UOBKayHian

Country Daily | Singapore

Wednesday, 16 September 2026

Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	52093.1	(0.6)	(1.3)	(3.1)	8.4
S&P 500	7585.7	(0.4)	(1.1)	(2.6)	10.8
FTSE 100	10658.1	(0.4)	(1.4)	(0.9)	7.3
AS30	8849.3	(0.8)	(2.9)	(5.0)	(1.9)
CSI 300	4450.0	(0.7)	(2.4)	(4.6)	(3.9)
FSSTI	5638.6	(1.4)	(2.2)	(1.8)	21.4
HSCEI	8204.9	(1.0)	(2.3)	(1.6)	(8.0)
HSI	24667.2	(1.0)	(2.6)	(1.8)	(3.8)
JCI	6461.2	(1.1)	(3.4)	0.9	(25.3)
KLCI	1679.2	(1.1)	(2.1)	(2.7)	(0.1)
KOSPI	6627.3	(0.9)	(4.7)	(5.0)	57.3
Nikkei 225	63484.1	(0.0)	(2.7)	(7.6)	26.1
SET	1578.7	(0.8)	(2.7)	(1.9)	25.3
TWSE	45511.5	(0.8)	(3.4)	(0.7)	57.1
BDI	3360	(2.5)	(6.3)	17.4	79.0
CPO (RM/mt)	4611	0.4	(1.1)	1.9	17.2
Brent Crude (US$/bbl)	109	2.9	11.1	22.9	78.7

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
Balance of Trade AUG	17 Sep
Non-Oil Exports MoM AUG	17 Sep
Non-Oil Exports YoY AUG	17 Sep
Unemployment Rate Final Q2	21 Sep

Top Stories

Company Update | Singapore Airlines (SIA SP/**SELL**/S$6.61/Target: S$6.16)

Page 2 →

- Aug 26 operating data was in line with our projection, with passenger and cargo loads rising 1.5% and 2.8% yoy respectively. The sharp rebound in jet fuel prices amid renewed Middle East tensions led us to cut our FY27/28 earnings forecasts by 21%/5% respectively and lower our 2QFY27 net profit guidance to S$230m-370m. We remain broadly neutral on SIA's potential capital injection to Air India. Downgrade SIA to SELL due to a lack of near-term catalysts, with a lower target price of S$6.16.

Market Spotlight

Page 5 →

- US stocks were lower on Tuesday. All three major indexes fell as consumer discretionary, utilities and consumer staples sectors slid. There were more decliners than advancers on both the NYSE and the Nasdaq.
- The FSSTI fell 79.38 points to 5,638.64, on the back of weakness in DBS and OCBC Bank, with both mid- and small-cap indices falling with a broad market decline on S$1.83b turnover.

Technical Analysis

Civmec (CVL SP)

Page 6 →

- Trading Buy Range: S$1.59-1.60

Oversea-Chinese Banking Corp (OCBC SP)

Page 6 →

- Trading Sell Range: S$31.47-31.48

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.

UOBKayHian

Company – Update | Singapore

Wednesday, 16 September 2026

Singapore Airlines (SIA SP)

Near-term Outlook Clouded By Elevated Jet Fuel Prices Amid Middle East Tensions

Highlights

- Aug 26 operating data came in in line with our projection, with pax load and cargo load rising 1.5% and 2.8% yoy, respectively.
- The sharp rebound in jet fuel prices amid re-escalated Middle East tensions has led us to cut our FY27/28 earnings forecasts for SIA by 21%/5%, respectively. Our 2QFY27 net profit guidance has been reduced to S$230m-370m.
- Air India is reportedly seeking fresh capital injection from its owners including SIA. Weighing the opportunities in India and the uncertainties related to Air India's turnaround timeline, we are largely neutral towards this deal.
- Downgrade SIA to SELL due to lack of near-term catalysts, with a lower target price of S$6.16 (pegged to 1.19x FY27F P/B).

Aug 26 Operation Statistics

	Aug-26	Aug-25	*Chg yoy*	5MFY27	5MFY26	*Chg yoy*
Pax operation						
Pax capacity (m seat-km)	15,991	15,451	+3.5%	78,873	74,900	+5.3%
as % of 2019 levels	*105.5%*	*101.9%*	*+3.6ppt*	*106.7%*	*101.3%*	*+5.4ppt*
Pax load (m pax-km)	13,809	13,603	+1.5%	68,428	65,824	+4.0%
as % of 2019 levels	*105.4%*	*103.8%*	*+1.6ppt*	*109.5%*	*105.4%*	*+4.2ppt*
Pax load Factor	86.4%	88.0%	-1.6ppt	86.8%	87.9%	-1.1ppt
change from 2019 levels	-	*+1.6ppt*		*+2.2ppt*	*+3.4ppt*	
Cargo operation						
Cargo capacity (m tonne-km)	934	941	-0.7%	4,570	4,577	-0.1%
as % of 2019 levels	*99.6%*	*100.3%*	*-0.7ppt*	*97.5%*	*97.7%*	*-0.1ppt*
Cargo load (m tonne-km)	534	519	+2.8%	2,665	2,590	+2.9%
as % of 2019 levels	*99.7%*	*97.0%*	*+2.7ppt*	*97.7%*	*94.9%*	*+2.8ppt*
Cargo load factor	57.2%	55.2%	+2ppt	58.3%	56.6%	+1.7ppt
change from 2019 levels	*+0.1ppt*	*-1.9ppt*		*+0.1ppt*	*-1.7ppt*	

Source: SIA, UOB Kay Hian

Analysis

- **Aug 26 operating data broadly in line.** Singapore Airlines' (SIA) passenger load increased 1.5% yoy in Aug 26, supported by healthy air-travel demand, but lagged passenger capacity growth of 3.5% yoy. Consequently, passenger load factor declined 1.6ppt yoy to 86.4%, which remains healthy by historical standards. Cargo load rose 2.8% yoy, despite a 0.7% yoy drop in cargo capacity due to aircraft maintenance activity. As a result, cargo load factor improved 2.0ppt yoy to 57.2%. SIA noted that cargo demand remains strong across most markets, although e-commerce flows to Europe have softened following the EU's introduction of a small-parcel duty and removal of the de minimis exemption from 1 Jul 26.

Key Financials

Year to 31 Mar (S$m)	2025	2026	2027F	2028F	2029F
Net turnover	19,540	20,522	24,490	23,947	23,345
EBITDA	4,090	4,916	4,589	4,266	4,458
Operating profit	1,709	2,375	1,958	1,579	1,608
Net profit (rep./act.)	2,778	1,184	834	961	1,172
Net profit (adj.)	1,575	1,076	834	961	1,172
EPS (S$ cents)	50.6	34.9	26.5	30.5	37.2
PE (x)	13.1	18.9	25.0	21.7	17.8
P/B (x)	1.3	1.2	1.3	1.3	1.3
EV/EBITDA (x)	5.5	4.5	4.9	5.2	5.0
Dividend yield (%)	6.1	5.6	3.9	4.7	3.9
Net margin (%)	14.2	5.8	3.4	4.0	5.0
Net debt/(cash) to equity (%)	(7.0)	(14.7)	(1.2)	10.4	19.6
ROE (%)	17.4	7.2	5.0	5.9	7.1
Consensus net profit	-	-	962	1,527	1,553
UOBKH/Consensus (x)	-	-	0.87	0.63	0.75

Source: SIA, Bloomberg, UOB Kay Hian

Analyst(s)

Roy Chen, CFA
roychen@uobkh.com
+65 6590 6627

SELL (Downgraded)

Share Price	S$6.61
Target Price	S$6.16
Upside	-6.8%
Previous TP	S$6.71

Stock Data

Sector	Industrials
Bloomberg ticker	SIA SP
Shares issued (m)	3,153.7
Market cap (S$m)	20,845.7
Market cap (US$m)	16,381.7
3-mth avg daily t'over (US$m)	42.6

Price Performance (%)

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

1mth	3mth	6mth	1yr	YTD
(6.2)	(7.8)	1.1	1.5	3.3

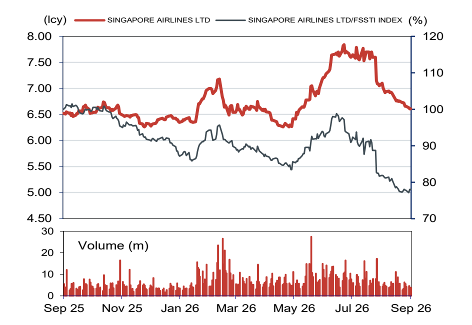
Major Shareholders (%)

Temasek Hldgs	50.6

Balance Sheet Metrics

FY27 NAV/Share (S$)	5.17
FY27 Net Debt/(Cash)/Share (Rmb)	(0.06)

Price Chart



Source: Bloomberg

Company Description

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

- **Sharply rising jet fuel prices amid re-escalated Middle East tensions...** Jet fuel prices temporarily pulled back to near US$120/barrel in late-Jun 26 during the US-Iran truce talk. However, prices have since rebounded as the truce talks faltered and tensions re-escalated. The latest developments indicate that shipping through the Strait of Hormuz remains severely constrained, while Saudi Arabia has shut down its East-West pipeline, a key alternative route that bypasses Hormuz and transports crude to the Red Sea. Houthi forces have also expanded their presence around the Red Sea, creating an additional threat to shipping and oil-routing alternatives. Against this backdrop, global fuel prices are re-approaching the previous highs seen in Apr-May 26, with latest jet fuel prices standing near US$190/barrel as of 15 Sep 26, within striking distance from US$200/barrel levels seen in Apr 26.
- **...likely to weigh on SIA's earnings over the next few quarters.** While SIA's 40-50% fuel hedging position for the remainder of FY27 should provide some protection relative to its regional peers, its earnings outlook remains exposed to further fuel-price volatility. With no quick resolution to the Middle East tensions in sight, jet fuel prices are likely to remain elevated in the near term, creating continued pressure on SIA's profitability. Air India, in which SIA holds a 25.1% stake, is likely to face greater exposure to higher jet fuel prices and related operating disruptions given its closer proximity to the conflict-affected region.
- **2QFY27 preview: Net profit forecast lowered to S$230m-370m.** Reflecting the further rebound in jet fuel prices since our previous report update at end-Jul 26, we have revised SIA's 2QFY27 net profit forecast range to S$230m-370m, from S$240m-460m previously. Our updated forecast incorporates an estimated fuel-hedging gain of nearly S$400m and an estimated net loss contribution of S$250m from Air India.
- **Air India reported seeking capital injection from shareholders.** According to a recent Reuters report, Air India is seeking approximately US$1.5b (S$1.9b) in equity funding from its shareholders, Tata Group and SIA. Based on SIA's 25.1% stake, this implies a potential equity top-up of approximately S$480m by SIA. SIA is reportedly evaluating the investment, with no final decision made at this stage. We remain neutral on the potential equity top-up. On the one hand, further investment would be aligned with SIA's multi-hub strategy, giving it access to India's large and fast-growing aviation market. On the other hand, there remains no clear timeline for Air India to return to profitability, while Air India's recent leadership change may have also added some transition time.

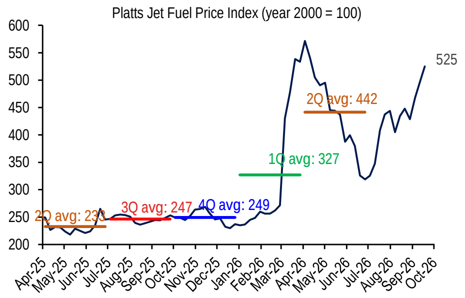
Earnings Revision/Risk

- **Cut our FY27-28 earnings forecasts for SIA by 21%/5%** to S$834m/S$961m, respectively, to reflect negative impacts from higher jet fuel prices.
- **Key risks** include: 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 b) prolonged Air India drag.

Valuation/Recommendation

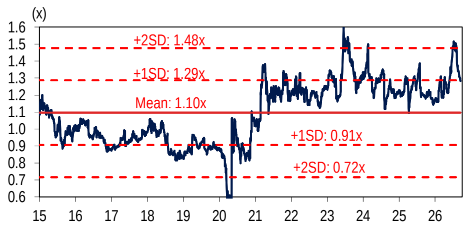
- **Downgrade SIA to SELL with a lower target price of S$6.16.** Our updated target price is pegged to 1.19x FY27F P/B (+0.5SD above historical mean of 1.10x), lowered from the previous +1SD P/B peg. We like SIA for its strong operation track record and healthy balance sheet, but think it lacks near-term catalysts. In view of: a) a more subdued earnings outlook for the remaining FY27, driven by the elevated jet fuel prices; and b) uncertainties related to Air India, we downgrade SIA to SELL and recommend investors to wait for a better entry point.

Jet Fuel Prices



Source: S&P Global Platts

Historical P/B Band



Source: Bloomberg

P/B-based Valuation

		FY26	FY27F	FY28F
Adjusted BVPS		S$5.47	S$5.17	S$5.21
P/B peg		Target price		
+2.0SD	1.48x	S$8.08	S$7.63	S$7.70
+1.5SD	1.38x	S$7.56	S$7.14	S$7.20
+1.0SD	1.29x	S$7.04	S$6.65	S$6.71
+0.5SD	1.19x	S$6.52	S$6.16	S$6.21
Mean	1.10x	S$6.00	S$5.67	S$5.72

Source: UOB Kay Hian

Profit & loss

Year to 31 Mar (S$m)	2026	2027F	2028F	2029F
Net turnover	20,522	24,490	23,947	23,345
EBITDA	4,916	4,589	4,266	4,458
Deprec. & amort.	2,541	2,631	2,687	2,849
EBIT	2,375	1,958	1,579	1,608
Total other non-op. income	81	(0)	0	0
Associate contributions	(792)	(676)	(185)	31
Net interest income/(expense)	(45)	(65)	(123)	(153)
Pre-tax profit	1,618	1,216	1,270	1,486
Tax	(395)	(341)	(262)	(262)
Minorities	(39)	(41)	(47)	(52)
Net profit	1,184	834	961	1,172
Net profit (adj.)	1,076	834	961	1,172

Balance Sheet

Year to 31 Mar (S$m)	2026	2027F	2028F	2029F
Fixed assets	26,902	28,636	31,030	33,077
Other LT assets	3,070	2,394	2,209	2,240
Cash/ST investment	8,510	7,447	5,483	3,902
Other current assets	4,932	4,194	4,381	4,503
Total assets	43,413	42,671	43,103	43,721
ST debt	1,957	1,957	1,957	1,957
Other current liabilities	11,934	10,945	11,212	11,672
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	16,291	16,433	16,565
Minority interest	424	440	462	488
Total liabilities & equity	43,413	42,671	43,103	43,721

Cash flow

Year to 31 Mar (S$m)	2026	2027F	2028F	2029F
Operating	5,103	3,227	4,085	4,533
Pre-tax profit	1,618	1,216	1,270	1,486
Tax	(11)	(341)	(262)	(262)
Deprec. & amort.	2,541	2,631	2,687	2,849
Associates	(865)	(714)	(257)	(67)
Working capital changes	(97)	(1,021)	81	337
Non-cash items	295	(0)	0	0
Other operating cashflows	1,622	1,456	565	190
Investing	(2,424)	(3,636)	(4,376)	(4,206)
Capex	(2,749)	(3,876)	(4,576)	(4,376)
Investment	(39)	0	0	0
Proceeds from sale of assets	4	0	0	0
Others	360	240	200	170
Financing	(2,879)	(653)	(1,673)	(1,908)
Dividend payments	(1,162)	(1,166)	(819)	(1,040)
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)	(1,063)	(1,964)	(1,581)
Beginning cash & cash equiv.	8,257	7,931	6,868	4,905
Changes due to forex impact	(126)	0	0	0
Ending cash & cash equiv.	7,931	6,868	4,905	3,323

Key Metric

Year to 31 Mar	2026	2027F	2028F	2029F
Profitability				
EBITDA margin	24.0	18.7	17.8	19.1
Pre-tax margin	7.9	5.0	5.3	6.4
Net margin	5.8	3.4	4.0	5.0
ROA	2.7	1.9	2.2	2.7
ROE	7.2	5.0	5.9	7.1
Growth (% yoy)				
Turnover	5.0	19.3	(2.2)	(2.5)
EBITDA	20.2	(6.7)	(7.0)	4.5
Pre-tax profit	(45.4)	(24.8)	4.5	17.0
Net profit	(57.4)	(29.5)	15.2	21.9
Net profit (adj.)	(31.6)	(22.5)	15.2	21.9
EPS	(31.0)	(24.1)	15.2	21.9
Leverage				
Debt to total capital	30.2	35.0	34.8	34.5
Debt to equity	43.3	53.8	53.3	52.8
Net debt/(cash) to equity	(14.7)	(1.2)	10.4	19.6

Market News

US stocks were lower on Tuesday, as consumer discretionary, utilities and consumer staples sectors led shares lower. At the close of the NYSE, the Dow Jones fell 0.63% while the S&P 500 index was down 0.45%, and the NASDAQ Composite index slid 0.78%. Falling stocks outnumbered advancing ones on the NYSE by 1,845 to 911 and 85 ended unchanged; on the Nasdaq Stock Exchange, 3,443 declined and 1,472 advanced, while 178 ended unchanged.

During the last trading session, the FSSTI index fell 79.38pt to 5,638.64. Among the top active stocks were Singtel (-0.2%), DBS (-1.2%), OCBC Bank (-2.7%), Riverstone (-0.6%) and SATS (-0.3%). The FTSE ST Mid Cap index fell 0.3%, while the FTSE ST Small Cap Index slid 0.7%. The broader market had 176 gainers and 346 losers with a total trading value of S$1.83b.

Technical Analysis

Analyst(s)

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

Civmec (CVL SP)

Trading Buy Range:	S$1.59-1.60
Last Price:	S$1.64
Target Price:	S$1.78
Protective Stop:	S$1.52

Price executed a rebound upon retesting its previous low support zone. The RSI has turned bullish and continues to expand upward. As long as price holds above this support we could expect a sustained upward trajectory towards higher expansion targets.

The potential upside target is S$1.78. Stop-loss could be placed at S$1.52.

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$0.80.

Oversea-Chinese Banking Corp (OCBC SP)

Trading Sell Range:	S$31.47-31.48
Last Price:	S$31.00
Target Price:	S$28.19
Protective Stop:	S$32.27

Price could have formed a price top at S$32.57. The RSI is displaying a clear bearish momentum divergence by curving lower toward its neutral 50-midline. As long as counter-trend rallies remain capped beneath the S$32.57 supply ceiling technical probabilities suggest a sustained downside pullback towards the immediate lower support targets.

The potential downside target is S$28.19. Stop-loss could be placed at S$32.27.

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$33.35.