UOBKayHian

Country Daily | Singapore

Wednesday, 02 September 2026

Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	52766.9	(0.8)	(1.5)	0.5	9.8
S&P 500	7631.5	(0.7)	(0.6)	1.9	11.5
FTSE 100	10789.3	(0.3)	(0.6)	(0.7)	8.6
AS30	9260.9	(0.1)	(1.2)	1.4	2.7
CSI 300	4611.4	(0.3)	1.3	0.5	(0.4)
FSSTI	5710.4	(0.8)	(0.4)	1.5	22.9
HSCEI	8462.6	(0.6)	0.2	(1.7)	(5.1)
HSI	25329.7	(0.9)	(0.7)	(2.1)	(1.2)
JCI	6599.9	1.1	1.5	5.8	(23.7)
KLCI	1700.5	(1.5)	(2.1)	(1.4)	1.2
KOSPI	6835.8	0.2	1.4	3.6	62.2
Nikkei 225	66215.3	(0.1)	0.5	2.9	31.5
SET	1588.7	(0.4)	(0.5)	(2.2)	26.1
TWSE	46948.7	1.8	3.9	8.9	62.1
BDI	3157	(0.9)	9.5	15.6	68.2
CPO (RM/mt)	4613	0.4	(0.6)	1.8	17.3
Brent Crude (US$/bbl)	95	4.6	6.9	5.0	55.5

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
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
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
MAS 12-Week Bill Auction	18 Sep
MAS 4-Week Bill Auction	18 Sep
6-Month T-Bill Auction	26 Sep
Unemployment Rate Final Q4	07 Oct

Top Stories

Company Results | ASL Marine (ASL SP/**BUY**/S$0.30/Target: S$0.41)

Page 2 →

- ASL’s FY26 earnings are in line with expectations, supported by stronger margins and lower finance costs. Ship chartering was the main growth driver, while ship repair remained a resilient core contributor. The stronger balance sheet and lower gearing have improved financial flexibility, while infrastructure-linked activity should support demand in FY27. Maintain BUY with a lower target price of S$0.41.

Market Spotlight

Page 5 →

- US stocks were lower on Tuesday, with all indices sliding as the consumer discretionary, industrials and materials sectors fell. There were more decliners than advancers on both NYSE and NASDAQ.
- The FSSTI fell 44.99 points to 5,710.37, on the back of weakness in DBS, Singtel and OCBC Bank, with both mid- and small-cap indices falling with a broad market decline on a S$2.08b turnover.

Technical Analysis

Hong Fok Corp (HFC SP)

Page 6 →

- Trading Buy Range: S$0.880-0.885

Singapore Tech Engineering (STE SP)

Page 6 →

- Trading Sell Range: S$10.60-10.61

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.

ASL Marine (ASL SP)

FY26: Strong Earnings Growth And Improving Outlook

Highlights

- FY26 revenue and earnings are in line, forming 95% and 103% of our forecasts respectively.
- Ship chartering drove growth, with revenue up 10% yoy and gross margin improving to 20.1%, while ship repair remained resilient.
- Maintain BUY with a slightly lower target price of S$0.41, pegged to an unchanged 12x FY27F PE.

FY26 Results

Year to 30 Jun (S$m)	2HFY26	2HFY25	yoy % chg	FY26	FY25	yoy % chg
Revenue	179.1	177.9	+0.7	360.7	350.1	+3.0
Gross profit	41.9	32.4	+29.3	77.0	60.7	+27.0
Gross profit margin (%)	23.4	18.2	+5.2ppt	21.4	17.3	+4.1ppt
PATMI	16.2	13.1	+23.3	33.3	14.6	+128.3
PATMI margin (%)	9.0	7.4	+1.6ppt	9.2	4.2	+5.1ppt

Source: ASL, UOB Kay Hian

Analysis

- **Earnings slightly ahead of expectations.** ASL Marine (ASL) reported FY26 revenue of S$360.7m (+3.0% yoy) and PATMI of S$33.3m (+128.3% yoy), accounting for 95% and 103% of our respective forecasts. Growth was driven by stronger ship chartering contributions while shipbuilding and ship repair remained stable. The earnings beat was supported by stronger ship chartering contributions and continued deleveraging, with finance costs falling 66% yoy. Gross margins improved 4.1ppt to 21.4%, while PATMI margin improved 5.1ppt to 9.2%.
- **2HFY26 margins strengthened on better business mix.** For 2HFY26, ASL reported revenue of S$179.1m (+0.7% yoy) and PATMI of S$16.2m (+23.3% yoy). Ship chartering revenue rose 18.6% yoy, offsetting softer ship repair and shipbuilding contributions. Gross margin expanded 5.2ppt yoy to 23.4%, driven by stronger ship chartering margins on higher charter rates, lower maintenance and operating costs, alongside improved shipbuilding margins.
- **Ship chartering: Driving top-line growth.** Ship chartering revenue rose 10.1% yoy to S$105.3m, driven by stronger contributions from local infrastructure projects, despite softer overseas infrastructure and towage jobs. Gross margin surged to 20.1% from 5.7%, lifting gross profit to S$21.2m. Orderbook remained strong at S$61m (+60.5% yoy), while management expects demand to remain supported by infrastructure and energy-related projects across Asia.

Key Financials

Year to 30 Jun (S$m)	2025	2026	2027F	2028F	2029F
Net turnover	349	361	396	414	430
EBITDA	87	87	89	94	97
Operating profit	36	51	49	50	51
Net profit (rep./act.)	4	33	35	38	40
Net profit (adj.)	18	33	35	38	40
EPS (S$ cent)	2.5	3.2	3.4	3.7	3.9
PE (x)	12.0	9.3	8.8	8.1	7.7
P/B (x)	2.7	1.9	1.6	1.4	1.2
EV/EBITDA (x)	4.5	3.5	3.4	3.3	3.2
Dividend yield (%)	0.7	1.0	1.0	1.0	1.0
Net margin (%)	4.2	9.2	8.9	9.2	9.3
Net debt/(cash) to equity (%)	119.8	40.7	(1.1)	(14.7)	(27.0)
Interest cover (x)	3.6	11.9	19.7	32.9	72.9
ROE (%)	14.2	24.6	20.1	18.2	16.3
Consensus net profit (S$m)	-	-	38	40	-
UOBKH/Consensus (x)	-	-	0.94	0.94	-

Source: ASL, Bloomberg, UOBKH

Analyst(s)

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BUY (Maintained)

Share Price	S$0.30
Target Price	S$0.41
Upside	+36.7%
Previous TP	S$0.43

Stock Data

GICS sector	Industrials
Bloomberg ticker:	ASL SP
Shares issued (m):	1,029.0
Market Cap (S$m):	308.7
Market cap (US$m):	242.5
3-mth avg t'over (US$m):	0.2

Price Performance (%)

52-week high/low				S$0.41/S$0.094
1mth	3mth	6mth	1yr	YTD
(6.3)	(11.8)	(6.3)	167.9	7.1

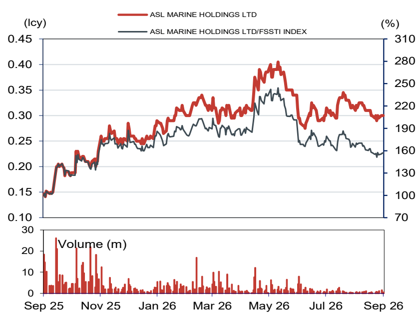
Major Shareholders (%)

The Ang Family	65.4

Balance Sheet Metrics

FY26 NAV/Share (S$)	0.19
FY26 Net Cash/ Share (S$)	0.00

Price Chart



Source: Bloomberg

Company Description

ASL Marine operates as a holding company. The company, through its subsidiaries, engages in shipbuilding, shiprepair and conversion, marine vessel chartering, marine engineering, and other related services. It serves customers worldwide.

- **Ship repair remains the core earnings anchor.** Ship repair, conversion and engineering revenue was broadly stable, rising 0.8% yoy to S$170.9m (47% of revenue), supported by higher-value repair projects. 2HFY26 revenue fell 8.2% yoy due to lower contributions from precast projects.
- **Shipbuilding: Pipeline moderates amid softer demand.** Shipbuilding revenue remained broadly flat at S$84.5m (-0.4% yoy), while gross margin improved to 18.4% (+4.9ppt yoy). The orderbook declined to S$18m, reflecting softer tug and barge demand from Indonesia's coal market. Management is targeting alternative markets and pursuing higher-value projects, which should help support margins despite the softer pipeline.
- **Cash position strengthened; 0.17 S cents dividend proposed.** ASL generated S$49.5m in operating cash flow, supported by stronger profitability and healthy cash generation from its service-centric businesses. Cash and cash equivalents increased to S$30.1m, while net gearing improved significantly to 0.59x, as the company continues to focus on deleveraging. Against the improved financial position, a final dividend of 0.17 S cents/share was proposed, bringing total FY26 DPS to 0.30 S cents (+50% yoy).
- **Singapore infrastructure initiatives support longer-term growth opportunities.** Management highlighted Singapore's S$100b coastal protection programme and the New Western Island initiative as potential multi-year opportunities for ASL. These projects should increase demand for dredging engineering services and vessel utilisation, supporting the group's businesses over the longer term.

Valuation/Recommendation

- **Maintain BUY with a 5% lower target price of S$0.41 (S$0.43 previously),** pegged to unchanged 12x FY27F PE, in line with peers' average. The slightly lower target price reflects the enlarged share base following ASL's recent placement. We continue to expect ASL's earnings growth to be supported by resilient ship repair demand and sustained chartering activity in the next financial year. We also introduce our FY29 forecasts.

Earnings Revision/Risk

- We maintain our earnings forecasts.

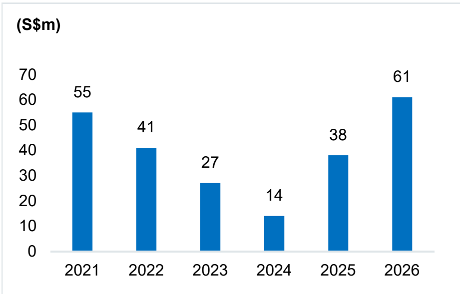
Share Price Catalyst

- Higher contracts win across business segments.
- Expansion of dry-dock capacity in early-FY27.
- Higher dividend payout.

Key Financial Highlights (FY26)

Source: ASL, UOB Kay Hian

Ship Chartering Orderbook



Source: ASL, UOB Kay Hian

Profit & loss

Year to 30 Jun (S$m)	2026	2027F	2028F	2029F
Net turnover	360.7	395.8	414.1	430.0
EBITDA	86.7	89.4	93.6	97.3
Deprec. & amort.	35.5	40.4	43.3	46.1
EBIT	51.2	49.0	50.3	51.2
Total other non-operating income	(1.8)	0.0	0.0	(0.0)
Associate contributions	0.0	0.0	0.0	0.0
Net interest income/(expense)	(7.3)	(4.5)	(2.8)	(1.3)
Pre-tax profit	42.2	44.5	47.5	49.9
Tax	(8.9)	(9.3)	(9.5)	(10.0)
Minorities	0.0	0.0	0.0	0.0
Net profit	33.3	35.1	38.0	39.9
Net profit (adj.)	33.3	35.1	38.0	39.9

Balance Sheet

Year to 30 Jun (S$m)	2026	2027F	2028F	2029F
Fixed assets	212.3	201.9	188.7	172.6
Other LT assets	14.2	14.2	14.2	14.2
Cash/ST investment	30.1	64.0	69.2	81.0
Other current assets	188.5	170.2	195.3	218.4
Total assets	445.2	450.4	467.4	486.2
ST debt	32.7	26.0	26.0	26.0
Other current liabilities	174.1	176.3	183.8	191.1
LT debt	62.0	36.0	10.0	(16.0)
Other LT liabilities	18.1	21.3	21.8	22.5
Shareholders' equity	158.8	190.9	225.8	262.6
Minority interest	(0.7)	0.0	0.0	0.0
Total liabilities & equity	445.2	450.4	467.4	486.2

Cash flow

Year to 30 Jun (S$m)	2026	2027F	2028F	2029F
Operating	49.5	76.8	84.6	90.1
Pre-tax profit	42.2	44.5	47.5	49.9
Tax	(6.3)	(6.9)	(9.3)	(8.8)
Deprec. & amort.	35.5	40.4	43.3	46.1
Associates	0.0	0.0	0.0	0.0
Working capital changes	(19.2)	(12.7)	3.1	2.9
Non-cash items	(2.7)	11.5	0.0	0.0
Other operating cashflows	0.0	0.0	0.0	0.0
Investing	22.7	(2.5)	(33.0)	(30.0)
Capex (growth)	(63.3)	(30.0)	(30.0)	(30.0)
Investment	0.0	0.0	0.0	0.0
Proceeds from sale of assets	9.8	0.0	0.0	0.0
Others	76.2	27.5	(3.0)	0.0
Financing	(64.6)	(40.3)	(46.4)	(48.3)
Dividend payments	(3.3)	(3.1)	(3.1)	(3.1)
Proceeds from borrowings	0.0	0.0	0.0	0.0
Loan repayment	(61.7)	(32.7)	(26.0)	(26.0)
Others/interest paid	0.5	(4.5)	(17.3)	(19.2)
Net cash inflow (outflow)	7.6	34.0	5.2	11.8
Beginning cash & cash equivalent	22.8	30.1	64.0	69.2
Changes due to forex impact	(0.4)	0.0	0.0	0.0
Ending cash & cash equivalent	30.1	64.0	69.2	81.0

Key Metric

Year to 30 Jun (%)	2026	2027F	2028F	2029F
Profitability				
EBITDA margin	24.0	22.6	22.6	22.6
Pre-tax margin	11.7	11.2	11.5	11.6
Net margin	9.2	8.9	9.2	9.3
ROA	n.a.	7.8	8.3	8.4
ROE	n.a.	20.1	18.2	16.3
Growth				
Turnover	n.a.	9.7	4.6	3.8
EBITDA	n.a.	3.1	4.7	4.0
Pre-tax profit	n.a.	5.5	6.9	4.9
Net profit	n.a.	5.5	8.2	4.9
Net profit (adj.)	n.a.	5.5	8.2	4.9
EPS	n.a.	5.5	8.2	4.9
Leverage				
Debt to total capital	37.5	24.5	13.8	3.7
Debt to equity	59.6	32.5	16.0	3.8
Net debt/(cash) to equity	40.7	(1.1)	(14.7)	(27.0)
Interest cover (x)	11.9	19.7	32.9	72.9

Market News

US stocks were lower on Tuesday, as the consumer discretionary, industrials and materials sectors led shares lower. At the close of the NYSE, the Dow Jones fell 0.79%, while the S&P 500 Index was down 0.71%, and the NASDAQ Composite Index slid 1.03%. Falling stocks outnumbered advancing ones on the NYSE by 1,931 to 834 and 74 ended unchanged; on the Nasdaq Stock Exchange, 3,600 declined and 1,305 advanced, while 174 ended unchanged.

During the last trading session, the FSSTI Index fell 44.99pt to 5,710.37. Among the top active stocks were Singtel (-1.8%), DBS (-0.6%), OCBC Bank (-0.6%), Riverstone (-1.9%) and SIA (-0.4%). The FTSE ST Mid Cap Index fell 0.3%, while the FTSE ST Small Cap Index slid 1.2%. The broader market had 238 gainers and 324 losers with a total trading value of S$2.08b.

Technical Analysis

Analyst(s)

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Hong Fok Corp (HFC SP)

Trading sell range:	S$0.880-0.885
Last price:	S$0.885
Target price:	S$0.980
Protective stop:	S$0.855

The price executed a structural reversal off the previous low support floor, printing a bullish candle at the boundaries. The RSI pivots upward to reclaim position above its neutral 50-midline. As long as buyers continue to defend this floor, it favours sustained upward trajectory toward higher overhead resistance targets.

The potential upside target is S$0.98. Stop-loss could be placed at S$0.855.

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 sell range:	S$10.60-10.61
Last price:	S$10.58
Target price:	S$9.58
Protective stop:	S$10.91

The price encountered a decisive supply cap at the previous swing high, triggering a bearish gap-down and shifting market structure into a downward flag consolidation. The RSI breaks down below its neutral 50-midline. As long as the gap-down pivot remains defended as overhead supply, it favours a structural breakdown beneath the lower flag boundary toward downside support targets.

The potential downside target is S$9.58. Stop-loss could be placed at S$10.91.

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.