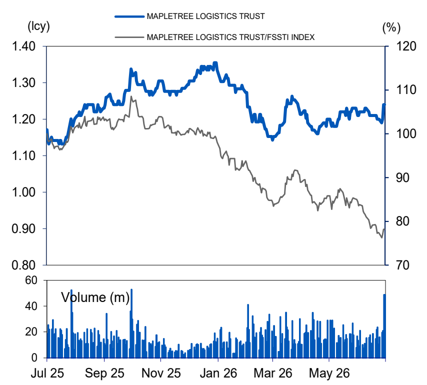
1mth	3mth	6mth	1yr	YTD
0.8	1.4	(8.5)	5.7	(5.0)

Major Shareholders	%
Temasek Hldgs	34.3

Balance Sheet Metrics

FY26 NAV/Share (S$)	1.24
FY26 Net Debt/Share (S$)	1.02

Price Chart



Source: Bloomberg

Company Description

MLT is an Asia-focused logistics REIT with logistics properties across Australia, China, Hong Kong, India, Japan, Malaysia, Singapore, South Korea and Vietnam.

- **Moderation in negative rental reversion in China.** 3PL providers and e-commerce players have completed their consolidation. Logistics markets in Western and Central China have stabilised. In Eastern China, new supply has moderated and vacancy is hovering around 18%. Northern China, including Beijing, is troubled by large new supply and elevated vacancy of 28%. Tenants are still renewing leases on a short-term basis. Management expects negative reversions at low single digits during upcoming quarters.
- **Exposure to Hong Kong and China accounted for 41% of AUM.** MLT had previously identified a divestment pipeline of S$1b, with roughly half located in Hong Kong and China. Progress has been slow with only S$300m of divestments completed to date. Management attributed the slow pace to weak demand and wide bid-ask spreads. Given that the assets continue to enjoy healthy occupancy and generate income, MLT is not prepared to accelerate sales at deeply discounted prices.
- **Exploring alternative capital recycling avenues in China.** Sponsor Mapletree Investments has partnered China Life to launch its first China logistics private renminbi-denominated fund, thus expanding its domestic capital-raising platform in China. The Mapletree China Logistics Renminbi Fund has Rmb1.5b in assets under management and comprises five stabilised logistics properties in Nanjing, Wuxi and Chengdu. China Life will manage the fund, while Mapletree Investment serves as co-general partner and asset manager. The Mapletree China Logistics Renminbi Fund could acquire selective China assets from MLT. This "China-for-China" approach is gaining traction and provides MLT with an additional exit channel.
- **Executing capital recycling strategy.** After the quarter, MLT announced the proposed divestment of Mapletree (Wuxi) Logistics Park and Mapletree Wuxi New District Logistics Park to Mapletree China Logistics Renminbi Fund, and sale of 39 Changi South Avenue 2 in Singapore. The three divestments have a combined value of S$155m and were transacted at premium of 4% above valuations, creating capacity for future accretive acquisitions. Management targets to complete S$200m-300m of divestments in FY27. MLT plans to redeploy the capital for acquisitions in Singapore and emerging Asian markets, such as India, Malaysia and Vietnam.
- **Prudent capital management.** Aggregate leverage was stable at 40.5% as of Jun 26 despite additional borrowings for land premiums and capex, while 82% of debt has been hedged into fixed rates. MLT has a well-staggered debt maturity profile with average debt duration of 3.5 years. Average borrowing cost was maintained at 2.6% in 1QFY27. Management guided cost of debt at 2.7-2.8% due to upward pressure from Japanese yen-denominated borrowings, which accounted for 26% of total borrowings.

Valuation/Recommendation

- **Portfolio rejuvenation through selective divestments and disciplined acquisitions.** MLT is focused on sustaining occupancy, rental stability and cost efficiency, given ongoing headwinds from currency volatility and higher-for-longer borrowing costs. Tenants serving domestic consumption accounted for 85% of MLT's revenue, while export businesses accounted for a smaller 15% of revenue. MLT is affected by the strong Singapore dollar as overseas logistics properties accounted for 70% of gross revenue in FY26.
- **Pursuing redevelopment projects in Singapore.** MLT intends to pursue a new redevelopment project in the eastern part of Singapore. We expect MLT to redevelop 9 Changi South Street 2 and 15 Changi South Street 2, which are located adjacent to each other.
- **Maintain HOLD.** Our target price of S$1.29 is based on the Dividend Discount Model (cost of equity: 6.75%, terminal growth: 1.5%).

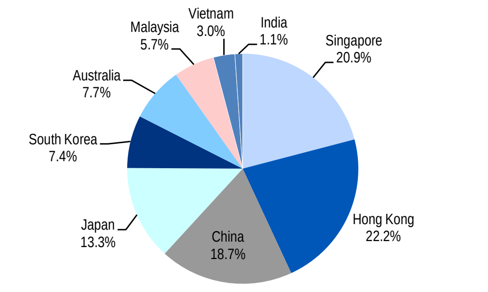
Earnings Revision/Risk

- We maintain our existing DPU forecasts.

Share Price Catalyst

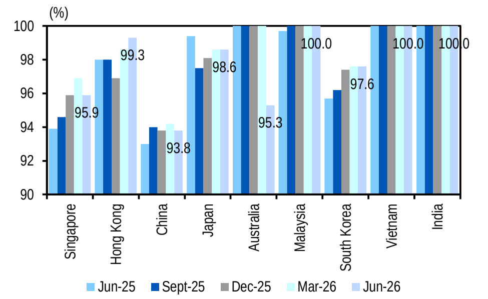
- a) Repositioning towards modern logistics facilities, domestic consumption and e-commerce; and b) redevelopment projects in Singapore and Malaysia.

Portfolio Valuation By Country



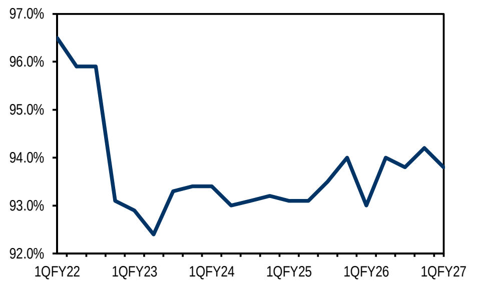
Source: MLT

Occupancy Levels By Country



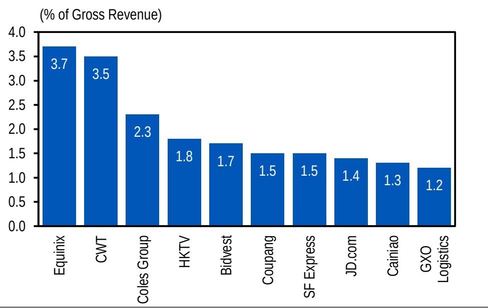
Source: MLT

Occupancy Rate – Mainland China



Source: MLT

Top 10 Tenants By Gross Revenue



Source: MLT

Profit & Loss

Year to 31 Mar (S$m)	2026	2027F	2028F	2029F
Net turnover	708.3	708.0	711.3	714.9
EBITDA	511.6	488.4	491.1	494.0
Deprec. & amort.	0.0	0.0	0.0	0.0
EBIT	511.6	488.4	491.1	494.0
Total other non-operating income	16.0	0.0	0.0	0.0
Associate contributions	0.0	0.0	0.0	0.0
Net interest income/(expense)	(147.0)	(160.0)	(162.7)	(165.7)
Pre-tax profit	380.6	328.4	328.4	328.4
Tax	(101.8)	(49.3)	(49.3)	(49.3)
Minorities	(1.7)	(0.8)	(0.8)	(0.8)
Perpetual Securities	(22.6)	(24.3)	(24.3)	(24.3)
Net profit	254.5	254.1	254.1	254.0
Net profit (adj.)	238.4	254.1	254.1	254.0

Balance Sheet

Year to 31 Mar (S$m)	2026	2027F	2028F	2029F
Fixed assets	13,244.9	12,941.7	12,941.7	12,941.7
Other LT assets	208.5	165.8	165.8	165.8
Cash/ST investment	299.0	320.6	337.7	325.2
Other current assets	133.6	112.4	111.9	112.5
Total assets	13,885.9	13,540.4	13,557.1	13,545.2
ST debt	373.8	436.1	436.1	436.1
Other current liabilities	359.8	329.7	328.0	329.9
LT debt	5,208.1	5,040.0	5,170.0	5,280.0
Other LT liabilities	697.7	729.2	729.2	729.2
Shareholders' equity	7,221.2	6,981.6	6,869.9	6,746.1
Minority interest	25.4	23.9	23.9	23.9
Total liabilities & equity	13,885.9	13,540.4	13,557.1	13,545.2

Cash Flow

Year to 31 Mar (S$m)	2026	2027F	2028F	2029F
Operating	542.1	438.8	434.0	437.0
Pre-tax profit	364.6	328.4	328.4	328.4
Tax	0.0	0.0	0.0	0.0
Deprec. & amort.	0.0	0.0	0.0	0.0
Associates	0.0	0.0	0.0	0.0
Working capital changes	(55.3)	13.1	1.1	1.2
Non-cash items	0.0	0.0	0.0	0.0
Other operating cashflows	232.8	97.3	104.5	107.4
Investing	(52.2)	0.0	0.0	0.0
Capex (growth)	(151.2)	0.0	0.0	0.0
Capex (maintenance)	0.0	0.0	0.0	0.0
Proceeds from sale of assets	96.7	0.0	0.0	0.0
Others	2.4	0.0	0.0	0.0
Financing	(482.8)	(430.8)	(437.4)	(424.3)
Distribution to unitholders	(376.1)	(354.3)	(358.4)	(362.4)
Issue of shares	0.0	0.0	0.0	0.0
Proceeds from borrowings	71.4	99.8	100.0	120.0
Loan repayment	0.0	0.0	0.0	0.0
Others/interest paid	(178.1)	(176.3)	(179.0)	(182.0)
Net cash inflow (outflow)	7.1	8.0	(3.3)	12.7
Beginning cash & cash equivalent	299.0	302.3	310.3	307.0
Changes due to forex impact	(3.9)	0.0	0.0	0.0
Ending cash & cash equivalent	302.3	310.3	307.0	319.6

Key Metrics

Year to 31 Mar (%)	2026	2027F	2028F	2029F
Profitability				
EBITDA margin	72.2	69.0	69.0	69.1
Pre-tax margin	53.7	46.4	46.2	45.9
Net margin	35.9	35.9	35.7	35.5
ROA	1.8	1.9	1.9	1.9
ROE	3.6	3.6	3.7	3.7
Growth				
Turnover	(2.6)	(0.0)	0.5	0.5
EBITDA	(1.3)	(4.5)	0.6	0.6
Pre-tax profit	39.0	(13.7)	0.0	(0.0)
Net profit	38.6	(0.2)	0.0	(0.0)
Net profit (adj.)	(14.1)	6.6	0.0	(0.0)
EPU	(15.3)	5.8	(0.8)	(0.8)
Leverage				
Debt to total capital	43.7	44.5	45.3	46.2
Debt to equity	77.8	80.4	83.1	86.2
Net debt/(cash) to equity	73.5	75.9	78.6	81.4
Interest cover (x)	3.5	3.1	3.0	3.0

Singapore Airlines (SIA SP)

1QFY27: Core Earnings Miss Expectations On Higher Fuel Costs And Air India Losses

HOLD (Maintained)

Share Price	S$7.53
Target Price	S$6.71
Upside	-10.9%
Previous TP	S$6.76

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Highlights

- 1QFY27 reported net loss of S$76m came in within our guided range; however, excluding a sizeable one-off accounting gain for Air India, SIA's core earnings would have missed our expectations.
- We expect SIA's earnings to rebound to S$240m-460m in 2QFY27, driven by more effective fuel cost pass-throughs.
- We cut our FY27-29 earnings forecasts for SIA by 11-13% as we finetune our cost projections to reflect recent rebound in jet fuel prices.
- Maintain HOLD with a lower target price of S$6.71.

1QFY27 Results

Year to 31 Mar (S$m)	1QFY27	1QFY26	yoy % change	4QFY26	qoq % change	Prev. FY27F	1Q as % of FY27F
Revenue	5,714	4,790	+19.3	5,341	+7.0	23,970	23.8%
Pax flown revenue	4,582	3,862	+18.6	4,387	+4.5	19,009	24.1%
Cargo & mail revenue	708	531	+33.5	515	+37.5	3,230	21.9%
Engineering & others	424	398	+6.6	439	-3.4	1,732	24.5%
Non-fuel opex	3,356	3,124	+7.4	3,444	-2.5	14,007	24.0%
Fuel cost	2,253	1,262	+78.5	1,117	+101.6	7,639	29.5%
Operating profit (reported)	106	405	-73.9	780	-86.5	2,324	4.5%
Net Profit (reported)	-76	186	-140.7	441	-117.2	1,218	-6.2%
Margins (%)							
EBIT (reported)	1.8	8.4	-6.6ppt	14.6	-12.8ppt	9.7	
Net profit (reported)	-1.3	3.9	-5.2ppt	8.3	-9.6ppt	5.1	

Source: SIA, UOB Kay Hian

Analysis

- **Reported earnings broadly in line, but core earnings a miss.** Singapore Airlines' (SIA) 1QFY27 headline net loss of S$76m stood within our guided earnings range of S$90m loss to S$110m profit, at the lower end. However, we understood that the reported net loss contribution from Air India this quarter included a sizeable one-time accounting gain (probably in the scale of S$150m by our guesstimate), excluding which SIA's 1QFY27 earnings would have missed our projections.
- **Revenue rose 19.3% yoy**, partly driven by fuel cost pass-throughs, and was in line with our projection (we were projecting 18-20%). However, looking at the revenue mix:
  - Pax revenue was slightly stronger than our projection, due to a 12.7% pax yoy yield growth, better than our projected 9-11% yoy growth.

Key Financials

Year to 31 Mar (S$m)	2025	2026	2027F	2028F	2029F
Net turnover	19,540	20,522	24,269	25,403	26,484
EBITDA	4,090	4,916	4,741	4,382	4,489
Operating profit	1,709	2,375	2,110	1,638	1,609
Net profit (rep./act.)	2,778	1,184	1,058	1,010	1,172
Net profit (adj.)	1,575	1,076	1,058	1,010	1,172
EPS (S$ cent)	50.6	34.9	33.6	32.0	37.2
PE (x)	14.9	21.6	22.4	23.5	20.2
P/B (x)	1.4	1.4	1.4	1.4	1.4
EV/EBITDA (x)	6.0	5.0	5.2	5.6	5.5
Dividend yield (%)	5.3	4.9	4.4	4.2	3.5
Net margin (%)	14.2	5.8	4.4	4.0	4.4
Net debt/(cash) to equity (%)	(7.0)	(14.7)	(4.2)	6.4	15.5
ROE (%)	17.4	7.2	6.3	6.1	7.1
Consensus net profit (S$m)	-	-	804	1,421	1,679
UOBKH/Consensus (x)	-	-	1.32	0.71	0.70

Source: SIA, Bloomberg, UOB Kay Hian

Stock Data

GICS sector	Industrials
Bloomberg ticker	SIA SP
Shares issued (m)	3,150.9
Market cap (S$m)	23,726.2
Market cap (US$m)	18,363.9
3-mth avg daily t'over	47.4

Price Performance (%)

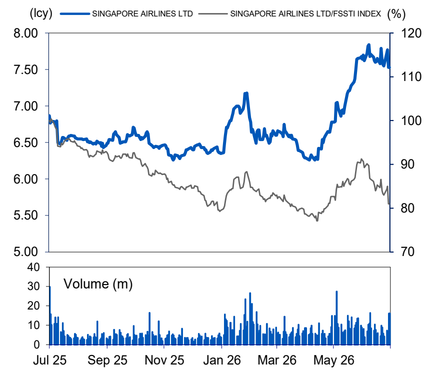
52-week high/low: S$7.92/S$6.21

1mth	3mth	6mth	1yr	YTD
(1.7)	19.3	18.4	7.5	17.7

Major Shareholders

	%
Temasek Hldgs	50.6

Price Chart



Source: Bloomberg

Company Description

Singapore's flag carrier, flying to more than 130 destinations in over 30 countries before the pandemic. Frequently ranked as Best Airline by magazines and ranking agencies.

- This is offset by lower-than-projected cargo revenue, as 1QFY27 cargo yield growth of 28.4% came in weaker than our projected 45-50% yoy expansion.

- **Operating profit of S$106m (-74% yoy) was below our expectations** due to higher-than-projected fuel costs, partly offset by slightly lower-than-projected non-fuel operating expenses:
  - Fuel cost before hedging rose 119% yoy, higher than our projected 94% yoy increase. The difference may be due to fuel purchase timing (jet fuel spot prices was very volatile during the quarter). 1QFY27 fuel hedging gain of S$376m was largely in line with our estimate.
  - Non-fuel operating expenses per ATK rose 3.4% yoy to 44.3 S cents, slightly better than our projected range of 45-46 S cents.

- **Without a one-off accounting gain, Air India's net loss contribution would have been wider.** Air India recorded net loss contribution to SIA at S$170m-175m, by our estimate, in 1QFY27; this appeared better than our projected S$200m-250m loss. However, we caution that the reported loss contribution by Air India was boosted by a sizeable one-time accounting, arisen from the reconciliation between Air India's FY26 management accounts and audited financials. While SIA did not disclose the size of this accounting gain, our guesstimate is that it could be in the scale of S$150m. Excluding this one-off accounting gain, Air India's drag on SIA would have been worse than our projection.

- **Strong balance sheet.** Net cash position improved slightly to about S$3.3b by our estimate, from S$2.6b as of end-FY26. This was partly due to still-slow capex in 1QFY27, at S$0.5b; this was behind SIA's guidance of S$3.8b capex for the full year.

- **Outlook: Expect earnings to rebound in 2QFY27.** Despite the loss-making position in 1QFY27, we expect SIA's bottom line to rebound in 2QFY27, driven by: a) more effective fuel cost pass-throughs, and b) overall weaker jet fuel prices qoq. Our preliminary estimate for SIA's 2QFY27 earnings now stands at S$240m-460m, with the mid-point of S$350m shifted downwards from our previous estimate of S$450m as per our 16 Jul 26 report. This downward adjustment was mainly due to our higher loss projection for Air India. Our updated 2QFY27 earnings projection still represents a strong yoy rebound from 2QFY26's low base of S$52m.

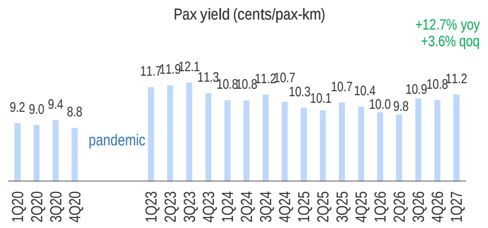
Earnings Revision/Risk

- **Cut FY27-29 earnings forecasts by 11-13%** to S$1.06b/S$1.01b/S$1.17b, as we finetune our cost projection to reflect recent rebound in jet fuel prices.
- **Key risks:** a) a long-lasting Middle East unrest sustaining fuel prices at elevated levels, b) weaker global macroeconomy dampening air travel and air cargo demand, and c) prolonged Air India drag.

Valuation/Recommendation

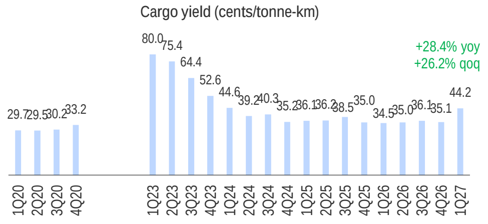
- **Maintain HOLD with a lower target price of S$6.71,** still based on 1.28x FY27F P/B (1SD above historical mean P/B of 1.09x). Despite the potential earning rebound in 2QFY27, SIA's valuation appears not cheap to us, with current price of S$7.53 implying a 1.44x FY27F P/B, 1.8SD above SIA's historical mean. Even if excluding the upcoming 29 S cents FY26 final dividend (ex-dividend date: 11 Aug 26), SIA is still trading at 1.38x FY27F P/B, or 1.5SD above historical mean.
- Considering the still volatile Middle East situation and uncertainties related to the Air India turnaround, the risk-reward at the current valuation is not attractive enough for us to be fundamentally more bullish on SIA. As such, we recommend investors wait for a better entry point.

Quarterly Pax Yield Trend



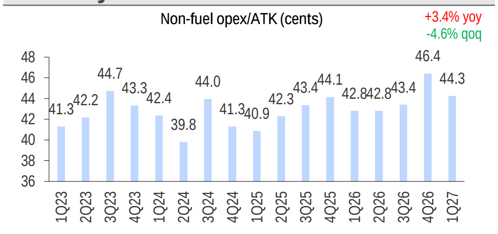
Source: SIA

Quarterly Cargo Yield Trend



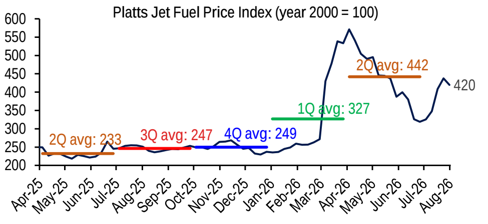
Source: SIA

Quarterly Non-Fuel Unit Cost Trend



Source: SIA

Jet Fuel Prices



Source: S&P Global Platts

Historical P/B Band

Source: Bloomberg

P/B Valuation

		FY26	FY27F	FY28F
Adjusted BVPS		S$5.47	S$5.21	S$5.24
P/B peg		------------	Target price	------------
+2.0SD	1.47x	S$8.03	S$7.69	S$7.68
+1.5SD	1.37x	S$7.52	S$7.20	S$7.19
+1.0SD	1.28x	S$7.00	S$6.71	S$6.70
+0.5SD	1.19x	S$6.49	S$6.22	S$6.21
Mean	1.09x	S$5.98	S$5.73	S$5.72

Source: UOB Kay Hian

Profit & Loss

Year to 31 Mar (S$m)	2026	2027F	2028F	2029F
Net turnover	20,522	24,269	25,403	26,484
EBITDA	4,916	4,741	4,382	4,489
Deprec. & amort.	2,541	2,631	2,744	2,880
EBIT	2,375	2,110	1,638	1,609
Total other non-operating income	81	(0)	0	0
Associate contributions	(792)	(578)	(185)	31
Net interest income/(expense)	(45)	(65)	(123)	(153)
Pre-tax profit	1,618	1,467	1,329	1,487
Tax	(395)	(368)	(273)	(262)
Minorities	(39)	(41)	(47)	(52)
Net profit	1,184	1,058	1,010	1,172
Net profit (adj.)	1,076	1,058	1,010	1,172

Balance Sheet

Year to 31 Mar (S$m)	2026	2027F	2028F	2029F
Fixed assets	26,902	28,636	30,973	32,989
Other LT assets	3,070	2,493	2,308	2,339
Cash/ST investment	8,510	7,952	6,166	4,608
Other current assets	4,932	4,277	4,423	4,526
Total assets	43,413	43,358	43,871	44,462
ST debt	1,957	1,957	1,957	1,957
Other current liabilities	11,934	11,409	11,929	12,393
LT debt	5,710	7,044	7,044	7,044
Other LT liabilities	6,126	5,996	5,996	5,996
Shareholders' equity	17,262	16,515	16,484	16,586
Minority interest	424	440	462	488
Total liabilities & equity	43,413	43,358	43,871	44,462

Cash Flow

Year to 31 Mar (S$m)	2026	2027F	2028F	2029F
Operating	5,103	3,732	4,483	4,588
Pre-tax profit	1,618	1,467	1,329	1,487
Tax	(11)	(368)	(273)	(262)
Deprec. & amort.	2,541	2,631	2,744	2,880
Associates	(865)	(613)	(257)	(67)
Working capital changes	(97)	(641)	374	361
Non-cash items	295	(0)	0	0
Other operating cashflows	1,622	1,256	565	190
Investing	(2,424)	(3,636)	(4,376)	(4,206)
Capex	(2,749)	(3,876)	(4,576)	(4,376)
Investments	(39)	0	0	0
Proceeds from sale of assets	4	0	0	0
Others	360	240	200	170
Financing	(2,879)	(653)	(1,893)	(1,940)
Dividend payments	(1,162)	(1,166)	(1,040)	(1,071)
Proceeds from borrowings	(840)	1,333	0	0
Loan repayment	0	0	0	0
Others/interest paid	(877)	(821)	(854)	(869)
Net cash inflow (outflow)	(200)	(557)	(1,786)	(1,558)
Beginning cash & cash equivalent	8,257	7,931	7,374	5,588
Changes due to forex impact	(126)	0	0	0
Ending cash & cash equivalent	7,931	7,374	5,588	4,030

Key Metrics

Year to 31 Mar (%)	2026	2027F	2028F	2029F
Profitability				
EBITDA margin	24.0	19.5	17.2	16.9
Pre-tax margin	7.9	6.0	5.2	5.6
Net margin	5.8	4.4	4.0	4.4
ROA	2.7	2.4	2.3	2.7
ROE	7.2	6.3	6.1	7.1
Growth				
Turnover	5.0	18.3	4.7	4.3
EBITDA	20.2	(3.6)	(7.6)	2.4
Pre-tax profit	(45.4)	(9.3)	(9.4)	11.8
Net profit	(57.4)	(10.7)	(4.6)	16.1
Net profit (adj.)	(31.6)	(1.7)	(4.6)	16.1
EPS	(31.0)	(3.8)	(4.6)	16.1
Leverage				
Debt to total capital	30.2	34.7	34.7	34.5
Debt to equity	43.3	53.1	53.1	52.7
Net debt/(cash) to equity	(14.7)	(4.2)	6.4	15.5

MARKET SPOTLIGHT

Market News

US stocks were lower on Wednesday, as the industrials, information technology and financials sectors led shares lower. At the close of the NYSE, the Dow Jones fell 2.18% while the S&P 500 index was down 1.51%, and the NASDAQ Composite index slid 1.74%. Falling stocks outnumbered advancing ones on the NYSE by 1,902 to 860 and 78 ended unchanged; on the Nasdaq Stock Exchange, 3,432 declined and 1,462 advanced, while 189 ended unchanged.

During the last trading session, the FSSTI rose 97.08pt to 5,713.19. Among the top active stocks were Singtel (+1.8%), Seatrium (-8.5%), DBS (+1.5%), SIA (-3.1%) and Thai Beverage (+1.1%). The FTSE ST Mid Cap Index rose 0.5%, while the FTSE ST Small Cap Index slid 0.1%. The broader market had 351 gainers and 261 losers with a total trading value of S$2.48b.

Oiltek International (OTEK SP)

Trading sell range: S$1.58-1.59
Last price: S$1.54
Target price: S$1.19
Protective stop: S$2.10

Price further breached its previous swing low support following a rejection off the overhead resistance boundary. The RSI is breaking decisively below its neutral 50-midline to reflect accelerating sell-side momentum. This projects further downward progression towards the next underlying demand zone.

The potential downside target is S$1.19. Stop-loss could be placed at S$2.10.

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$2.78.

Singapore Exchange (SGX SP)

Trading sell range: S$23.97-23.98
Last price: S$24.03
Target price: S$21.94
Protective stop: S$24.85

Price met supply at the support-turned-resistance zone. The RSI, while still marginally above its neutral 50-midline, is curling sharply downward. This could project downward progression towards underlying demand zones as long as price remains capped beneath this critical resistance ceiling.

The potential downside target is S$21.94. Stop-loss could be placed at S$24.85.

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 HOLD and target price of S$21.70.

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