UOBKayHian

# Country Daily | Singapore

Wednesday, 23 September 2026

## Key Indices

| | Prev Close | 1D % | 1W % | 1M % | YTD % |
|---|---|---|---|---|---|
| DJIA | 51863.7 | (0.4) | (0.4) | (2.7) | 7.9 |
| S&P 500 | 7764.6 | (0.0) | 2.4 | 1.2 | 13.4 |
| FTSE 100 | 10708.3 | (0.3) | 0.5 | (1.0) | 7.8 |
| AS30 | 8951.0 | 0.4 | 1.1 | (3.4) | (0.8) |
| CSI 300 | 4544.6 | 0.1 | 2.1 | (1.6) | (1.8) |
| FSSTI | 5723.8 | 0.9 | 1.5 | 0.6 | 23.2 |
| HSCEI | 8362.6 | 0.3 | 1.9 | (3.1) | (6.2) |
| HSI | 25087.8 | 0.2 | 1.7 | (3.5) | (2.1) |
| JCI | 6277.0 | (1.7) | (2.8) | (3.8) | (27.4) |
| KLCI | 1683.5 | 1.0 | (0.9) | (3.1) | 0.2 |
| KOSPI | 7017.9 | 0.1 | 5.9 | 1.5 | 66.5 |
| Nikkei 225 | 65019.0 | 1.4 | 1.6 | (0.8) | 29.2 |
| SET | 1604.4 | 0.4 | 1.6 | (0.6) | 27.4 |
| TWSE | 47800.2 | 0.2 | 5.0 | 5.7 | 65.0 |
| BDI | 3432 | 1.0 | 2.1 | 20.8 | 82.8 |
| CPO (RM/mt) | 4601 | (0.7) | (0.2) | (1.8) | 17.0 |
| Brent Crude (US$/bbl) | 99 | (1.1) | (8.7) | 5.1 | 63.1 |

*Source: Bloomberg*

## Corporate Events

| | Venue | Begin | Close |
|---|---|---|---|
| 17th Asian Gems Conference 2026 (Virtual) | Singapore | 22 Sep | 23 Sep |
| Post-results NDR with Sunny Optical (2382 HK) | Taipei | 22 Sep | 23 Sep |
| New Economy Conference at The Ritz Carlton Hotel | Malaysia | 07 Oct | 07 Oct |
| NDR with Food Empire Holdings Ltd (FEH SP) | Malaysia | 08 Oct | 08 Oct |

## Corporate and Macro Calendar

| Economic Indicator/Event | Date |
|---|---|
| Inflation Rate MoM AUG | 23 Sep |
| Core Inflation Rate YoY AUG | 23 Sep |
| Inflation Rate YoY AUG | 23 Sep |
| 6-Month T-Bill Auction | 24 Sep |

## Top Stories

**Company Update |** Food Empire Holdings (FEH SP/**BUY**/S$1.95/Target: S$3.49)

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- FEH's operations and investments in Russia remain unaffected by the recent measures against one of its peers. The disruption to its peer's coffee business could allow FEH to gain market share, while FEH's Singapore base reduces the risk of asset confiscation. A potential massive short covering and share buyback are near-term catalysts. FEH trades at an attractive 12.5x 2027F PE. Maintain BUY with a target price of S$3.49.

**Company Update |** LHN (LHN SP/**BUY**/S$0.535/Target: S$0.590)

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- LHN's 3QFY26 update showed resilient core operations despite softer co-living and commercial occupancies, while its expansion pipeline, new contracts and capital recycling initiatives support medium-term growth. We keep earnings unchanged but lower our valuation multiple to reflect a moderating industry valuation. Maintain BUY with a revised target price of S$0.59, based on 8.6X FY27F PE.

## Market Spotlight

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- US stocks were mixed on Tuesday. The Dow Jones and S&P 500 fell while the Nasdaq rose as the materials, consumer staples and information technology sectors gained. There were more advancers than decliners on the Nasdaq.
- The FSSTI rose 48.53pt to 5,723.76, on the back of strength in OCBC, DBS and SIA, with both mid- and small-cap indices rising with a broad market advance on S$2.21b turnover.

## Technical Analysis

**Hong Fok Corp (HFC SP)**

Page 9 →

- Trading Buy Range: S$0.905-0.910

**Singapore Tech Engineering (STE SP)**

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- Trading Buy Range: S$10.57-10.58

# Food Empire Holdings (FEH SP)

## Business As Usual In Russia; Share Price Weakness, Potential Market Share Gain And High Short Position Present Buying Opportunities

### Highlights

- FEH clarified that its operations and investments in Russia remain unaffected by the recent measures against one of its peers.
- The disruption to its peer's coffee business could allow FEH to gain market share, while FEH's Singapore base reduces the risk of asset confiscation.
- A short covering of its huge short position of >10m shares and more aggressive share buyback are near-term catalysts. FEH trades at an attractive 12.5x 2027F PE, below peers' 20x. Maintain BUY and target price of S$3.49.

### Analysis

- **Business as usual in Russia.** Food Empire Holdings' (FEH) share price corrected 10% on 21 Sep 26 following news that Russia had seized the assets of Swiss-owned Nestlé and French retailer Auchan, which it described as "European companies from unfriendly countries". On the same day, FEH released an announcement clarifying that its Russian operation are continuing as usual. Investment in marketing initiatives and brands have also continued. FEH has been operating in Russia for more than 30 years and has manufactured locally since 2006. To recap, Russia contributes around 30% of FEH revenue.
- **Share price correction overdone; market has not priced in positive potential of market share gain.** We believe the share price correction is overdone and presents a good buying opportunity, given that the news has no impact on FEH's business. On the contrary, there could be positive implications for FEH if its competitor's operations faces disruptions.
- **FEH's position as a Singapore-based company reduces political risk.** On the political front, while European leaders generally isolate Moscow diplomatically, Singapore leverages its position to engage. PM Lawrence Wong's meeting with President Vladimir Putin at the Jun 26 ASEAN-Russia Commemorative Summit in Kazan was described as the first high-level exchange between the two nations since 2018.
- **Potential short covering of huge short position; more positive signaling. A p**otential short covering of the huge outstanding short position of 10.6m shares (based on MAS's 11 Sep 26 data), equivalent to around 5% of FEH's free float, could be a near-term positive catalyst for FEH's share price. In addition, more aggressive share buyback could be another positive catalyst. FEH has increased the amount of share buyback since 21 September.

### Key Financials

| Year to 31 Dec (US$m) | 2024 | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|---|
| Net turnover | 476 | 577 | 606 | 643 | 680 |
| EBITDA | 72 | 103 | 103 | 112 | 119 |
| Operating profit | 63 | 93 | 91 | 100 | 107 |
| Net profit (rep./act.) | 53 | 36 | 73 | 81 | 86 |
| Net profit (adj.) | 50 | 69 | 73 | 81 | 86 |
| EPS (US$ cent) | 9.4 | 12.5 | 11.0 | 12.2 | 13.1 |
| PE (x) | 16.2 | 12.2 | 13.8 | 12.5 | 11.7 |
| P/B (x) | 2.7 | 2.3 | 2.6 | 2.5 | 2.3 |
| EV/EBITDA (x) | 11.8 | 8.3 | 8.3 | 7.6 | 7.2 |
| Dividend yield (%) | 4.1 | 6.1 | 6.1 | 6.1 | 6.1 |
| Net margin (%) | 11.0 | 6.2 | 12.1 | 12.6 | 12.7 |
| Net debt/(cash) to equity (%) | (31.1) | (36.8) | (39.7) | (41.6) | (44.3) |
| Interest cover (x) | 273.8 | 22.1 | 24.5 | 27.9 | 30.3 |
| ROE (%) | 17.8 | 10.9 | 19.3 | 20.2 | 20.6 |
| Consensus net profit (US$m) | - | - | 74 | 82 | 97 |
| UOBKH/Consensus (x) | - | - | 0.99 | 0.98 | 0.89 |

*Source: FEH, Bloomberg, UOB Kay Hian*

**Analyst(s)**

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### BUY (Maintained)

| | |
|---|---|
| Share Price | S$1.95 |
| Target Price | S$3.49 |
| Upside | 79.0% |

### Stock Data

| | |
|---|---|
| Sector | Consumer Staples |
| Bloomberg ticker | FEH SP |
| Shares issued (m) | 657.1 |
| Market cap (S$m) | 1,281.3 |
| Market cap (US$m) | 1,004.0 |
| 3-mth avg daily t'over (US$m) | 2.7 |

### Price Performance (%)

52-week high/low: S$2.86/S$1.80

| 1mth | 3mth | 6mth | 1yr | YTD |
|---|---|---|---|---|
| (12.6) | (22.3) | (27.1) | (12.4) | (2.5) |

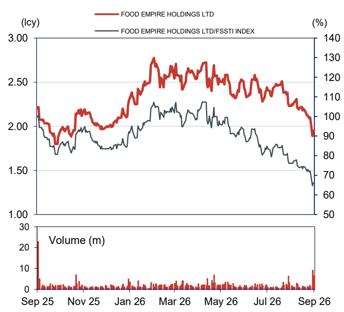
### Major Shareholders (%)

| | |
|---|---|
| Anthoni Salim | 24.1 |
| Tan Wang Cheow | 21.1 |
| Sudeep Nair | 13.1 |

### Balance Sheet Metrics

| | |
|---|---|
| FY26 NAV/Share (US$) | 0.59 |
| FY26 Net Debt/Share (US$) | 0.23 |

### Price Chart




*Source: Bloomberg*

### Company Description

Food Empire Holdings manufactures and markets instant beverage products, frozen convenience food, confectioneries and snacks. The company exports its products to markets such as Russia, Eastern Europe, Central Asia, the Middle East and Indochina.

- **New Kazakhstan facility to support Central Asia growth.** FEH's new coffee-mix manufacturing facility in Khorgos, Kazakhstan, commenced operations earlier this year and is expected to contribute positively from 2H26. Strategically located to serve the Central Asian market, the facility strengthens the group's regional manufacturing footprint. The Malaysia snack factory expansion, which was completed in 1H26 and increased snack output by 50%, should also support FEH's 2H26 results.
- **Strong expansion pipeline to support growth.** FEH is progressing with two key capacity additions: a spray-dried soluble coffee expansion in India by end-27 (+60% capacity) and a new freeze-dried facility in Vietnam by 2028. These will bring FEH's network to 10 facilities, supporting branded volume growth and B2B sales. With the India plants already at full utilisation, the expansion is demand-backed, while the US$80m Vietnam facility will be FEH's largest-ever investment and establish it as a regional freeze-dried coffee supplier.
- **Margin tailwinds from retreating coffee prices.** Robusta coffee, FEH's primary input, peaked at US$5,821/tonne in Feb 25, nearly tripling from 2022 levels. The cycle has since turned with Robusta now trading at US$3,780/tonne (-35% from peak). Global coffee production is forecast to hit a record 178.8m bags in 2025/26, supported by recovering supply from Vietnam. We expect lower coffee costs to support margins across FEH's coffee portfolio, while providing some cushion against input-cost pressures across its broader food and beverage businesses.

## Valuation/Recommendation

- Maintain BUY with an unchanged PE-based target price of S$3.49, pegged to 25x 2026F PE or 2.5SD above the long-term average. The stock trades at only 12.5x 2027F PE, a 37% discount to the peer average of 20x.

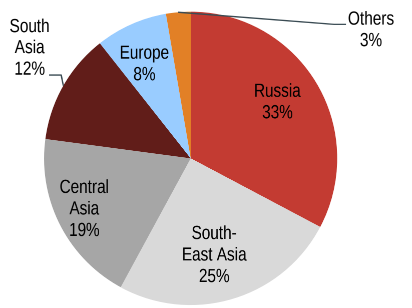
## Earnings Revision/Risk

- No changes to our earnings forecasts.

## Share Price Catalyst

- a) Earnings-accretive acquisitions, b) better-than-expected earnings, or c) higher-than-expected dividends.

### 1H26 Revenue By Geography




*Source: FEH, UOB Kay Hian*

### Capacity Expansion Pipeline

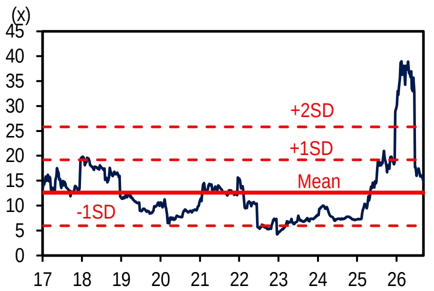
| Facility | Location | Timeline | Capacity Impact |
|---|---|---|---|
| Spray-dried coffee (Phase 2) | India | 2027 | +60% India capacity |
| Freeze-dried coffee facility | Vietnam | 2028 | New entrant |

*Source: UOB Kay Hian*

### Coffee Price Trend (1Y)


*Source: Trading Economics*

### Long-term Historical PE Band




*Source: Bloomberg, UOB Kay Hian*

### Peer Comparison

| Company | Ticker | Price @ 22 Sep 26 (lcy) | Market Cap (US$m) | PE 2026 (x) | PE 2027 (x) | P/B 2026 (x) | P/B 2027 (x) | ROE 2026 (%) | Yield 2026 (%) |
|---|---|---|---|---|---|---|---|---|---|
| Regional | | | | | | | | | |
| Ccl Products | CCLP IN | 1047.2 | 1,460 | 27.5 | 22.1 | 5.1 | 4.3 | 19.8 | 0.6 |
| Dydo Group | 2590 JP | 3010 | 634 | 18.0 | 18.7 | 1.4 | 1.3 | 8.4 | 1.0 |
| Mayora Indah | MYOR IJ | 1490 | 1,865 | 10.0 | 8.9 | 1.6 | 1.5 | 17.2 | 3.9 |
| Nestle (Malaysia) | NESZ MK | 89.16 | 5,130 | 33.2 | 31.1 | 35.5 | 34.9 | 106.0 | 2.9 |
| Carabao | CBG TB | 55.25 | 1,663 | 19.0 | 16.9 | 3.6 | 3.3 | 19.5 | 3.2 |
| Fevertree Drinks | FEVR LN | 859 | 1,272 | 30.9 | 22.7 | 5.1 | 4.7 | 15.7 | 2.1 |
| Ito En | 2593 JP | 3165 | 1,715 | 24.9 | 23.3 | 2.0 | n.a. | 8.2 | 1.6 |
| Vita Coco Co | COCO US | 57.25 | 3,286 | 29.2 | 26.1 | 7.3 | 5.6 | 32.7 | n.a. |
| Vitasoy | 345 HK | 6.53 | 847 | 24.2 | 20.4 | 2.3 | 2.2 | 9.9 | 2.8 |
| Uni-President | 220 HK | 6.87 | 3,783 | 11.6 | 10.9 | 1.9 | 1.8 | 16.0 | 8.7 |
| Average | | | | 22.3 | 19.7 | 6.5 | 6.4 | 25.8 | 3.7 |
| Food Empire | FEH SP | 1.95 | 1,004 | 13.8 | 12.5 | 2.6 | 2.5 | 19.3 | 6.1 |

*Source: Bloomberg, UOB Kay Hian*

## Profit & loss

| Year to 31 Dec (US$m) | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|
| Net turnover | 576.9 | 606.1 | 642.6 | 679.7 |
| EBITDA | 102.9 | 102.9 | 112.0 | 118.6 |
| Deprec. & amort. | 9.5 | 12.0 | 11.6 | 11.3 |
| EBIT | 93.4 | 91.0 | 100.4 | 107.3 |
| Total other non-operating income | (30.7) | 2.7 | 2.7 | 2.7 |
| Associate contributions | 1.7 | 0.6 | 0.6 | 0.6 |
| Net interest income/(expense) | (4.6) | (4.2) | (4.0) | (3.9) |
| Pre-tax profit | 59.7 | 90.0 | 99.6 | 106.6 |
| Tax | (23.7) | (17.0) | (18.8) | (20.2) |
| Minorities | 0.0 | 0.0 | 0.0 | 0.0 |
| Net profit | 36.0 | 73.0 | 80.8 | 86.5 |
| Net profit (adj.) | 68.6 | 73.0 | 80.8 | 86.5 |

## Balance Sheet

| Year to 31 Dec (US$m) | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|
| Fixed assets | 130.8 | 126.8 | 123.2 | 119.9 |
| Other LT assets | 48.7 | 48.7 | 48.7 | 48.7 |
| Cash/ST investment | 181.5 | 206.0 | 226.6 | 253.5 |
| Other current assets | 205.3 | 216.6 | 228.2 | 240.1 |
| Total assets | 566.3 | 598.1 | 626.7 | 662.1 |
| ST debt | 24.3 | 24.3 | 24.3 | 24.3 |
| Other current liabilities | 95.4 | 100.2 | 104.8 | 109.5 |
| LT debt | 21.7 | 26.9 | 32.2 | 37.5 |
| Other LT liabilities | 54.6 | 54.6 | 54.6 | 54.6 |
| Shareholders' equity | 368.0 | 389.8 | 408.5 | 433.0 |
| Minority interest | 2.3 | 2.2 | 2.2 | 2.2 |
| Total liabilities & equity | 566.3 | 598.1 | 626.7 | 661.1 |

## Cash flow

| Year to 31 Dec (US$m) | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|
| Operating | 87.1 | 82.8 | 89.5 | 94.7 |
| Pre-tax profit | 59.7 | 90.0 | 99.6 | 106.6 |
| Tax | (23.7) | (17.0) | (18.8) | (20.2) |
| Deprec. & amort. | 9.5 | 12.0 | 11.6 | 11.3 |
| Associates | 1.7 | 0.6 | 0.6 | 0.6 |
| Working capital changes | (0.8) | (6.5) | (7.1) | (7.2) |
| Non-cash items | 0.0 | 0.0 | 0.0 | 0.0 |
| Other operating cashflows | 40.7 | 3.8 | 3.6 | 3.5 |
| Investing | (21.6) | (5.3) | (5.3) | (5.3) |
| Capex (growth) | (22.2) | (8.0) | (8.0) | (8.0) |
| Investment | 0.0 | 0.0 | 0.0 | 0.0 |
| Proceeds from sale of assets | 0.0 | 0.0 | 0.0 | 0.0 |
| Others | 0.6 | 2.7 | 2.7 | 2.7 |
| Financing | (17.4) | (52.2) | (62.8) | (62.7) |
| Dividend payments | (45.1) | (51.2) | (62.0) | (62.0) |
| Proceeds from borrowings | 144.6 | 144.6 | 144.6 | 144.6 |
| Loan repayment | (138.8) | (138.8) | (138.8) | (138.8) |
| Others/interest paid | 21.9 | (6.8) | (6.6) | (6.5) |
| Net cash inflow (outflow) | 48.0 | 25.3 | 21.4 | 26.7 |
| Beginning cash & cash equivalent | 130.9 | 181.5 | 206.0 | 226.6 |
| Changes due to forex impact | 2.7 | (0.8) | (0.8) | 0.2 |
| Ending cash & cash equivalent | 181.5 | 206.0 | 226.6 | 253.5 |

## Key Metric

| Year to 31 Dec (%) | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|
| Profitability | | | | |
| EBITDA margin | 17.8 | 17.0 | 17.4 | 17.5 |
| Pre-tax margin | 10.3 | 14.9 | 15.5 | 15.7 |
| Net margin | 6.2 | 12.1 | 12.6 | 12.7 |
| ROA | 7.0 | 12.5 | 13.2 | 13.4 |
| ROE | 10.9 | 19.3 | 20.2 | 20.6 |
| | | | | |
| Growth | | | | |
| Turnover | 21.1 | 5.1 | 6.0 | 5.8 |
| EBITDA | 42.3 | 0.1 | 8.8 | 5.9 |
| Pre-tax profit | (8.5) | 50.9 | 10.6 | 7.0 |
| Net profit | (31.5) | 103.0 | 10.6 | 7.0 |
| Net profit (adj.) | 38.0 | 6.5 | 10.6 | 7.0 |
| EPS | 32.8 | (12.0) | 10.6 | 7.0 |
| | | | | |
| Leverage | | | | |
| Debt to total capital | 11.0 | 11.6 | 12.1 | 12.4 |
| Debt to equity | 12.5 | 13.1 | 13.8 | 14.3 |
| Net debt/(cash) to equity | (36.8) | (39.7) | (41.6) | (44.3) |
| Interest cover (x) | 22.1 | 24.5 | 27.9 | 30.3 |

# LHN (LHN SP)

Resilient Core Operations; Growth Pipeline Intact

## Highlights

- LHN's 3QFY26 operating performance remained resilient, with industrial and Work+Store occupancy improving, while softer Coliwoo occupancy reflected the ramp-up of Midtown.
- Coliwoo's expansion pipeline remains intact, while facilities management and Work+Store continue to support recurring income growth.
- Maintain BUY with a 17% lower target price of S$0.59, pegged to 8.6x FY27F PE.

## Analysis

- **Resilient 3QFY26 industrial occupancies, with softer co-living and commercial performance.** Industrial and Work+Store occupancies improved to 97.7% and 92.9% respectively, up 1.2ppt and 0.1ppt from their reported 1HFY26 levels. Coliwoo's average occupancy declined to 93.7% (1HFY26: 97.0%), reflecting the inclusion of Coliwoo Midtown during its ramp-up phase. Excluding Midtown, portfolio occupancy remained healthy at 96.0%. Commercial occupancy fell 6.0ppt to 78.5% following the expiry and non-renewal of an anchor tenant's lease. A replacement tenant has since been secured, with its lease commencing in 4QFY26.
- **Coliwoo expansion remains on track, with pipeline supporting growth.** Coliwoo's portfolio remained at 3,568 rooms as at end-3QFY26, or 3,897 rooms including 85 SOHO. Coliwoo Midtown continued to ramp up following its Mar 26 opening, reaching close to 90% average occupancy by Jul 26. Looking ahead, Coliwoo Resort Changi commenced operations in Jul 26 with 380 rooms, while Coliwoo Hotel Changi Expo is being expanded to 368 rooms ahead of its targeted opening in 1QFY27. Longer-term projects include 153 rooms at 1 King George's Avenue and 120 rooms at 50 Armenian Street. LHN remains on track for around 4,000 rooms in Singapore by end-26 and is targeting 10,000 rooms by 2030.
- **Work+Store continues to optimise yields through higher-value storage units.** Work+Store's portfolio expanded to 2,186 units in 3QFY26, up 6.5% from 2,053 units in 1HFY26, while occupancy remained stable at 92.9%. LHN reconfigured basic storage units at 202 Kallang Bahru, adding more than 100 air-conditioned units as part of its FY26 target to complete around 10,000 sf of air-conditioned storage space. The conversion towards higher-value storage formats should support rental yields and margins over time.

## Key Financials

| Year to 30 Sep (S$m) | 2024 | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|---|
| Net turnover | 121 | 131 | 128 | 136 | 145 |
| EBITDA | 57 | 55 | 37 | 41 | 44 |
| Operating profit | 37 | 37 | 29 | 30 | 32 |
| Net profit (rep./act.) | 48 | 20 | 33 | 38 | 40 |
| Net profit (adj.) | 28 | 35 | 24 | 30 | 31 |
| EPS (S$ cent) | 6.9 | 8.2 | 5.7 | 6.9 | 7.2 |
| PE (x) | 7.8 | 6.5 | 9.4 | 7.8 | 7.5 |
| P/B (x) | 0.9 | 0.9 | 0.8 | 0.8 | 0.7 |
| EV/EBITDA (x) | 7.4 | 7.6 | 11.3 | 10.2 | 9.6 |
| Dividend yield (%) | 5.6 | 7.5 | 6.5 | 7.5 | 7.5 |
| Net margin (%) | 39.5 | 15.3 | 25.7 | 28.3 | 27.7 |
| Net debt/(cash) to equity (%) | 92.5 | 70.6 | 63.8 | 55.5 | 46.9 |
| Interest cover (x) | 4.8 | 5.0 | 3.9 | 4.5 | 5.0 |
| ROE (%) | 20.3 | 7.7 | 12.1 | 13.1 | 12.7 |
| Consensus net profit (S$m) | - | - | 33 | 39 | 40 |
| UOBKH/Consensus (x) | - | - | 0.74 | 0.77 | 0.77 |

*Source: LHN, Bloomberg, UOB Kay Hian*

**Analyst(s)**

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## BUY (Maintained)

| | |
|---|---|
| Share Price | S$0.535 |
| Target Price | S$0.590 |
| Upside | +10.3% |
| Previous TP | S$0.71 |

## Stock Data

| | |
|---|---|
| GICS sector | Real Estate |
| Bloomberg ticker: | LHN SP |
| Shares issued (m): | 435.6 |
| Market Cap (S$m): | 233.1 |
| Market cap (US$m): | 182.6 |
| 3-mth avg t'over (US$m): | 0.1 |

## Price Performance (%)

| 52-week high/low | | | | S$1.01/S$0.515 |
|---|---|---|---|---|
| 1mth | 3mth | 6mth | 1yr | YTD |
| (4.5) | (7.0) | (10.1) | (46.5) | (19.5) |

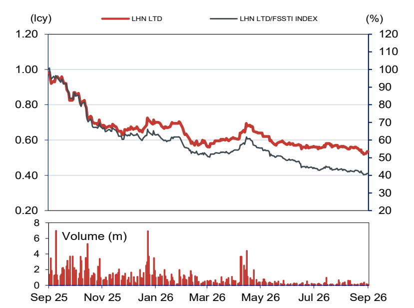
## Major Shareholders (%)

| | |
|---|---|
| LHN Hldgs Ltd | 55.55 |

## Balance Sheet Metrics

| | |
|---|---|
| FY26 NAV/Share (S$) | 0.67 |
| FY26 Net Cash/ Share (S$) | 0.43 |

## Price Chart




*Source: Bloomberg*

## Company Description

LHN Limited provides property management services. The Company offers industrial, commercial, residential property management services, and other services. LHN also provides logistics services.

- **Facilities management maintains strong contract momentum.** LHN's integrated facilities management portfolio expanded to 134 clients with 326 active revenue-generating contracts as at end-Jun 26, including 30 new contracts and 35 renewals during 3QFY26. Its carpark portfolio also grew to 107 carparks with over 30,100 lots after adding seven new carparks and more than 1,500 lots during the quarter. A further three carpark contracts covering 1,539 lots have been secured for commencement in 4QFY26, providing continued growth visibility.
- **New initiatives broaden recurring income streams.** LHN secured a five-year retail consultancy contract from HDB in Jul 26, covering retail consultancy, marketing and tenancy administration services for interim tenancies. Separately, the group secured a new rental contract for its 55 Tuas South Avenue 1 property, commencing in Aug 26, as it continues to reposition the remaining units at the property for industrial leasing. These initiatives broaden LHN's recurring income base beyond its existing leasing and property management operations.
- **Property development to see revenue recognition in 2HFY26.** In Apr 26, the group completed the sale of two strata-titled units at 55 Tuas South Avenue 1, bringing total sales in the project to nine units. The revenue generated from these transactions will be recognised in 2HFY26, partially offsetting the weakness in 1HFY26.
- **Capital recycling accelerates asset-light growth strategy.** Coliwoo proposed the S$134.0m sale-and-leaseback of Coliwoo Midtown, which is expected to unlock around S$41.0m in net proceeds while allowing the group to continue operating the 212-room property under a 10-year lease. LHN also proposed the divestment of its 50% interest in Metropolitan Parking, which owns the Golden Mile Tower carpark valued at S$28.5m, with approximately S$4.5m of net proceeds expected for LHN. The transactions reinforce the group's strategy of recycling capital into master leases, management contracts and selective acquisitions while growing assets under management.

## Valuation/Recommendation

- **Maintain BUY with a 17% lower PE-based target price of S$0.59 (S$0.71 previously),** representing an upside of 10.5%. We lower our target multiple to 8.6x FY27F PE (+0.5SD above historical mean), from 10.0x previously (+1.0SD above historical mean) to reflect a mean reverting valuation as the industry valuation derates.
- Near-term upside still remains capped amid LHN's earnings transition. LHN continues to reposition its business mix following the Coliwoo spin-off, with a stronger earnings recovery expected in FY27 as new assets and contracts ramp up.

## Earnings Revision/Risk

- No changes to our earnings forecasts.

## Share Price Catalyst

- Further asset monetisation and capital recycling projects.
- Further expansion of the co-living pipeline.
- Higher dividend payouts.

### LHN's Occupancy Remains Stable

| | |
|---|---|
| Industrial Properties | |
| Work+Store Space | 92.9% |
| Industrial Space | 97.7% |
| Commercial Properties | |
| Commercial Space | 78.5% |
| Residential Properties | |
| Co-Living | 93.7% |

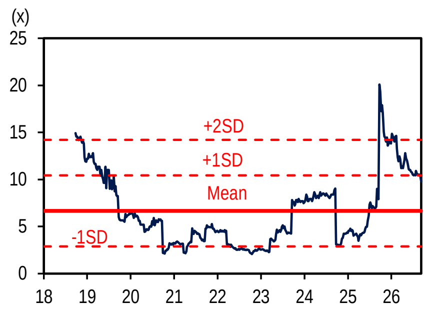
*Source: LHN, UOB Kay Hian*

### Coliwoo's Number Of Rooms

| Number of Rooms (30 Jun 26) | |
|---|---|
| Leased | 1,907 |
| Owned | 1,136 |
| Managed | 525 |
| Total | 3,568 |

*Source: LHN, UOB Kay Hian*

### Historical PE Band




*Source: LHN, UOB Kay Hian*

## Profit & loss

| Year to 30 Sep (S$m) | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|
| Net turnover | 131.5 | 128.4 | 136.1 | 144.7 |
| EBITDA | 54.7 | 37.1 | 40.8 | 43.6 |
| Deprec. & amort. | 17.3 | 8.5 | 10.4 | 12.1 |
| EBIT | 37.4 | 28.6 | 30.4 | 31.5 |
| Total other non-operating income | (3.9) | 15.6 | 18.7 | 18.9 |
| Associate contributions | 3.6 | 3.7 | 3.9 | 4.0 |
| Net interest income/(expense) | (10.9) | (9.6) | (9.0) | (8.7) |
| Pre-tax profit | 26.3 | 38.4 | 44.0 | 45.8 |
| Tax | (4.9) | (5.4) | (5.5) | (5.7) |
| Minorities | (1.3) | 0.0 | 0.0 | 0.0 |
| Net profit | 20.1 | 33.0 | 38.5 | 40.0 |
| Net profit (adj.) | 34.5 | 24.4 | 29.6 | 30.8 |

## Balance Sheet

| Year to 30 Sep (S$m) | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|
| Fixed assets | 445.7 | 457.2 | 466.8 | 474.7 |
| Other LT assets | 76.6 | 76.6 | 76.6 | 76.6 |
| Cash/ST investment | 52.4 | 58.8 | 70.5 | 85.4 |
| Other current assets | 82.7 | 82.7 | 82.7 | 82.7 |
| Total assets | 657.4 | 675.3 | 696.6 | 719.4 |
| ST debt | 17.6 | 17.6 | 17.6 | 17.6 |
| Other current liabilities | 84.2 | 84.2 | 84.2 | 84.2 |
| LT debt | 221.6 | 221.6 | 221.6 | 221.6 |
| Other LT liabilities | 81.5 | 81.5 | 81.5 | 81.5 |
| Shareholders' equity | 264.7 | 282.6 | 303.9 | 327.7 |
| Minority interest | 4.2 | 4.2 | 4.2 | 4.2 |
| Total liabilities & equity | 673.7 | 691.7 | 712.9 | 736.8 |

## Cash flow

| Year to 30 Sep (S$m) | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|
| Operating | 68.2 | 42.4 | 49.0 | 51.6 |
| Pre-tax profit | 26.3 | 38.4 | 44.0 | 45.8 |
| Tax | (3.0) | (5.4) | (5.5) | (5.7) |
| Deprec. & amort. | 17.3 | 8.5 | 10.4 | 12.1 |
| Associates | (3.6) | (3.7) | (3.9) | (4.0) |
| Working capital changes | 12.2 | 0.0 | 0.0 | 0.0 |
| Non-cash items | 8.9 | (4.9) | (5.0) | (5.2) |
| Other operating cashflows | 10.1 | 9.6 | 9.0 | 8.7 |
| Investing | 20.1 | (11.4) | (11.1) | (10.8) |
| Capex (growth) | (18.2) | (20.0) | (20.0) | (20.0) |
| Investment | (1.0) | 0.0 | 0.0 | 0.0 |
| Proceeds from sale of assets | 15.6 | 8.6 | 8.9 | 9.2 |
| Others | 23.7 | 0.0 | 0.0 | 0.0 |
| Financing | (66.9) | (24.6) | (26.2) | (25.9) |
| Dividend payments | (9.3) | (15.1) | (17.2) | (17.2) |
| Proceeds from borrowings | 34.3 | 0.0 | 0.0 | 0.0 |
| Loan repayment | (42.3) | 0.0 | 0.0 | 0.0 |
| Others/interest paid | (49.7) | (9.6) | (9.0) | (8.7) |
| Net cash inflow (outflow) | 21.4 | 6.4 | 11.7 | 14.9 |
| Beginning cash & cash equivalent | 29.4 | 50.8 | 57.2 | 68.9 |
| Changes due to forex impact | (0.0) | 0.0 | 0.0 | - |
| Ending cash & cash equivalent | 50.8 | 57.2 | 68.9 | 83.8 |

## Key Metric

| Year to 30 Sep (%) | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|
| Profitability | | | | |
| EBITDA margin | 41.6 | 28.9 | 30.0 | 30.1 |
| Pre-tax margin | 20.0 | 29.9 | 32.3 | 31.6 |
| Net margin | 15.3 | 25.7 | 28.3 | 27.7 |
| ROA | 3.0 | 5.0 | 5.6 | 5.7 |
| ROE | 7.7 | 12.1 | 13.1 | 12.7 |
| | | | | |
| Growth | | | | |
| Turnover | 8.6 | (2.3) | 6.0 | 6.3 |
| EBITDA | (3.5) | (32.1) | 9.9 | 6.9 |
| Pre-tax profit | (48.9) | 46.1 | 14.6 | 4.1 |
| Net profit | (58.1) | 64.4 | 16.6 | 4.1 |
| Net profit (adj.) | 21.3 | (29.4) | 21.3 | 4.3 |
| EPS | 19.5 | (30.8) | 21.3 | 4.3 |
| | | | | |
| Leverage | | | | |
| Debt to total capital | 47.1 | 45.5 | 43.7 | 41.9 |
| Debt to equity | 90.4 | 84.6 | 78.7 | 73.0 |
| Net debt/(cash) to equity | 70.6 | 63.8 | 55.5 | 46.9 |
| Interest cover (x) | 5.0 | 3.9 | 4.5 | 5.0 |

## Market News

US stocks were mixed on Tuesday, as the materials, consumer staples and information technology sectors led shares higher. At the close of the NYSE, the Dow Jones fell 0.36% while the S&P 500 index remained unchanged and the NASDAQ Composite index gained 0.45%. Falling stocks outnumbered advancing ones on the NYSE by 1,404 to 1,334 and 97 ended unchanged; on the Nasdaq Stock Exchange, 2,910 advanced and 2,015 declined, while 201 ended unchanged.

During the last trading session, the FSSTI rose 48.53pt to 5,723.76. Among the top active stocks were Singtel (-0.2%), DBS (+0.6%), OCBC Bank (+1.5%), UMS (-1.8%) and SIA (+0.6%). The FTSE ST Mid Cap Index rose 0.7%, while the FTSE ST Small Cap Index rose 0.3%. The broader market had 305 gainers and 232 losers with a total trading value of S$2.21b.

# Technical Analysis

**Analyst(s)**

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## Hong Fok Corp (HFC SP)

| | |
|---|---|
| Trading buy range: | S$0.905-0.910 |
| Last price: | S$0.915 |
| Target price: | S$0.985 |
| Protective stop: | S$0.885 |

**Price is currently consolidating within a bull flag continuation pattern. The RSI remains firmly established in bullish territory and is sloping upward. A decisive upside breakout through the upper flag boundary will trigger a structural expansion phase, opening path-of-least-resistance dynamics toward higher extension targets.**

The potential upside target is S$0.985. Stop-loss could be placed at S$0.885.

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


## Singapore Tech Engineering (STE SP)

| | |
|---|---|
| Trading buy range: | S$10.57-10.58 |
| Last price: | S$10.69 |
| Target price: | S$11.38 |
| Protective stop: | S$10.20 |

**Price rebounded off its previous low support floor and is advancing to penetrate its recent swing high. The RSI is sloping upward and establishing itself comfortably above the neutral 50-midline, reflecting accelerating trend velocity. As long as price maintains above the support base, we could expect continued upward expansion towards higher resistance.**

The potential upside target is S$11.38. Stop-loss could be placed at S$10.20.

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$11.75.