UOBKayHian

Country Daily | Singapore

Wednesday, 09 September 2026

Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	52,786.1	(1.2)	(0.8)	(2.3)	9.8
S&P 500	7,673.5	(0.6)	(0.2)	(1.1)	12.1
FTSE 100	10,811.7	(0.1)	0.2	(0.8)	8.9
AS30	9,114.3	(0.9)	(1.6)	(3.5)	1.1
CSI 300	4,558.7	(0.4)	(1.1)	(2.9)	(1.5)
FSSTI	5,767.5	(0.4)	1.0	1.2	24.1
HSCEI	8,397.3	(0.4)	(0.8)	(1.6)	(5.8)
HSI	25,317.2	(0.4)	(0.0)	(1.4)	(1.2)
JCI	6,686.4	1.0	1.3	4.3	(22.7)
KLCI	1,714.4	(0.0)	0.8	(1.2)	2.0
KOSPI	6,954.5	(0.6)	1.7	11.1	65.0
Nikkei 225	65,269.3	(1.7)	(1.4)	(0.5)	29.7
SET	1,621.9	0.2	2.1	0.6	28.8
TWSE	47,105.8	(0.5)	0.3	6.5	62.6
BDI	3,575.0	(1.5)	13.2	15.7	90.5
CPO (RM/mt)	4,659.5	0.7	1.1	3.3	18.5
Brent Crude (US$/bbl)	97.9	0.9	3.5	17.2	60.9

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
Analyst Marketing by Julia Pan on Greater China Internet Sector	Malaysia	09 Sep	11 Sep
17th Asian Gems Conference 2026 (Virtual)	Singapore	22 Sep	23 Sep
Post-results NDR with Sunny Optical (2382 HK)	Taipei	22 Sep	23 Sep

Corporate and Macro Calendar

Economic Indicator/Event	Date
6-Month T-Bill Auction	10 Sep
MAS 12-Week Bill Auction	15 Sep
MAS 36-Week Bill Auction	15 Sep
MAS 4-Week Bill Auction	15 Sep

Top Stories

Company Results | Delfi (DELFI SP/**BUY**/S$0.76/Target: S$0.98)

Page 2 →

- Cocoa prices and forex remain near-term constraints. We remain hopeful that easing input costs and established brand strength could support a recovery in 2027. Delfi reported 1H26 earnings of US$13m (+5% yoy) amid a challenging environment, below our estimate. Maintain BUY with a 42% lower target price of S$0.98, pegged to 17x 2027F PE, based on the historical mean.

Market Spotlight

Page 5 →

- US stocks were lower on Tuesday, with all three major indexes declining as the healthcare, financials and materials sectors fell. There were more decliners than advancers on both the NYSE and the Nasdaq.
- The FSSTI fell 24.83pt to 5,767.45, on the back of weakness in DBS, Singtel and OCBC Bank, with mid-cap indices falling while small-cap indices rose with a broad market decline on S$1.65b turnover.

Technical Analysis

Jardine Cycle & Carriage (JCNC SP)

Page 6 →

- Trading Sell Range: S$27.52-27.53

Singapore Exchange (SGX SP)

Page 6 →

- Trading Sell Range: S$24.94-24.95

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.

Delfi (DELFI SP)

1H26: Notable Performance Amid Multiple Challenges

Highlights

- Cocoa prices and forex remain near-term constraints. We hope easing input costs and established brand strength could support a recovery in 2027.
- Delfi reported 1H26 earnings growth of 5% yoy despite operating in an environment of elevated raw material costs and weak currencies. Revenue was in line with our expectation, but earnings were below our estimates.
- Maintain BUY with a 42% lower target price of S$0.98, pegged to 17x 2027F PE, based on the historical mean.

1H26 Results

Year to 31 Dec			
(US$m)	1H26	1H25	yoy % chg
Revenue	266.6	259.6	2.7
Gross profit	68.5	71.5	(4.1)
Gross profit margin (%)	25.7	27.5	(1.8ppt)
Core PATMI	12.9	12.2	5.4
Core PATMI margin (%)	4.8	4.7	0.1ppt

Source: Delfi, UOB Kay Hian

Analysis

- **1H26 earnings missed due to weak rupiah and elevated cocoa prices.** Delfi reported 1H26 revenue of US$266.6m (+2.7% yoy) and PATMI of US$12.9m (+5.4% yoy), forming 52% and 44% of our 2026 full-year forecasts respectively. Growth was driven by resilient own brands demand and strong growth in regional markets, partly offset by weaker agency brands' sales following the termination of an agency account. However, elevated raw material costs and weaker regional currencies continued to weigh on profitability, with gross margin declining to 25.7% (1H25: 27.5%).
- **Own brands strength remains a key growth driver.** Own brands accounted for around 65% of group sales, and delivered 13.3% yoy growth in 1H26, supported by resilient underlying demand despite lower promotional spending in Indonesia and strong performance in the Philippines. This helped offset a 12.4% decline in agency brands following the termination of an agency account in 3Q26. Given that own brands typically carry higher margins and allow for greater control over pricing and product mix, this stable revenue base positions Delfi well to benefit as input cost pressures ease.

Key Financials

Year to 31 Dec (US$m)	2024	2025	2026F	2027F	2028F
Net turnover	503	500	510	523	537
EBITDA	63	62	47	53	59
Operating profit	51	49	35	41	47
Net profit (rep./act.)	34	33	24	28	32
Net profit (adj.)	32	26	24	28	32
EPS (US$ cent)	5.3	4.2	3.9	4.5	5.2
PE (x)	11.4	14.2	15.4	13.3	11.5
P/B (x)	1.4	1.3	1.3	1.2	1.1
EV/EBITDA (x)	4.7	4.7	6.2	5.6	5.0
Dividend yield (%)	5.4	4.5	3.2	3.8	4.4
Net margin (%)	6.8	6.6	4.7	5.3	6.0
Net debt/(cash) to equity (%)	(7.2)	(19.1)	(24.9)	(27.8)	(30.7)
Interest cover (x)	44.5	61.0	46.6	51.6	57.7
ROE (%)	12.8	12.2	8.4	9.2	10.2
Consensus net profit (US$m)	-	-	29	31	34
UOBKH/Consensus (x)	-	-	0.82	0.88	0.94

Source: Delfi, Bloomberg, UOB Kay Hian

Analyst(s)

Shaina Kamlesh Mahtani
shainamahtani@uobkh.com
+65 6590 6633

Tang Kai Jie
kaijietang@uobkh.com
+65 6590 6624

BUY (Maintained)

Share Price	S$0.76
Target Price	S$0.98
Upside	+28.9%
Previous TP	S$1.68

Stock Data

GICS sector	Consumer Staples
Bloomberg ticker:	DELFI SP
Shares issued (m):	611.2
Market Cap (S$m):	464.5
Market cap (US$m):	366.8
3-mth avg t'over (US$m):	0.4

Price Performance (%)

52-week high/low				S$1.25/S$0.745
1mth	3mth	6mth	1yr	YTD
(12.6)	(16.9)	(22.8)	0.7	(5.6)

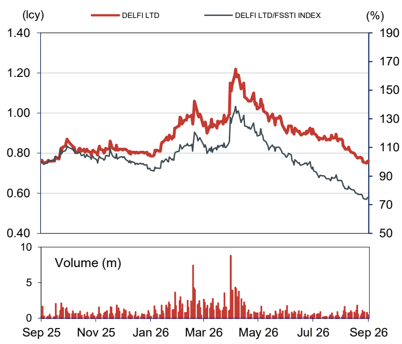
Major Shareholders (%)

John Chuang	52.31

Balance Sheet Metrics

FY26 NAV/Share (US$)	0.48
FY26 Net Cash/ Share (US$)	0.12

Price Chart



Source: Bloomberg

Company Description

Delfi manufactures, markets and distributes chocolate confectionery products. The company offers a broad range of chocolate and sugar confectionery products such as moulded chocolates, dragees, enrobed wafers, and biscuits, and an increasing number of healthy snacks.

- **Cash position remains healthy; 1.05 US cent interim dividend declared.** Delfi ended 1H26 with US$63.3m in cash, after funding US$3.8m of capital expenditures and US$10.5m of dividend payments. The group generated US$14.0m in operating cash flow and US10.1m in free cash flow during the period, providing sufficient flexibility to fund ongoing investments while returning capital to shareholders. An interim dividend of 1.05 US cents was declared, translating to a 50% payout ratio.
- **Cocoa and geopolitical volatility remain key near-term risks.** While cocoa prices have eased from their peaks on expectations of improving supply, they could stay volatile amid potential El Nino-related crop disruption. The ongoing Middle East conflict may also place upward pressure on energy, currency and other operating costs. Delfi is mitigating these risks through proactive material purchases, while continuing to invest in its core brands, product innovation and manufacturing efficiencies to support demand and protect its market position.

Valuation/Recommendation

- **Maintain BUY with a 42% lower target price of S$0.98 (S$1.68 previously),** pegged to a lower 17x 2027F PE, in line with Delfi's historical mean, compared with 25.5x previously (+0.5SD above mean). The lower valuation multiple reflects a more cautious margin recovery outlook amid persistent raw material cost pressures and forex volatility. At the current share price of S$0.76, our revised target price still implies around 28.9% upside.

Earnings Revision/Risk

- **We lower our 2026/27/28 earnings forecasts by 18%/12%/6% respectively to US$23.8m/US$27.4m/US$32.0m,** mainly to reflect a more gradual gross margin recovery amid elevated raw material costs and currency headwinds. We also trim our 2026/27/28 revenue forecasts by around 1% each to US$509.9m/US$523.0m/US$536.7m, reflecting a more conservative top-line outlook and softer 2H26 expectations.

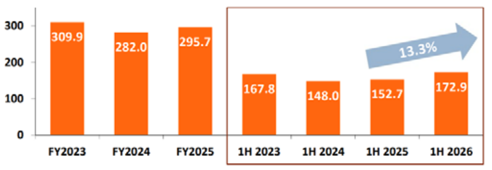
Share Price Catalyst

- Better-than-expected margins from easing commodity prices.
- Stronger Indonesian rupiah against the US dollar.
- Successful premiumisation or diversification of product offerings.

Cocoa Futures, US$/tonne (2022-present)

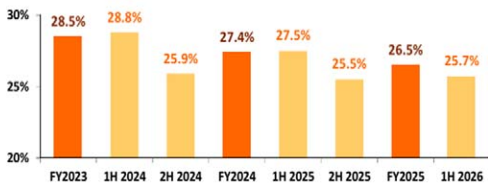
Source: Trading Economics, UOB Kay Hian

Net Sales Of Own Brands (US$m)



Source: Delfi, UOB Kay Hian

Gross Profit Margin Trend



Source: Delfi, UOB Kay Hian

Profit & loss

Year to 31 Dec (US$m)	2025	2026F	2027F	2028F
Net turnover	500.1	509.9	523.0	536.7
EBITDA	62.1	47.5	52.6	58.7
Deprec. & amort.	13.1	12.1	11.9	11.6
EBIT	48.9	35.4	40.7	47.1
Total other non-operating income	0.0	0.0	0.0	0.0
Associate contributions	(0.2)	(0.2)	(0.2)	(0.1)
Net interest income/(expense)	(1.0)	(1.0)	(1.0)	(1.0)
Pre-tax profit	47.7	34.2	39.5	46.0
Tax	(14.5)	(10.4)	(12.0)	(13.9)
Minorities	0.0	0.0	0.0	0.0
Net profit	33.2	23.8	27.5	32.0
Net profit (adj.)	25.8	23.8	27.5	32.0

Balance Sheet

Year to 31 Dec (US$m)	2025	2026F	2027F	2028F
Fixed assets	101.5	100.0	97.5	95.2
Other LT assets	33.5	33.5	33.5	33.5
Cash/ST investment	68.0	86.9	99.3	113.2
Other current assets	233.6	230.3	235.2	240.3
Total assets	436.5	450.8	465.4	482.2
ST debt	14.5	14.5	14.5	14.5
Other current liabilities	129.1	131.5	132.4	133.1
LT debt	0.0	0.0	0.0	0.0
Other LT liabilities	13.6	13.6	13.6	13.6
Shareholders' equity	279.2	291.1	304.9	320.9
Minority interest	0.0	0.0	0.0	0.0
Total liabilities & equity	436.5	450.8	465.4	482.2

Cash flow

Year to 31 Dec (US$m)	2025	2026F	2027F	2028F
Operating	78.2	42.5	36.4	40.3
Pre-tax profit	47.7	34.2	39.5	46.0
Tax	(13.6)	(10.4)	(12.0)	(13.9)
Deprec. & amort.	13.1	12.1	11.9	11.6
Associates	0.2	0.0	0.0	0.0
Working capital changes	30.4	5.6	(4.0)	(4.3)
Non-cash items	(1.2)	0.0	0.0	0.0
Other operating cashflows	1.6	1.0	1.0	1.0
Investing	(25.2)	(10.7)	(9.3)	(9.3)
Capex (growth)	(8.1)	(9.3)	(9.3)	(9.3)
Investment	(18.3)	0.0	0.0	0.0
Proceeds from sale of assets	2.5	0.0	0.0	0.0
Others	(1.3)	(1.3)	0.0	0.0
Financing	(28.7)	(12.9)	(14.8)	(17.0)
Dividend payments	(13.3)	(11.9)	(13.8)	(16.0)
Proceeds from borrowings	0.0	0.0	0.0	0.0
Loan repayment	(4.8)	0.0	0.0	0.0
Others/interest paid	(10.6)	(1.0)	(1.0)	(1.0)
Net cash inflow (outflow)	24.2	18.9	12.3	13.9
Beginning cash & cash equivalent	43.8	68.0	86.9	99.3
Changes due to forex impact	0.0	0.0	0.0	0.0
Ending cash & cash equivalent	68.0	86.9	99.3	113.2

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	12.4	9.3	10.1	10.9
Pre-tax margin	9.5	6.7	7.6	8.6
Net margin	6.6	4.7	5.3	6.0
ROA	7.7	5.4	6.0	6.8
ROE	12.2	8.4	9.2	10.2
Growth				
Turnover	(0.5)	2.0	2.6	2.6
EBITDA	(1.7)	(23.5)	10.8	11.7
Pre-tax profit	(2.9)	(28.3)	15.5	16.4
Net profit	(2.1)	(28.3)	15.5	16.4
Net profit (adj.)	(19.7)	(7.7)	15.5	16.4
EPS	(19.7)	(7.7)	15.5	16.4
Leverage				
Debt to total capital	5.0	4.8	4.6	4.3
Debt to equity	5.2	5.0	4.8	4.5
Net debt/(cash) to equity	(19.1)	(24.9)	(27.8)	(30.7)
Interest cover (x)	61.0	46.6	51.6	57.7

Market News

US stocks were lower on Tuesday, as the healthcare, financials and materials sectors led shares lower. At the close of the NYSE, the Dow Jones fell 1.17% while the S&P 500 index was down 0.58%, and the NASDAQ Composite index slid 0.32%. Falling stocks outnumbered advancing ones on the NYSE by 1,778 to 965 and 88 ended unchanged; on the Nasdaq Stock Exchange, 3,090 declined and 1,842 advanced, while 157 ended unchanged.

During the last trading session, the FSSTI fell 24.83pt to 5,767.45. Among the top active stocks were Singtel (-0.4%), DBS (-0.5%), OCBC Bank (-0.6%), Riverstone (+1.9%) and SATS (+2.3%). The FTSE ST Mid Cap Index fell 0.9%, while the FTSE ST Small Cap Index gained 0.1%. The broader market had 215 gainers and 340 losers with a total trading value of S$1.65b.

Technical Analysis

Analyst(s)

Wong Shueh Ting CFTe
shuehting@uobkh.com
+65 6590 6616

Jardine Cycle & Carriage (JCNC SP)

Trading sell range:	S$27.52-27.53
Last price:	S$27.57
Target price:	S$24.27
Protective stop:	S$28.35

Price experienced a rejection upon testing its previous price high resistance zone. The RSI pivots downward despite hovering near its neutral 50-midline, signalling a failure to build bullish momentum. As long as price remains capped below this resistance ceiling, path-of-least-resistance dynamics favour a continued downward movement towards lower support targets.

The potential downside target is S$24.27. Stop-loss could be placed at S$28.35.

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

Singapore Exchange (SGX SP)

Trading sell range:	S$24.94-24.95
Last price:	S$24.90
Target price:	S$22.55
Protective stop:	S$25.90

Price indicates a potential major structural top following a clear failure at the S$25.69 peak. Technical momentum heavily reinforces this defensive shift, as a prominent bearish RSI divergence has materialised with the oscillator breaking down below its neutral 50-midline. A broader downward rotation towards lower primary support targets could be expected.

The potential downside target is S$22.55. Stop-loss could be placed at S$25.90.

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$23.40.