UOBKayHian

Country Daily Singapore

Friday, 07 August 2026

Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	53885.1	(0.9)	3.2	1.6	12.1
S&P 500	7710.0	(0.2)	3.7	2.3	12.6
FTSE 100	10867.9	(0.2)	(0.3)	1.9	9.4
AS30	9452.0	0.5	3.6	5.0	4.8
CSI 300	4651.3	(0.1)	2.2	(2.9)	0.5
FSSTI	5639.0	1.0	(0.6)	5.6	21.4
HSCEI	8498.7	(1.2)	(1.7)	9.4	(4.7)
HSI	25530.3	(1.5)	(1.3)	8.1	(0.4)
JCI	6343.7	(0.1)	2.5	6.0	(26.6)
KLCI	1737.2	(0.6)	1.0	3.2	3.4
KOSPI	6296.4	(4.6)	(4.5)	(17.8)	49.4
Nikkei 225	65683.3	(0.9)	6.2	(3.8)	30.5
SET	1614.6	0.3	1.0	0.7	28.2
TWSE	44396.7	(0.5)	11.2	(2.4)	53.3
BDI	3057	(0.2)	14.4	9.3	62.9
CPO (RM/mt)	4532	0.3	0.4	1.9	15.2
Brent Crude (US$/bbl)	82	3.8	(7.3)	14.6	35.6

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
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
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
Foreign Exchange Reserves JUL	7 Aug
Current Account Q2	12 Aug
GDP Growth Rate QoQ Final Q2	12 Aug
GDP Growth Rate YoY Final Q2	12 Aug

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Top Stories

Company Results | DBS Group Holdings (DBS SP/**BUY**/S$75.08/Target: S$80.00) Page 3

DBS delivered a record net profit of S$3,079m (+9% yoy) in 2Q26 due to a surge in wealth management fees (+42% yoy), which have a knock-on effect on treasury customer income (+42% yoy). DBS provides a 2026 dividend yield of 4.4% with potential for further capital management. Maintain BUY with a target price at S$80.00.

Company Results | Singapore Exchange (SGX SP/**HOLD**/S$24.32/Target: S$23.40) Page 6

SGX's FY26 core net profit of S$759.5m (+24.6% yoy) slightly beat our expectations, driven by disciplined cost control and lower associate losses. Revenue rose 13.9% yoy on broad-based strength across all business segments. We expect upbeat earnings growth in FY27, supported by stronger cash equity activity and structural growth in derivatives. However, we believe these positives are largely reflected in the current valuation. Maintain HOLD; target price: S$23.40.

Company Results | Venture Corporation (VMS SP/**BUY**/S$16.21/Target: S$21.10) Page 9

VMS' 1H26 revenue rose 7.4% yoy to S$1,354.7m, while PATMI increased 5.6% yoy to S$119.3m, forming 51% and 50% of our full-year forecasts respectively. Strong AI infrastructure demand lifted Portfolio B revenue by S$102m yoy, more than offsetting a S$21m fall in Portfolio A. Maintain BUY with a 2.2% higher target price of S$21.10, pegged to 23.7x 2027F PE.

Market Spotlight

Page 12

- US stocks were lower on Thursday, with all indices falling as industrials, real estate and materials sectors fell. There were more decliners than advancers on both the NYSE and NASDAQ.
- The FSSTI rose 57.62 points to 5,638.99, supported by strength in SIA and DBS. Both mid- and small-cap indices rose with a broad market advance on S$2.09b turnover.

Technical Analysis

Soon Hock Enterprise | SHOCK SP Page 13

Trading Buy Range: S$0.575-0.580

Frencken Group | FRKN SP Page 13

Trading Sell Range: S$2.56-2.57

DBS Group Holdings (DBS SP)

2Q26: Record Earnings Despite Rates Headwind

Highlights

- DBS delivered a record net profit of S$3,079m (+9% yoy) in 2Q26 due to a surge in wealth management fees (+42% yoy), which have a knock-on effect on treasury customer income (+42% yoy). Wealth AUM expanded 16% yoy to S$516b.
- Asset quality was pristine with NPL formation muted at S$155m. DBS has ample management overlay of S$2.4b for general provisions.
- DBS provides a 2026 dividend yield of 4.4% with potential for further capital management. Maintain BUY with a target price at S$80.00.

Analysis

- DBS Group Holdings (DBS) reported a record net profit of S$3,079m for 2Q26 (+9% yoy and +5% qoq), which was above our expectation of S$2,821m.
- **Interest rate headwind mitigated by loan growth and proactive hedging.** NIM narrowed 18bp yoy, but receded marginally by only 2bp qoq to 1.87% in 2Q26, mitigated by proactive hedging. On a constant currency basis, loan growth was robust at 8% yoy and 3% qoq. Thus, net interest income only suffered a mild decline of 2% yoy to S$3,581m.
- **Wealth management boosted customer-driven fee income.** Net fee income increased 25% yoy to S$1,460m in 2Q26. Wealth management fees surged 42% yoy in 2Q26, driven by healthy growth in investment product sales and bancassurance. Wealth AUM rose above the S$500b mark for the first time to S$516b (+16% yoy), underpinned by net new money of S$11b. Transaction services (+12% yoy) and investment banking (+29% yoy) also contributed to the broad-based fee growth.
- **Treasury customer sales and markets trading delivered another strong quarter.** Treasury customer income increased 42% yoy to S$924m in 2Q26, supported by flows from both wealth and corporate clients. Markets trading income rose 12% yoy to S$469m, benefitting from market volatility and lower funding costs. The strong performance highlighted DBS' strong institutional and cross-border franchise.
- **Cost discipline a key strength.** Operating expenses grew only 3% yoy to S$2,347m in 2Q26 despite continued investments in technology, AI and franchise expansion. Cost-to-income ratio stayed low at 39%, among the most efficient levels in the regional banking sector.
- **Asset quality remained resilient.** Non-performing assets were broadly unchanged at S$4,764m as NPL formation was muted at S$155m in 2Q26. NPL ratio remained stable at 1.0%. Specific allowances were manageable at 16bp of loans in 2Q26 (1Q26: 14bp). There was a write-back in general provisions of S$75m. Management overlay for general provisions remained a sizeable S$2,400m. Loan-loss coverage was stable at 130%. DBS also maintained a strong CET-1 CAR of 14.6% on a fully phased-in basis.

Key Financials

Year to 31 Dec (S$m)	2024	2025	2026F	2027F	2028F
Net interest income	14,424	14,500	14,543	15,458	16,225
Non-interest income	7,873	8,400	9,497	9,869	10,395
Net profit (rep./act.)	11,289	10,933	11,383	11,772	12,295
Net profit (adj.)	11,308	10,933	11,383	11,772	12,295
EPS (S$ cent)	398	385	401	415	433
PE (x)	18.9	19.5	18.7	18.1	17.3
P/B (x)	3.2	3.1	3.0	2.9	2.8
Dividend yield (%)	3.0	4.1	4.4	4.6	3.8
Net int margin (%)	2.1	2.0	1.9	1.9	1.9
Cost/income (%)	40.5	40.9	41.2	41.8	42.1
Loan loss cover (%)	129.3	129.7	129.0	136.5	144.2
Consensus net profit	-	-	11,306	12,177	13,020
UOBKH/Consensus (x)	-	-	1.01	0.97	0.94

Source: DBS Group Holdings, Bloomberg, UOB Kay Hian

BUY (Maintained)	
Share Price	S$75.08
Target Price	S$80.00
Upside	+6.6%
Previous TP	S$76.85

Analyst(s)
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Stock Data

GICS Sector	Financials
Bloomberg ticker	DBS SP
Shares issued (m)	2,843.8
Market cap (S$m)	213,515.7
Market cap (US$m)	166,561.9
3-mth avg daily t'over (US$m)	257.5

Price Performance (%)

52-week high/low				S$75.80/S$48.08
1mth	3mth	6mth	1yr	YTD
12.2	27.6	26.6	53.7	33.2

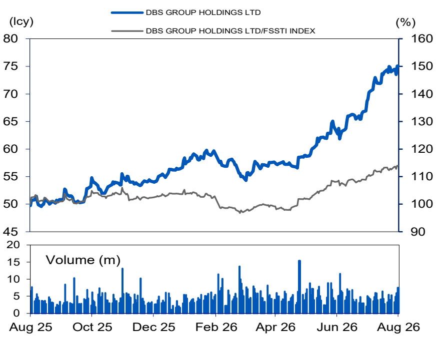
Major Shareholders

	%
Temasek Hldgs	28.3

Balance Sheet Metrics

FY26 NAV/Share (S$)	24.98
FY26 CET-1 CAR (%)	14.4

Price Chart



Source: Bloomberg

Company Description

DBS is a pan-Asian banking group with a significant presence in Singapore and Hong Kong. It also has operations in India, Indonesia, Taiwan and China.

- **Handsome dividend payout.** The Board declared an ordinary dividend of 66 S cents and a capital return dividend of 15 S cents for 2Q26, bringing total quarterly dividends to 81 S cents per share.

2Q26 Results

Profit & Loss (S$m)	2Q26	2Q25	yoy % Chg	UOBKH Estimate	Deviation (%)
Net Interest Income	3,494	3,681	-5.1	3,656	-4.4
Fees & Commissions	1,482	1,275	16.2	1,341	10.5
Other Non-interest Income	972	949	2.4	915	6.2
Total Income	5,948	5,905	0.7	5,912	0.6
Operating Expenses	(2,308)	(2,220)	4.0	(2,377)	-2.9
PPOP	3,640	3,685	-1.2	3,535	3.0
Provisions	(190)	(325)	-41.5	(283)	-32.9
Associates	62	77	-19.5	81	-23.5
PBT	3,512	3,437	2.2	3,333	5.4
Net Profit	2,930	2,897	1.1	2,833	3.4
EPS (S cents)	104.8	102.8	1.9	100.0	4.8
DPS (S cents)	81.0	75.0	8.0	81.0	0.0
BVPS (S$)	24.38	23.81	2.4	25.20	-3.3
Financial Ratios (%)	2Q26	2Q25	yoy Chg (ppt)	1Q26	qoq Chg (ppt)
NIM	1.89	2.12	-0.23	1.93	-0.04
Loan Growth, yoy	4.0	2.4	1.6	3.3	0.8
Deposit Growth, yoy	9.4	5.2	4.2	8.6	0.8
Loan/Deposit Ratio	71.9	75.6	-3.7	72.9	-1.0
Cost/Income Ratio	38.7	37.5	1.2	44.5	-5.8
ROE	17.0	17.3	-0.3	13.5	3.5
NPL Ratio	1.0	1.1	-0.1	1.0	0.0
Credit Costs (bp)	16.7	29.6	-12.9	18.7	-2.0
Loan Loss Coverage	131	137	-6	130	1
CET-1 CAR	14.8	15.2	-0.4	15.0	-0.2

Source: DBS, UOB Kay Hian

Valuation/Recommendation

- **Management raised 2026 guidance.** DBS now expects 2026 total income to exceed 2025 levels (previously: around 2025 levels) and non-interest income growth to be in the mid-teens (previously: high single digit), led by wealth management. Group net interest income is likely to narrow the gap vs 2025 through continued balance sheet growth and proactive hedging. The bank targets to maintain cost discipline and a low-40% cost-income ratio. Specific provisions are expected to stay within 17-20bp.
- **DBS has set an ambitious new target** to grow its wealth AUM to above S$1t by 2030, reflecting management's confidence in the expansion of wealth across Asia and Singapore's position as a leading wealth hub. The bank aims to achieve in five years what previously took a decade. To support this growth, DBS plans to hire more than 600 relationship managers, advisers, and technology specialists, expand its wealth centre network across key Asian markets, and leverage AI to enhance client onboarding, personalised investment advice, and overall customer experience.
- **Building domestic presence in core markets.** DBS has anticipated the trend of domestication in wealth management. Thus, management plans to open 18 new wealth centres and upgrade 36 existing centres across six Asian markets, Singapore, Hong Kong, Mainland China, India, Indonesia, and Taiwan, by end-27. China has imposed individual income tax on assets transferred to and income generated by offshore trusts. DBS is less affected because it has always complied with existing regulations. It will continue to beef up its capacity and capabilities to service high-net-worth clients in Mainland China.
- **Maintain BUY.** Our target price of S$80.00 is based on 3.13x 2027F P/B, derived from the Gordon Growth Model (ROE: 16.3%, COE: 6.7%, growth: 2.2%).

Earnings Revision/Risk

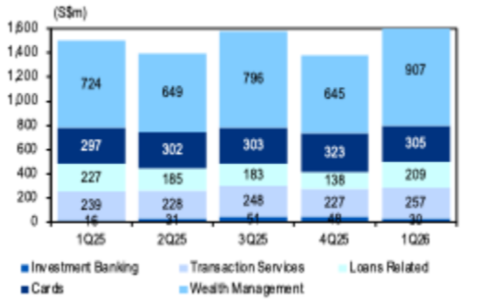
- We raised our net profit forecasts by 3.9% for 2026 and 3.5% for 2027 due to due to stable NIM starting 2H26 and higher non-interest income.

Key Assumptions

(S$m)	2024	2025	2026F	2027F	2028F
Net Interest Income	14,424	14,500	14,543	15,458	16,225
Non-Interest Income	7,873	8,400	9,497	9,869	10,395
Total Income	22,297	22,900	24,041	25,327	26,620
Pre-Provision Operating Profit	13,259	13,528	14,136	14,748	15,402
Net Profit	11,289	10,933	11,383	11,772	12,295
% Chg	12.2	(3.2)	4.1	3.4	4.4
Loan Growth (%)	3.4	3.3	7.5	4.5	4.5
NIM (%)	2.14	2.02	1.87	1.87	1.88
Fees, % Chg	23.2	17.5	16.6	8.9	8.4
NPL Ratio (%)	1.09	1.03	0.98	0.98	0.97
Credit Costs (bp)	14.0	17.8	15.2	17.1	17.1

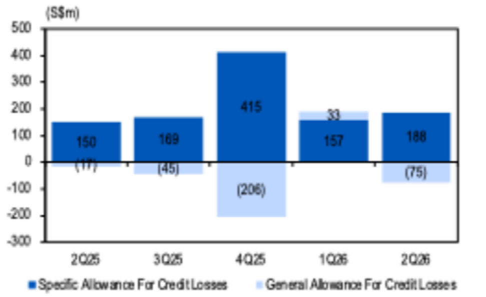
Source: UOB Kay Hian

Fee Income – Segmental Breakdown



Source: DBS

Total Allowance



Source: DBS

Profit & Loss

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Interest income	28,268	27,004	28,236	29,541
Interest expense	(13,768)	(12,460)	(12,778)	(13,315)
Net interest income	14,500	14,543	15,458	16,225
Fees & commissions	4,898	5,713	6,219	6,745
Other income	3,502	3,784	3,650	3,650
Non-interest income	8,400	9,497	9,869	10,395
Total income	22,900	24,041	25,327	26,620
Staff costs	(5,832)	(6,272)	(6,614)	(6,951)
Other operating expense	(3,540)	(3,632)	(3,965)	(4,267)
Pre-provision profit	13,528	14,136	14,748	15,402
Loan loss provision	(791)	(713)	(846)	(884)
Other provisions	0	0	0	0
Associated companies	262	268	281	295
Pre-tax profit	12,999	13,691	14,183	14,813
Tax	(2,066)	(2,308)	(2,411)	(2,518)
Minorities	0	0	0	0
Net profit	10,933	11,383	11,772	12,295
Net profit (adj.)	10,933	11,383	11,772	12,295

Balance Sheet

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Cash with central bank	55,844	47,307	49,717	52,250
Govt treasury bills & securities	107,361	113,815	119,613	125,707
Interbank loans	93,881	108,558	112,966	117,553
Customer loans	445,011	478,722	499,760	521,731
Investment securities	128,380	156,064	164,014	172,370
Derivative receivables	23,621	35,917	37,747	39,670
Associates & JVs	3,490	3,776	4,057	4,352
Fixed assets (incl. prop.)	3,486	3,808	3,808	3,808
Other assets	36,414	37,165	34,067	32,392
Total assets	897,488	985,132	1,025,749	1,069,832
Interbank deposits	79,295	96,368	100,281	104,353
Customer deposits	610,023	651,031	677,465	704,973
Derivative payables	23,197	33,022	34,705	36,473
Debt equivalents	79,551	88,576	93,088	97,830
Other liabilities	36,506	45,203	47,506	49,926
Total liabilities	828,572	914,200	953,045	993,555
Shareholders' funds	68,867	70,881	72,653	76,225
Minority interest - accumulated	49	51	51	51
Total equity & liabilities	897,488	985,132	1,025,749	1,069,832

Operating Ratios

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Capital Adequacy				
Tier-1 CAR	17.0	16.4	16.1	16.2
Total CAR	17.9	17.0	16.7	16.7
Total assets/equity (x)	13.0	13.9	14.1	14.0
Tangible assets/tangible common equity (x)	14.2	15.2	15.4	15.2
Asset Quality				
NPL ratio	1.0	1.0	1.0	1.0
Loan loss coverage	129.7	129.0	136.5	144.2
Loan loss reserve/gross loans	1.3	1.3	1.3	1.4
Increase in NPLs	(3.2)	3.1	4.0	3.9
Credit cost (bp)	17.8	15.2	17.1	17.1
Liquidity				
Loan/deposit ratio	72.9	73.5	73.8	74.0
Liquid assets/short-term liabilities	37.3	36.1	36.3	36.5
Liquid assets/total assets	28.6	27.4	27.5	27.6

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Growth				
Net interest income, yoy chg	0.5	0.3	6.3	5.0
Fees & commissions, yoy chg	17.5	16.6	8.9	8.4
Pre-provision profit, yoy chg	2.0	4.5	4.3	4.4
Net profit, yoy chg	(3.2)	4.1	3.4	4.4
Net profit (adj.), yoy chg	(3.3)	4.1	3.4	4.4
Customer loans, yoy chg	3.3	7.6	4.4	4.4
Customer deposits, yoy chg	8.6	6.7	4.1	4.1
Profitability				
Net interest margin	2.0	1.9	1.9	1.9
Cost/income ratio	40.9	41.2	41.8	42.1
Adjusted ROA	1.3	1.2	1.2	1.2
Reported ROE	15.9	16.3	16.6	16.9
Adjusted ROE	15.9	16.3	16.6	16.9
Valuation				
P/BV (x)	3.1	3.0	2.9	2.8
P/NTA (x)	3.4	3.3	3.2	3.0
Adjusted P/E (x)	19.5	18.7	18.1	17.3
Dividend Yield	4.1	4.4	4.6	3.8
Payout ratio	79.4	82.3	83.9	66.5

Singapore Exchange (SGX SP)

FY26: Core Earnings Slightly Above Expectations; Outlook Remains Positive But Reflected By Rich Valuation

HOLD (Maintained)	
Share Price	S$24.32
Target Price	S$23.40
Upside	-3.8%
Previous TP	S$21.70

Analyst(s)
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Highlights

- SGX's FY26 core net profit of S$759.5m (+24.6% yoy) came in slightly above our expectations, driven by tight cost control and lower associate losses. SGX saw upbeat trading activities across all business segments.
- Upbeat FY27 outlook: The cash equity business is expected to be bolstered by various initiatives such as the EQDP, and the derivative business would be driven by risk management demand amid macro/geopolitical uncertainties.
- However, positives are likely priced in. Maintain HOLD; target price: S$23.40.

FY26 Results

Year to 30 Jun (S$m)	2HFY26	2HFY25	% chg yoy	FY26	FY25	% chg yoy
Net revenue	782.9	651.8	20.1	1,478.3	1,298.2	13.9
- FICC	197.3	162.5	21.4	376.2	321.6	17.0
- Cash equities	279.0	200.1	39.4	502.9	392.7	28.1
- equities derivatives	177.1	168.5	5.1	344.5	345.9	-0.4
- Platform and others	129.5	120.7	7.3	254.7	238.0	7.0
Net revenue excl. treasury inc.	706.5	589.4	19.9	1,343.1	1,167.4	15.1
Treasury income	76.4	62.4	22.5	135.2	130.8	3.4
Operating profit	462.6	359.6	28.6	887.2	742.8	19.4
Adj. op profit	477.3	366.3	30.3	905.7	755.4	19.9
Headline net profit	355.7	308.0	15.5	698.4	648.0	7.8
Adj. net profit	402.1	289.4	39.0	759.5	609.5	24.6
Margin (%)						
Adj. op profit	61.0	56.2	4.8ppt	61.3	58.2	3.1ppt
Adj. net profit	51.4	44.4	7.0ppt	51.4	47.0	4.4ppt

Source: SGX, UOB Kay Hian

Analysis

- **FY26 core earnings slightly above expectations.** Singapore Exchange's (SGX) FY26 reported net profit of S$698.4m (+7.8% yoy) was impacted by several one-off items such as impairment losses and investment gains. Excluding these one-off items, core net profit of S$759.5m (+24.6% yoy) slightly beat our estimate by 2.8%. The beat was mainly due to: a) slightly better-than-expected cost control, and b) yoy lower loss contribution from associates. Net revenue (ie excluding transaction-based expenses) rose 13.9% yoy to S$1.48b, driven by growths in: a) fixed income, currencies and commodities (FICC, +17.0% yoy); b) cash equities (+28.1% yoy); and c) platform and other services (+7.0% yoy) segments, but partly offset by a marginal decline in the equity derivatives business (-0.4%).

Key Financials

Year to 30 Jun (S$m)	2025	2026	2027F	2028F	2029F
Net turnover	1,298	1,478	1,653	1,726	1,790
EBITDA	828	969	1,114	1,160	1,195
Operating profit	743	887	1,032	1,076	1,109
Net profit (rep./act.)	648	698	860	896	923
Net profit (adj.)	610	759	860	896	923
EPS (S$ cent)	56.7	70.6	80.0	83.4	85.9
PE (x)	42.9	34.4	30.4	29.2	28.3
P/B (x)	11.8	11.4	9.9	8.8	7.9
EV/EBITDA (x)	30.7	26.2	22.8	21.9	21.3
Dividend yield (%)	1.5	2.3	2.0	2.2	2.3
Net margin (%)	49.9	47.2	52.0	51.9	51.6
Net debt/(cash) to equity (%)	(69.6)	(67.9)	(69.2)	(72.6)	(75.5)
ROE (%)	31.2	31.1	35.0	32.0	29.5
Consensus net profit (S$m)	-	-	825	902	
UOBKH/Consensus (x)	-	-	1.04	0.99	

Source: SGX, Bloomberg, UOB Kay Hian

Stock Data

GICS sector	Financials
Bloomberg ticker	SGX SP
Shares issued (m)	1,068.6
Market cap (S$m)	25,988.8
Market cap (US$m)	20,273.6
3-mth avg daily t'over	49.0

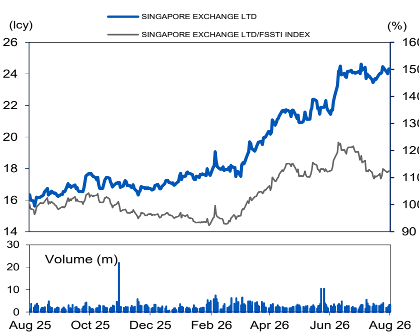
Price Performance (%)

52-week high/low: S$24.73/S$15.62

1mth	3mth	6mth	1yr	YTD
0.7	13.7	38.4	49.4	43.4

Major Shareholders	**%**
Nil	-

Price Chart



Source: Bloomberg

Company Description

Asia's leading multi-asset exchange and market infrastructure provider, serving as a gateway connecting global investors to Asian markets through capital raising, risk management, and cross-border investment solutions.

- **Disciplined cost management.** SGX's adjusted operated expenses (ie excluding one-off items) rose 5.5% yoy in FY26, slower than the revenue growth of 13.9%, demonstrating the group's disciplined cost management. As a result, SGX's core operating profit jumped 19.9% yoy, with its core operating margin improving 3.1ppt yoy to 61.3%.
- **Strong trading volume across major products.** For cash equity, securities daily average value (SDAV) expanded 34.9% yoy to S$1.8b (FY25: S$1.3b), reflecting stronger investor interest and increased investment flows, with total securities traded value rising 35.5% to S$456b in FY26. For FICC, total contract volume rose 26.0% to 176.5m, driven by strong growth in currency (+30.8% yoy), iron ore (+22.4% yoy), and freight (+19.6% yoy) derivatives. For the equity derivative business, contract volume rose 6.4% yoy in FY26, to 187.0m, as trading activities for FTSE China A50, GIFT Nifty 50, FTSE Taiwan and MSCI Singapore index futures contracts all picked up in 2HFY26.
- **Declared final dividend of 11.5 S cents plus one-off additional dividend of 12.5 S cents.** The 11.5 cents final dividend was in line with the company's guided policy. In addition, SGX declared another one-time additional dividend of 12.5 S cents out of its capital recycling gains. All in, 4QFY26 dividends amount to 24.0 S cents, bringing total FY26 dividends to 57.0 S cents, or an 87% payout ratio.
- **Upbeat outlook guidance.** We remain constructive on SGX's outlook and expect broad-based growth across both its equities and derivatives businesses. On the cash equity side, improving market liquidity, a strong IPO pipeline (with about 50 deals across various stages) and continued support from the Equity Market Development Programme (EQDP) should underpin higher securities trading activity, while ongoing market structure reforms and initiatives such as the Global Listing Board are expected to strengthen Singapore's capital market ecosystem over the medium term.
- On the derivatives side, structural growth remains intact, supported by rising global adoption of SGX's forex and commodity derivatives, increasing T+1 trading volumes and continued product innovation. We also expect new initiatives, including gold-related products, expansion of the OTC clearing franchise and strategic index partnerships, to provide additional growth avenues. Overall, management remains confident of delivering its medium-term guidance of 6-8% revenue growth (excluding treasury income) while maintaining disciplined cost management and shareholder returns.
- Management guides for SGX's operating expenses to grow by 6-8% in FY27; this is slower than our 11.8% revenue growth projection for FY27.

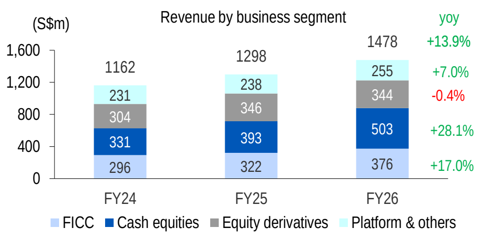
Earnings Revision/Risk

- **Raise our FY27-28 earnings estimates by 4-5%** to S$860m and S$896m, respectively, as we fine-tune our projections to reflect: a) improved trading momentum in recent months, and b) favourable operating leverages. Our FY27 core earnings estimate implies a 13.2% yoy growth.
- **Key risks:** Weaker-than-expected trading activities.

Valuation/Recommendation

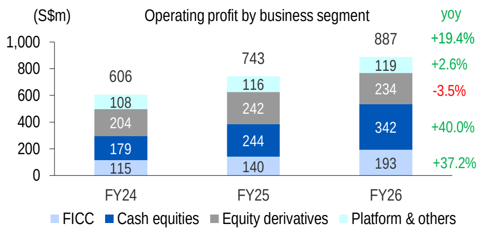
- **Maintain HOLD with a higher target price of S$23.40.** Our updated target price is now based on 27.9x FY28F PE, pegged to 2SD above historical mean PE of 22.5x. The +2SD peg reflects SGX's upbeat earnings growth outlook and its unique valuation proposition being a beneficiary of both Singapore's equity market development initiatives and heightened macro and geopolitical uncertainties. While we see no de-rating catalyst for SGX in the near term, we think positives for the company should have been well digested by the market and hence likely been priced in. In addition, SGX's FY28F PE of 29.0x is also a premium over its global peers which are mostly trading at 20-26x. As such, we will seek a better entry point to invest in SGX.

Revenue By Business Segment



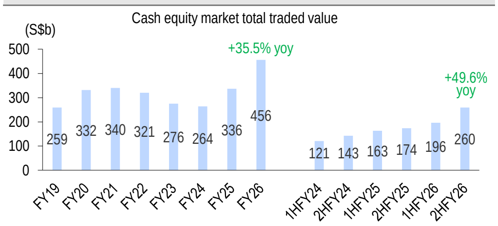
Source: SGX

Operating Profit By Business Segment



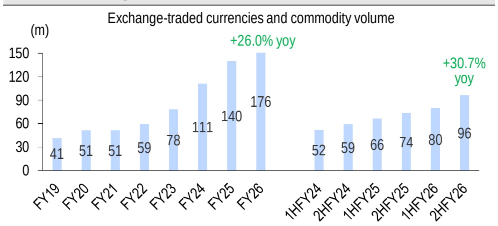
Source: SGX

Cash Equity Market Total Traded Value



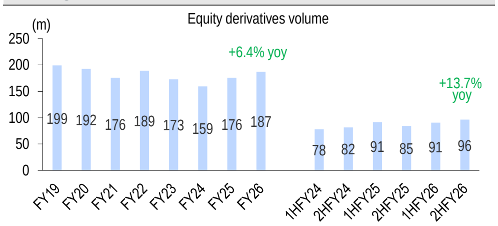
Source: SGX

Exchange-Traded Currency And Commodity Contract Volume



Source: SGX

Equity Derivatives Contract Volume



Source: SGX

P/E Valuation

		FY27F	FY28F	FY29F
Adjusted EPS		0.805	0.838	0.864
PE peg			Target price	
-2SD	17.1x	13.72	14.29	14.73
-1SD	19.8x	15.91	16.57	17.08
Mean	22.5x	18.09	18.85	19.42
+1SD	25.2x	20.28	21.12	21.77
+2SD	27.9x	22.46	23.40	24.11

Source: UOB Kay Hian

Profit & Loss

Year to 30 Jun (S$m)	2026	2027F	2028F	2029F
Net turnover	1,478	1,653	1,726	1,790
EBITDA	969	1,114	1,160	1,195
Deprec. & amort.	82	82	84	86
EBIT	887	1,032	1,076	1,109
Total other non-operating income	(18)	25	25	25
Associate contributions	(10)	(7)	(7)	(7)
Pre-tax profit	0	0	0	0
Tax	858	1,050	1,094	1,127
Minorities	(160)	(190)	(198)	(204)
Net profit	0	0	0	0
Net profit (adj.)	698	860	896	923

Balance Sheet

Year to 30 Jun (S$m)	2026	2027F	2028F	2029F
Fixed assets	210	223	234	241
Other LT assets	1,488	1,481	1,474	1,467
Cash/ST investment	942	1,207	1,538	1,868
Other current assets	1,660	1,786	1,838	1,884
Total assets	4,299	4,696	5,084	5,461
ST debt	0	0	0	0
Other current liabilities	1,277	1,332	1,386	1,443
LT debt	623	623	623	623
Other LT liabilities	111	111	111	111
Shareholders' equity	2,288	2,630	2,964	3,284
Minority interest	0	0	0	0
Total liabilities & equity	4,299	4,696	5,084	5,461

Cash Flow

Year to 30 Jun (S$m)	2026	2027F	2028F	2029F
Operating	727	878	988	1,027
Pre-tax profit	869	1,057	1,101	1,134
Tax	(160)	(190)	(198)	(204)
Deprec. & amort.	82	82	84	86
Associates	0	0	0	0
Working capital changes	(64)	(71)	1	11
Non-cash items	0	0	0	0
Other operating cashflows	0	0	0	0
Investing	(95)	(95)	(95)	(94)
Capex	(95)	(95)	(95)	(94)
Investments	0	0	0	0
Proceeds from sale of assets	0	0	0	0
Others	0	0	0	0
Financing	(610)	(518)	(561)	(604)
Dividend payments	(610)	(518)	(561)	(604)
Proceeds from borrowings	0	0	0	0
Loan repayment	0	0	0	0
Others/interest paid	0	0	0	0
Net cash inflow (outflow)	22	265	332	330
Beginning cash & cash equivalent	919	942	1,207	1,538
Changes due to forex impact	0	0	0	0
Ending cash & cash equivalent	942	1,207	1,538	1,868

Key Metrics

Year to 30 Jun (%)	2026	2027F	2028F	2029F
Profitability				
EBITDA margin	65.6	67.4	67.2	66.8
Pre-tax margin	58.1	63.5	63.4	63.0
Net margin	47.2	52.0	51.9	51.6
ROA	16.5	19.1	18.3	17.5
ROE	31.1	35.0	32.0	29.5
Growth				
Turnover	13.9	11.8	4.4	3.7
EBITDA	17.1	14.9	4.1	3.1
Pre-tax profit	9.2	22.3	4.2	3.0
Net profit	7.8	23.1	4.2	3.1
Net profit (adj.)	24.6	13.2	4.2	3.1
EPS	24.5	13.3	4.2	3.1
Leverage				
Debt to total capital	21.4	19.1	17.4	15.9
Debt to equity	27.2	23.7	21.0	19.0
Net debt/(cash) to equity	(67.9)	(69.2)	(72.6)	(75.5)

Venture Corporation (VMS SP)

1H26: Momentum Supported By Demand For AI-related Infrastructure

Highlights

- VMS' 1H26 PATMI of S$119.3m formed 50% of our full-year forecast, in line with expectations, supported by an improving business momentum.
- Strong AI infrastructure demand drives growth, with Portfolio B rising S$102m yoy. This was partially offset by a S$21m yoy decline in Portfolio A.
- Maintain BUY with a 2.2% higher target price of S$21.10, pegged to 23.7x 2027F PE or 3.0SD above VMS' long-term historical mean.

1H26 Results

Year to 31 Dec (S$m)	2Q26	2Q25	yoy % chg	1H26	1H25	yoy % chg
Revenue	726.2	645.3	12.5	1,354.7	1,261.9	7.4
Net profit	63.0	57.4	9.7	119.3	113.0	5.6
Net margin (%)	8.7	8.9	(0.2ppt)	8.8	9.0	(0.2ppt)

Source: VMS, UOB Kay Hian

Analysis

- **Results in line.** Venture Corporation's (VMS) 1H26 revenue rose 7.4% yoy to S$1,354.7m, while PATMI grew 5.6% yoy to S$119.3m, accounting for 51%/ 50% of our full-year forecasts respectively, in line with expectations. Growth was driven largely by VMS' portfolio B. Net margin declined but remained stable at 8.8% (1H25: 9.0%). Encouragingly, revenue growth accelerated to 12.5% yoy in 2Q26 compared with 1.9% yoy in 1Q26, indicating that the recovery gained momentum.
- **AI, data centre and semiconductor demand drove growth.** Growth was driven by Portfolio B, which recorded a S$102m increase (25.7% yoy) driven by higher demand for AI-related infrastructure as VMS secured additional business across multiple end markets. This more than offsets the S$21m decline in Portfolio A (-8.5% yoy), mainly due to lower replacement volumes in the lifestyle consumer segment.
- **Higher ordinary dividend declared.** VMS declared an interim ordinary dividend of 30 S cents in 1H26 (+20% yoy), representing a payout ratio of around 72% of 1H26 PATMI. Management incorporated last year's special dividend into the ordinary dividend, reflecting improved financial performance and its commitment to sustainable shareholder returns. VMS has also repurchased about S$46m of shares under its share buyback plan to date.

Key Financials

Year to 31 Dec (S$m)	2024	2025	2026F	2027F	2028F
Net turnover	2,736	2,535	2,669	2,802	2,942
EBITDA	294	277	290	303	314
Operating profit	261	243	263	277	290
Net profit (rep./act.)	245	227	244	256	266
Net profit (adj.)	245	227	244	256	266
EPS (S$ cent)	84.8	78.9	84.9	89.0	92.4
PE (x)	19.1	20.5	19.1	18.2	17.5
P/B (x)	1.6	1.7	1.7	1.6	1.6
EV/EBITDA (x)	11.5	12.2	11.7	11.2	10.8
Dividend yield (%)	4.6	4.9	4.9	4.9	4.9
Net margin (%)	9.0	9.0	9.2	9.1	9.0
Net debt/(cash) to equity (%)	(45.6)	(46.0)	(45.4)	(44.1)	(42.9)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.	n.a.
ROE (%)	8.6	8.0	8.7	9.0	9.3
Consensus net profit (S$m)	-	-	244	259	273
UOBKH/Consensus (x)	-	-	1.00	0.99	0.97

Source: VMS, Bloomberg, UOB Kay Hian

BUY (Maintained)

Share Price	S$16.21
Target Price	S$21.10
Upside	+30.2%
Previous TP	S$20.65

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Stock Data

GICS Sector	Information Technology
Bloomberg ticker	VMS SP
Shares issued (m)	287.3
Market cap (S$m)	4,657.5
Market cap (US$m)	3,633.3
3-mth avg daily t'over (US$m)	12.2

Price Performance (%)

52-week high/low S$17.1/S$10.88

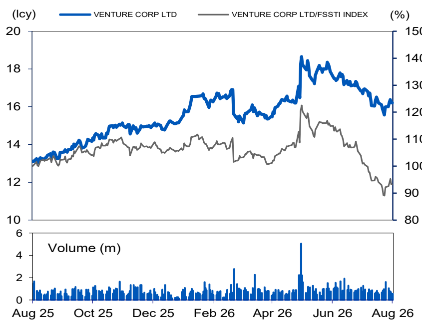
1mth	3mth	6mth	1yr	YTD
(3.7)	(11.3)	(0.3)	27.4	7.1

Major Shareholders	%
Silchester Int'l Investors	7.95
Wong Ngit Liong	7.22
Ameriprice Financial	6.97

Balance Sheet Metrics

FY26 NAV/Share (S$)	9.81
FY26 Net Cash/Share (S$)	4.46

Price Chart



Source: Bloomberg

Company Description

Venture Corporation is a leading global electronics services provider. It provides technology solutions, products and services over a diversified range of high-mix, high-value and complex products.

Stock Impact

- **Fortress balance sheet provides flexibility for growth.** VMS maintained a robust net cash position of S$1.1b with zero debt as at end-1H26, even after dividend payments, share buybacks and a higher inventory position. Its strong balance sheet provides capacity to support working-capital requirements, fund investments in new opportunities and maintain shareholder distributions.
- **Growth opportunities are gaining traction.** Management indicated that the growth initiatives introduced earlier in the year are beginning to gain traction, supported by continued demand in networking & communications and semiconductor related equipment. VMS continues to invest across multiple technology domains and deepened strategic partnerships with customers on technology development, supporting a broader and more sustainable long-term growth pipeline.

Valuation/Recommendation

- **Maintain BUY with a 2.2% higher target price of S$21.10 (S$20.65 previously),** following our earnings revision and pegged to an unchanged 23.7x 2027F PE or 3SD above VMS' historical mean**.** The raised valuation multiple peg reflects stronger conviction in its earnings visibility, balance sheet strength and upcoming growth drivers. Currently, VMS is trading at around 18x 2027F PE (15% discount to peers) and offers a decent dividend yield of around 5%.

Earnings Revision/Risk

- We raised our 2026/27 revenue and earnings forecasts by 0.3%/0.3% and 2.5%/2.0% respectively as management reflected stronger business growth and improved momentum across multiple technology domains.

Share Price Catalyst

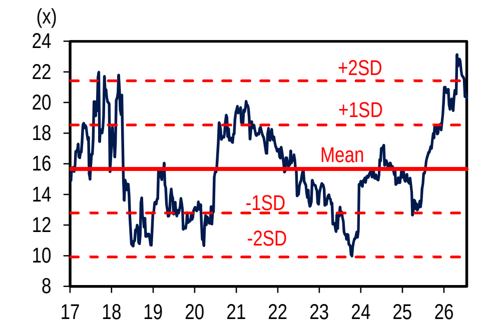
- Positive surprise in future revenue guidance and winning of more new customers.

Portfolios A And B

Portfolio A
1. Life science, genomics, molecular diagnostics and related materials technology
2. Medical devices and equipment
3. Healthcare & wellness technology, lifestyle consumer tech, health improvement products
Portfolio B
4. Instrumentation, test & measurement technology
5. Networking & communications, security & safety, building automation, industrial IOT
6. Advanced payment systems
7. Advanced industrial technology, computing & productivity systems, printing & imaging, related components technology and others

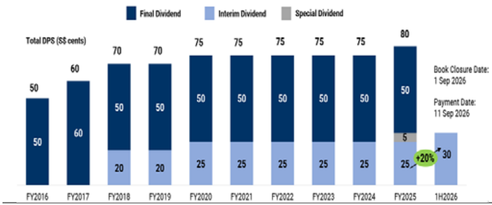
Source: VMS

Long-term Historical PE Band



Source: Bloomberg, UOB Kay Hian

Dividend Track Record



Source: VMS, UOB Kay Hian

Profit & Loss

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Net turnover	2,534.5	2,668.8	2,802.3	2,942.4
EBITDA	277.2	289.5	302.9	313.8
Deprec. & amort.	33.9	26.8	25.5	24.3
EBIT	243.3	262.7	277.4	289.5
Total other non-operating income	2.8	5.0	5.0	5.0
Associate contributions	0.2	0.2	0.2	0.2
Net interest income/(expense)	38.1	38.1	38.1	38.1
Pre-tax profit	284.4	306.1	320.7	332.9
Tax	(56.8)	(61.1)	(64.0)	(66.4)
Minorities	(0.7)	(0.7)	(0.7)	(0.7)
Net profit	227.0	244.3	256.0	265.7
Net profit (adj.)	227.0	244.3	256.0	265.7

Balance Sheet

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Fixed assets	244.2	252.8	262.7	273.8
Other LT assets	716.3	716.2	716.0	715.8
Cash/ST investment	1,283.6	1,281.8	1,256.1	1,236.8
Other current assets	1,358.1	1,302.6	1,364.3	1,429.1
Total assets	3,602.2	3,553.3	3,599.1	3,655.6
ST debt	0.0	0.0	0.0	0.0
Other current liabilities	791.6	713.4	732.7	753.0
LT debt	0.0	0.0	0.0	0.0
Other LT liabilities	12.8	12.8	12.8	12.8
Shareholders' equity	2,792.7	2,821.2	2,847.1	2,882.7
Minority interest	5.1	5.8	6.4	7.1
Total liabilities & equity	3,602.2	3,553.3	3,599.1	3,655.6

Cash Flow

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Operating	251.5	209.9	200.4	206.8
Pre-tax profit	284.4	306.1	320.7	332.9
Tax	(53.4)	(61.1)	(64.0)	(66.4)
Deprec. & amort.	33.9	26.8	25.5	24.3
Associates	(0.2)	(0.2)	(0.2)	(0.2)
Working capital changes	26.9	(22.6)	(42.4)	(44.6)
Non-cash items	(0.7)	0.0	0.0	0.0
Other operating cashflows	(39.4)	(39.1)	(39.1)	(39.1)
Investing	16.9	4.1	4.1	4.1
Capex (growth)	(25.2)	(35.0)	(35.0)	(35.0)
Investment	(2.8)	0.0	0.0	0.0
Proceeds from sale of assets	0.1	0.0	0.0	0.0
Others	44.9	39.1	39.1	39.1
Financing	(261.0)	(215.8)	(230.2)	(230.2)
Dividend payments	(230.2)	(215.8)	(230.2)	(230.2)
Proceeds from borrowings	0.0	0.0	0.0	0.0
Loan repayment	0.0	0.0	0.0	0.0
Others/interest paid	(30.9)	0.0	0.0	0.0
Net cash inflow (outflow)	7.4	(1.8)	(25.6)	(19.3)
Beginning cash & cash equivalent	1,316.7	1,283.6	1,281.8	1,256.1
Changes due to forex impact	(40.6)	0.0	0.0	0.0
Ending cash & cash equivalent	1,283.6	1,281.8	1,256.1	1,236.8

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	10.9	10.8	10.8	10.7
Pre-tax margin	11.2	11.5	11.4	11.3
Net margin	9.0	9.2	9.1	9.0
ROA	6.2	6.8	7.2	7.3
ROE	8.0	8.7	9.0	9.3
Growth				
Turnover	(7.4)	5.3	5.0	5.0
EBITDA	(5.7)	4.5	4.6	3.6
Pre-tax profit	(7.2)	7.6	4.8	3.8
Net profit	(7.4)	7.6	4.8	3.8
Net profit (adj.)	(7.4)	7.6	4.8	3.8
EPS	(6.9)	7.6	4.8	3.8
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	(46.0)	(45.4)	(44.1)	(42.9)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.

MARKET SPOTLIGHT

Market News

US stocks were lower on Thursday, as industrials, real estate and materials sectors led shares lower. At the close of the NYSE, the Dow Jones fell 0.85% while the S&P 500 index was down 0.18%, and the NASDAQ Composite index slid 0.06%. Falling stocks outnumbered advancing ones on the NYSE by 1,691 to 1,064 and 86 ended unchanged; on the Nasdaq Stock Exchange, 2,821 declined and 2,035 advanced, while 168 ended unchanged.

During the last trading session, the FSSTI index rose 57.62pt to 5,638.99. Among the top active stocks were Singtel (-0.2%), Seatrium (-1.4%), DBS (+2.1%), SIA (+0.1%) and UMS (-2.8%). The FTSE ST Mid Cap index fell 0.5%, while the FTSE ST Small Cap Index slid 0.9%. The broader market had 239 gainers and 338 losers with a total trading value of S$2.09b.

Soon Hock Enterprise (SHOCK SP)

Trading buy range: S$0.575-0.580
Last price: S$0.580
Target price: S$0.625
Protective stop: S$0.565

Price has staged a technical bounce off its previous low support zone. The RSI is curving upward towards its neutral 50-midline. This favours an upward price trajectory toward key overhead resistance levels provided this foundational support zone remains defended.

The potential upside target is S$0.625. Stop-loss could be placed at S$0.565.

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$0.71.

Frencken Group (FRKN SP)

Trading sell range: S$2.56-2.57
Last price: S$2.55
Target price: S$2.16
Protective stop: S$2.74

Price has encountered decisive supply at its overhead resistance zone, signalling an immediate pause to the upward trajectory following the print of a shooting star candlestick pattern. The RSI has breached its neutral 50-midline to fall into sub-50 territory. This implies further downward price trajectory toward lower structural support shelves.

The potential downside target is S$2.16. Stop-loss could be placed at S$2.74.

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$3.30.

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