UOBKayHian

Country Daily | Singapore

Tuesday, 10 November 2026



Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	52389.8	2.2	0.8	1.4	9.0
S&P 500	7549.9	2.3	0.1	(3.3)	10.3
FTSE 100	10782.9	1.0	0.2	2.2	8.6
AS30	9233.4	0.8	2.5	4.0	2.4
CSI 300	4056.1	0.0	1.0	(6.0)	(12.4)
FSSTI	5179.2	(2.2)	(3.7)	(4.1)	11.5
HSCEI	8260.2	(0.2)	4.5	1.4	(7.3)
HSI	24449.0	(0.1)	4.5	1.0	(4.6)
JCI	5073.8	0.5	(0.5)	(16.7)	(41.3)
KLCI	1616.6	(1.2)	0.1	0.5	(3.8)
KOSPI	5018.9	(0.8)	(14.3)	(24.3)	19.1
Nikkei 225	58775.5	2.3	(7.1)	(14.9)	16.8
SET	1473.1	0.5	(2.3)	(6.6)	16.9
TWSE	41661.7	4.9	(7.3)	(15.5)	43.8
BDI	2854	1.7	7.8	(2.2)	52.1
CPO (RM/mt)	4210	(1.9)	(3.1)	(3.6)	7.0
Brent Crude (US$/bbl)	92	(6.1)	(11.9)	(11.9)	51.7

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
Virtual Meeting with UUE Holdings Berhad (UUE MK)	Malaysia	10 Nov	10 Nov
1HFY27 Post Results briefing with Valuetronics Holdings Ltd (VALUE SP)	Singapore	11 Nov	11 Nov
Analyst Marketing by Johnny Yum on GC AI Sector	Taipei	17 Nov	18 Nov
Corporate Roadshow with NTT DC REIT (NTTDCR SP)	Bangkok	23 Nov	23 Nov
Corporate Roadshow with NTT DC REIT (NTTDCR SP)	Kuala Lumpur	25 Nov	25 Nov
Virtual Analyst Presentation by Jonathan Koh on S-REITs Results Wrap	Singapore	25 Nov	25 Nov
Regional 1H2027 Strategy Conference	Malaysia	02 Dec	02 Dec

Corporate and Macro Calendar

Economic Indicator/Event	Date
MAS 12-Week Bill Auction	11 Nov
MAS 36-Week Bill Auction	11 Nov
MAS 4-Week Bill Auction	11 Nov
Balance of Trade OCT	17 Nov

Top Stories

Sector Update | Banking

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- We upgrade the banking sector to OVERWEIGHT as rising SORA, healthy lending demand and wealth inflows will support earnings growth. Our preferred pick is DBS (BUY/Target: S$84.70) due to its wealth management leadership and strong deposit franchise. We lowered our target price for OCBC (BUY/Target: S$33.00) as its regional growth strategy is tempered by near-term uncertainties in Indonesia.

Company Results | Frasers Logistics & Commercial Trust (FLT SP/**HOLD**/S$0.925/Target: S$0.98)

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- FLT reported 2HFY26 DPU of 2.95 S cents, flat yoy due to lower capital distributions from past divestment gains. NPI grew 9.6% yoy, supported by rental uplift for logistics properties, stronger AUD and EUR exchange rates, higher occupancy at ATP, and recent logistics acquisitions in Europe. Downgrade to HOLD due to limited upside with target price at S$0.98.

Company Results | Oversea-Chinese Banking Corp (OCBC SP/**BUY**/S$27.73/Target: S$33.00)

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- OCBC reported a 3Q26 net profit of S$2,042m, up 3% yoy but down 8% qoq, as weaker Great Eastern investment returns tempered record banking profits. Strong loan growth supported NII, while fees remained near record levels and wealth AUM reached S$358b. Maintain BUY with a lower target price of S$33.00.

Company Results | Venture Corporation (VMS SP/**BUY**/S$14.29/Target: S$18.30)

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- VMS' 3Q26 revenue and net profit grew to S$790.4m (+26.0% yoy) and S$67.8m (+21.9% yoy) respectively. Portfolio B's production ramp-ups and market share gains drove growth, while a recovery in VMS' life science segment supported Portfolio A. 9M26 revenue and earnings reached 80.4% and 76.6% of our full-year forecasts respectively. Maintain BUY with a target price of S$18.30, pegged to 20.2x 2027F PE.

Market Spotlight

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- US stocks were higher on Monday. All indices rose as industrials, consumer discretionary and information technology sectors gained. There were more advancers than decliners on both the NYSE and NASDAQ.
- The FSSTI plummeted 117.08 points to 5,179.17, on the back of weakness in DBS, Seatrium and OCBC Bank. Both mid- and small-cap indices fell, with a broad market decline on S$3.24b turnover.

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.

Technical Analysis

Hongkong Land (HKL SP) Page 17 →

- Trading Sell Range: US$8.29-8.30

Propnex (PROP SP) Page 17 →

- Trading Sell Range: S$1.65-1.66

Banking

3Q26 Results Round-up: NII Turns Around Into Upward Trend

Highlights

- Banks' 3Q26 results showed resilient lending and wealth management growth, although weaker trading and investment income weighed on earnings. Asset quality improved across all three banks, with NPL ratios declining by 0.1ppt qoq to 0.9% for DBS, 0.8% for OCBC and 1.5% for UOB.
- We upgrade the Banking sector to OVERWEIGHT due to rising SORA, healthy lending demand and wealth inflows, which will support earnings growth. Our preferred pick is DBS (BUY/Target: S$84.70) due to its wealth management leadership and strong deposit franchise. We lowered our target price for OCBC (BUY/Target: S$33.00) as its regional growth strategy is tempered by near-term uncertainties in Indonesia.

Analysis

- Oversea-Chinese Banking Corp's (OCBC) 3Q26 results met our expectation, but DBS Group Holdings' (DBS) was slightly below our expectation. Loan growth and wealth management supported underlying business momentum, while weaker trading and investment income weighed on earnings.
- **Loan growth cushioned margin pressure.** DBS demonstrated resilience in funding and asset pricing. Its net interest income (NII) increased 4% yoy and qoq to S$3,711m in 3Q26, supported by hedging and loan growth of 11% yoy, while net interest margin (NIM) remained stable qoq at 1.87%. OCBC's loans expanded 14% yoy, lifting NII 4% yoy to S$2,313m despite a 4bp qoq NIM contraction to 1.66%. UOB experienced more severe NIM compression of 6bp qoq to 1.68% due to higher deposit costs, leaving NII up just 1% yoy. DBS's stable NIM helped sustain its sector-leading ROE of 17.5%.
- **Wealth management remained a key growth driver,** although investment activities moderated sequentially at DBS and OCBC. DBS' wealth AUM reached S$544b (+16% yoy), supported by record quarterly net new money of S$15b, while OCBC's AUM increased 7% yoy to a record S$358b. Their total fee income grew 6% and 8% yoy respectively, but softened qoq. UOB achieved record fee income of S$733m, up 19% yoy and 10% qoq, supported by wealth management and lending activities.
- **Weakness in market-sensitive sources of income.** DBS' markets trading income fell 68% qoq, and UOB's other non-interest income dropped 41% qoq as prior-quarter divestment gains were not repeated and trading income weakened. OCBC's net trading income dropped 33% qoq, while its insurance income declined 48% qoq amid market-driven valuation losses.
- **Asset quality improved across all three banks.** NPL ratios declined by 0.1ppt to 0.9% for DBS, 0.8% for OCBC and 1.5% for UOB. NPL formation was benign and muted at S$82m for DBS and S$127m for OCBC. OCBC recorded particularly low credit costs of 6bp, alongside recoveries from Chinese real estate exposures. NPL coverage stood at 134% for DBS and 168% for OCBC. UOB has thinner NPL coverage at 86% and exposure to slow recovery in Greater China real estate. Capital remained sound, with fully phased-in or fully loaded CET1 ratios of around 14% across the banks.

Analyst(s)

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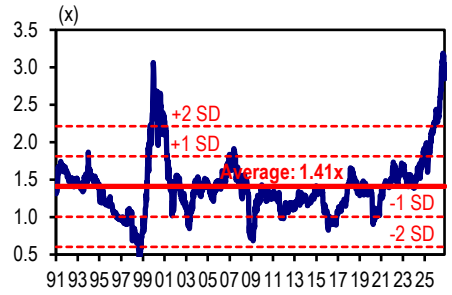
OVERWEIGHT (Upgraded)

Sector Picks

Company	Ticker	Rec	Share Price (S$)	Target Price (S$)
DBS	DBS SP	BUY	69.72	84.70
OCBC	OCBC SP	BUY	27.73	33.00

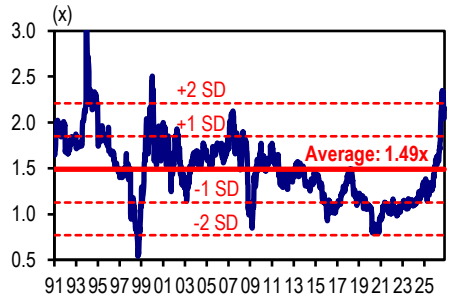
Source: Bloomberg, UOB Kay Hian

P/B – DBS



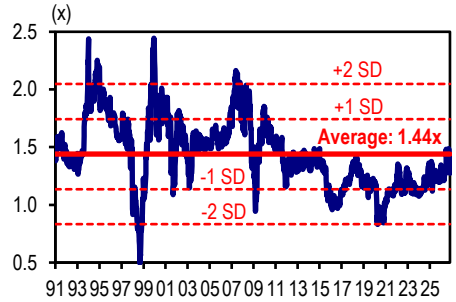
Source: UOB Kay Hian

P/B – OCBC



Source: UOB Kay Hian

P/B – UOB



Source: UOB Kay Hian

Peer Comparison

Company	Ticker	Rec	Price 6 Nov 26 (S$)	Target Price (S$)	Market Cap (US$m)	PE 2026F (x)	PE 2027F (x)	P/B 2026F (x)	P/B 2027F (x)	P/PPOP 2026F (x)	P/PPOP 2027F (x)	Yield 2026F (%)	Yield 2027F (%)	ROE 2026F (%)	ROE 2027F (%)
DBS	DBS SP	BUY	69.72	84.70	154,800	17.4	15.8	2.84	2.74	14.1	12.8	4.7	5.0	16.4	17.7
OCBC	OCBC SP	BUY	27.73	33.00	97,325	15.5	14.3	1.96	1.84	13.5	12.3	3.4	3.5	12.6	13.2
UOB	UOB SP	NR	36.88	n.a.	47,416	11.2	10.5	1.17	1.11	8.0	7.7	4.6	4.9	10.6	10.8
Average						**14.7**	**13.6**	**1.99**	**1.89**	**11.8**	**10.9**	**4.2**	**4.5**	**13.2**	**13.9**

Source: Bloomberg, UOB Kay Hian

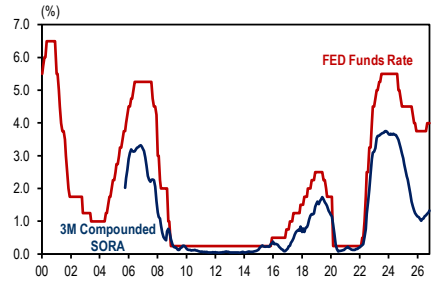
Valuation/Recommendation

- **Management's outlook pointed to continued growth, supported by lending demand, wealth inflows and improvement in NII.** DBS guided for approximately 5% growth in both loans and NII in 2027, alongside high single-digit to low double-digit non-interest income growth. OCBC upgraded its 2026 guidance to low double-digit loan growth, at least mid-single-digit total income growth and lower credit costs of 15-20bp.
- **More pros than cons.** We postulate that Singapore banks are a hedge against potential sovereign debt crises in developed countries. Higher bond yields are generally indicative of stronger pricing power for banks. However, with the ebb and flow of the AI investment cycle and shocking broad-based defeat by the Republican party during the midterm elections, bond yields have retreated. In Singapore, 10-year government bond yield pulled back by 23bp in Oct 26 and 15bp in Nov 26 to 2.09% currently.
- **SORA bottomed and on a steady rise.** We observed that money supply M2 has slowed to a growth of 3.4% yoy in Sep 26, compared to the recent peak of 9.5% yoy in Aug 25, reflecting Monetary Authority of Singapore's tightening bias. One-month compounded (1M) SORA troughed at 0.97% in Apr 26. Since then, it has risen gradually by 16bp to 1.25% in 3Q26. 1M SORA continued its steady rise by 8bp in Oct 26 and 4bp in Nov 26 to 1.37% currently. Assuming the pace of rise is maintained at 5bp/month, we anticipate that 1M SORA would reach 1.4% by end-26.
- **Upgrade to OVERWEIGHT.** Our preferred stock pick is DBS (BUY/Target: S$84.70) due to its leadership in wealth management and strong deposit franchise. We also like OCBC (BUY/Target: S$33.00) for its new frontier strategy to grow domestically in Malaysia and Indonesia. In the near term, OCBC is confronted by uncertainties in Indonesia, which might be relegated Indonesia to Standalone Market status by MSCI.

DBS Group Holdings (BUY/Target: S$84.70)

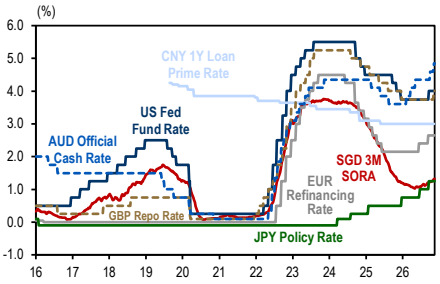
- **DBS is recognised as the world's best private bank by Euromoney Private Banking Awards 2026.** According to Asian Private Banker, DBS is ranked the 4th largest private bank in Asia with AUM having increased 22% to S$335b in 2025 (DBS is behind UBS and HSBC but neck and neck with JPMorgan). DBS has doubled its wealth management AUM since 2019, representing a six-year CAGR of 12.2%. The proportion of AUM invested is also high at 58%. Wealth management fees grew 29% in 2025 and 25% yoy in 1Q26. DBS' cost-to-income ratio of 46% for wealth management stood out as one of the most efficient among top global private banks.
- **Drawing closer to HNW clients through new wealth centres.** DBS plans to open 18 new and 36 upgraded wealth centres in 2H26 across the Asia Pacific region, including Singapore, Hong Kong, China, India, Indonesia and Taiwan. It aims to be closer to its high-net-worth (HNW) clients, serving them where they live and work. The number of wealth centres in Singapore would expand by 50%. In-person face-to-face meetings remain important for HNW clients, despite actively engaging them through digital wealth platforms.
- **Generous dividend payout supported by high ROE.** We expect DBS to raise its quarterly DPS by 6 S cents to 72 S cents starting 4Q26. DBS provides a dividend yield of 5.0% for 2027 and 4.1% for 2028.
- **Maintain BUY.** Our target price of S$84.70 is based on 3.33x 2027F P/B, derived from Gordon Growth Model (ROE: 17.5%, COE: 7.0%, growth: 2.5%).

US Fed Funds Rate Vs 3M SORA



Source: Bloomberg

Policy Interest Rates



Source: Bloomberg

Key Assumptions – DBS

(S$m)	2024	2025	2026F	2027F	2028F
Net Interest Income	14,424	14,500	14,670	16,534	17,426
Non-Interest Income	7,873	8,400	9,220	9,823	10,316
Total Income	22,297	22,900	23,890	26,357	27,742
Pre-Provision Operating Profit	13,259	13,528	14,069	15,541	16,397
Net Profit	11,289	10,933	11,387	12,491	13,182
% Chg	12.2	(3.2)	4.2	9.7	5.5
Loan Growth (%)	3.4	3.3	8.5	4.9	4.9
NIM (%)	2.14	2.02	1.89	1.98	1.99
Fees, % Chg	23.2	17.5	16.4	8.3	8.0
NPL Ratio (%)	1.09	1.03	0.98	0.97	0.96
Credit Costs (bp)	14.0	17.8	14.6	17.1	17.1

Source: UOB Kay Hian

Oversea-Chinese Banking Corp (BUY/Target: S$33.00)

- OCBC's **New Frontier strategy** targets to deepen its domestic presence within the ASEAN region in Malaysia and Indonesia. It has embarked on a strategic shift to capture growth at its twin wealth hubs of Singapore and Hong Kong. Management targets to deliver Whole-of-Wealth (WoW) value proposition across the banking, wealth management and insurance businesses. Management targets double-digit growth in wealth management fees and AUM.
- OCBC's private banking arm, Bank of Singapore (BOS), is **sharpening its focus on ultra HNW clients** in Southeast Asia and North Asia, in line with the expansion of OCBC's WoW eco-system. BOS achieved its target of 500 RMs for private banking by end-25. It aims to grow AUM contributed by ultra HNW clients by 30% by 2028. OCBC has set a new target of hiring 600 RMs for consumer financial services over the next three years.
- Management intends to maintain dividend payout ratio at 50%. The S$2.5b capital return plan would be completed by FY26 (special dividend: S$1.5b, share buyback: S$1.0b). We interpret that to mean that OCBC would return the balance uncompleted portion of its share buyback programme of S$800m or 18 S cents per share in the form of a special dividend, which could be declared in Feb 27 (together with final dividend for 2026). OCBC has completed only 20% or S$200m of its share buyback programme.
- **Maintain BUY.** Our target price of S$33.00 is based on 2.19x 2027F P/B, derived from the Gordon Growth Model (ROE: 13.3%, COE: 7.25%, growth: 2.2%).

Key Assumptions – OCBC

(S$m)	2024	2025	2026F	2027F	2028F
Net Interest Income	9,755	9,150	9,240	10,454	11,100
Non-Interest Income	4,718	5,464	6,339	6,584	6,932
Total Income	14,473	14,614	15,579	17,039	18,032
Pre-Provision Operating Profit	8,672	8,710	9,266	10,101	10,691
Net Profit	7,587	7,422	8,069	8,719	9,235
% Chg	8.1	(2.2)	8.7	8.1	5.9
Loan Growth (%)	7.6	6.9	10.9	4.8	4.8
NIM (%)	2.20	1.92	1.72	1.81	1.83
Fees, % Chg	9.2	22.4	15.1	9.7	8.8
NPL Ratio (%)	0.89	0.95	0.85	0.86	0.87
Credit Costs (bp)	22.4	20.1	17.0	20.1	20.1

Source: UOB Kay Hian

Sector Catalyst/Risk

- **Catalysts**: Sustainable GDP growth supporting continued healthy growth in loans and fee income. Stable asset quality and manageable credit costs.
- **Risks**: Economic downturn caused by uncertainties from prolonged Middle East conflict and elevated energy prices.

Projected DPS And Dividend Payout Ratios

	--------- DBS (BUY/S$69.72/Target: S$84.70) ------			--------- OCBC (BUY/S$27.73/Target: S$33.00) ----			------- UOB (NOT RATED / S$36.88) ----		
Year to 31 Dec	FY25	FY26F	FY27F	FY25	FY26F	FY27F	FY25	FY26F	FY27F
EPS (S ¢)	384	401	440	163	179	194	276	328	351
DPS (S ¢)	306	330	348	99	94	98	181	170	180
Payout Ratio (%)	79.7	82.3	79.1	60.7	52.6	50.6	65.6	51.9	51.3
Dividend Yield (%)	4.4	4.7	5.0	3.6	3.4	3.5	4.9	4.6	4.9

Source: Bloomberg, UOB Kay Hian

Comparison Of Profit & Loss

3Q26	DBS	OCBC	UOB
Net Interest Income	S$3,711m	S$2,313m	S$2,278m
	+3.7% yoy	+3.9% yoy	+0.6% yoy
	+3.6% qoq	+2.2% qoq	-0.8% qoq
Fee Income	S$1,432m	S$735m	S$733m
	+5.5% yoy	+7.6% yoy	+19.2% yoy
	-1.9% qoq	-0.5% qoq	+10.2% qoq
Insurance	n.a.	S$198m	n.a.
	n.a.	-36.3% yoy	n.a.
	n.a.	-48.2% qoq	n.a.
Other Non-Interest Income	S$702m	S$487m	S$370m
	-29.6% yoy	-15.5% yoy	-28.6% yoy
	-33.3% qoq	-38.0% qoq	-41.5% qoq
Provisions	S$175m	S$52m	S$258m
	15bp	6bp	24bp
Net Profit	S$2,813m	S$2,042m	S$1,251m
	-4.8% yoy	+3.2% yoy	+182.2% yoy
	-8.6% qoq	-8.1% qoq	-15.4% qoq

Source: Respective companies, UOB Kay Hian

Comparison Of Key Ratios

3Q26	DBS	OCBC	UOB
Net Interest Margin (NIM)	1.87	1.66	1.68
	Unchanged	-4bp qoq	-6bp qoq
Loan Growth	+9.4% yoy	+13.6% yoy	+6.0% yoy
	+2.0% qoq	+1.9% qoq	+3.0% qoq
Deposit Growth	+9.0% yoy	+12.4% yoy	+6.4% yoy
	+1.8% qoq	+0.6% qoq	+4.9% qoq
NPL Ratio	0.9	0.8	1.5
	-0.1ppt qoq	-0.1ppt qoq	-0.1ppt qoq
Loan Loss Coverage	134	168	86
	+4ppt qoq	+5ppt qoq	-2ppt qoq
Core Equity Tier-1 CAR	14.0	14.0	14.6
	-0.6ppt qoq	Unchanged	-0.8ppt qoq
Book Value Per Share (BVPS)	S$24.47	S$13.55	S$29.00
	+0.8% yoy	+4.5% yoy	+2.3% yoy
	-0.9% qoq	-1.3% qoq	-3.3% qoq

Source: Respective companies, UOB Kay Hian

Frasers Logistics & Commercial Trust (FLT SP)

2HFY26: Logistics Strength But Higher Gearing Limits Debt Headroom

Highlights

- FLT reported 2HFY26 DPU of 2.95 S cents, flat yoy due to lower capital distributions from past divestment gains. NPI grew 9.6% yoy, supported by rental uplift for logistics properties, stronger AUD and EUR exchange rates, higher occupancy at ATP, and recent logistics acquisitions in Europe.
- FLT's logistics portfolio remained resilient with occupancy of 99.1%, with virtually full occupancies in Australia, Europe and the UK. Management continues to backfill vacant space at ATP and saw stronger performance from Farnborough Business Park and Blythe Valley Park in the UK.
- FLT continues to reposition towards logistics assets, targeting allocation of 85% over time through acquisitions in Europe and Singapore. Downgrade to HOLD due to limited upside with target price at S$0.98.

2HFY26 Results

Year to 30 Sep (S$m)	2HFY26	yoy % Chg	Remarks
Gross Revenue	255.2	+6.7	Higher rents for logistics properties, stronger AUD and EUR exchange
Net Property Income (NPI)	180.6	+9.6	rates, higher occupancy at ATP and acquisitions in Europe.
Finance Costs	(47.1)	+8.2	Cost of debt rose 0.1ppt yoy to 3.3% in 4QFY26.
Distributable Income	112.5	+0.8	Distributed divestment gain of S$3.0m or 0.07 S cents per unit.
DPU (US cents)	2.95	0.0	75% of management fees paid in units (2HFY25: 96%)

Source: FLT, UOB Kay Hian

Analysis

- Frasers Logistics & Commercial Trust (FLT) reported a DPU of 2.95 S cents for 2HFY26 (flat yoy), which is in line with our expectation. DPU before capital distribution of divestment gains increased 7.1% yoy to 2.88 S cents, but capital distributions of past divestment gains fell 70% yoy from S$9.8m (0.26 S cents) to S$3.0m (0.07 S cents).
- **Growth supported by higher rents and acquisitions.** Revenue and adjusted NPI increased 6.7% and 9.6% yoy respectively in 2HFY26. Growth came from higher rents for logistics properties, stronger AUD and EUR exchange rates, higher occupancy at Alexandra Technopark (ATP) and acquisitions of one logistics property in Netherlands (completion: 15 Apr 26) and four logistics properties in Germany and Netherlands (completion: 31 Jul 26), partially offset by the divestment of 357 Collins Street in Melbourne, Australia (completion: 30 Sep 25). Finance costs rose 8.2% yoy. Distributable income before capital distribution grew 7.1% yoy despite lower proportion of management fees paid in units.
- **Logistics occupancy remains high, with the exception of Singapore.** Logistics occupancy was 99.1% as of Sep 26, with Europe and the UK fully occupied and Australia stable at 99.8%. Singapore occupancy fell 20.6ppt qoq to 74.4% due to non-renewal by a third party logistics provider. New supply is limited in Singapore. Management is confident in backfilling the vacant space with negotiation with prospective tenants already ongoing.

Key Financials

Year to 30 Sep (S$m)	2025	2026	2027F	2028F	2029F
Net turnover	471	494	524	535	543
EBITDA	295	318	330	338	343
Operating profit	295	318	330	338	343
Net profit (rep./act.)	205	24	189	194	197
Net profit (adj.)	170	204	189	194	197
EPU (S$ cent)	4.5	5.4	4.9	5.0	5.1
DPU (S$ cent)	6.0	6.0	6.0	5.9	6.0
PE (x)	20.5	17.2	18.8	18.5	18.3
P/B (x)	0.8	0.9	0.9	0.9	0.9
DPU yld (%)	6.4	6.4	6.5	6.4	6.5
Net margin (%)	43.5	4.8	36.1	36.2	36.3
Net debt/(cash) to equity (%)	56.1	69.5	71.2	72.8	74.4
Interest cover (x)	3.6	3.7	3.1	3.1	3.1
ROE (%)	4.9	0.6	4.6	4.8	4.9
Consensus DPU (S$ cent)	-	-	5.9	6.0	6.2
UOBKH/Consensus (x)	-	-	1.01	0.99	0.96

Source: Frasers Logistics & Commercial Trust, Bloomberg, UOB Kay Hian

Analyst(s)

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HOLD (Downgraded)

Share Price	S$0.925
Target Price	S$0.98
Upside	5.9%
Previous TP	0.96

Stock Data

Sector	Real Estate
Bloomberg ticker	FLT SP
Shares issued (m)	3,808.6
Market cap (S$m)	3,523.0
Market cap (US$m)	2,749.3
3-mth avg daily t'over (US$m)	9.4

Price Performance (%)

52-week high/low				S$1.05/S$0.86
1mth	3mth	6mth	1yr	YTD
6.3	(4.6)	(7.0)	(2.6)	(7.0)

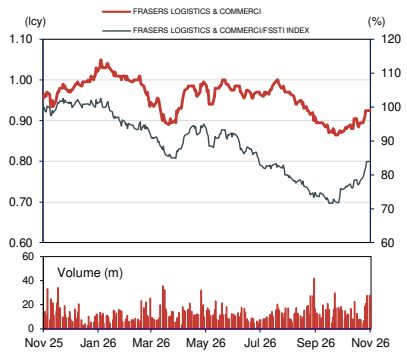
Major Shareholders (%)

Frasers Property Ltd	23.0

Balance Sheet Metrics

FY27 NAV/Share (S$)	1.05
FY27 Net Debt/Share (S$)	0.75

Price Chart



Source: Bloomberg

Company Description

FLT invests in income-producing properties used predominantly for logistics, commercial (CBD office space) or business park (non-CBD office and R&D space) purposes in the Asia Pacific region and Europe.

- **Further backfilling at Alexandra Technopark (ATP).** Occupancy at ATP improved 0.4ppt qoq to 85.7%. A new lease was signed in Oct 26, which increased backfilling for the former Google space from 83% to 90%. Occupancy for Farnborough Business Park and Blythe Valley Park in the UK improved 3.7ppt and 3.1ppt qoq respectively to 85.2% and 90.7%. Central Park in Perth maintained high occupancy of 96.6%, while Caroline Chisholm Centre in Canberra remained fully occupied.
- Overall, portfolio occupancy inched marginally higher by 0.1ppt qoq to 96.2% as of Sep 26. Portfolio WALE was 4.9 years.
- **Strong positive logistics rental reversions.** The logistics portfolio achieved FY26 reversions of +12.3% on an incoming-versus-outgoing basis and +28.3% on an average-versus-average basis. In 4QFY26, the corresponding figures were +14.6% and +29.3%, led by New South Wales (+43.8% and +59.3%) and Victoria (+24.1% and +45.5%) in Australia. Passing rents remained approximately 9% below market based on the latest independent valuations, indicating further scope for rental uplift.
- **Portfolio reconstitution to pivot to logistics.** FY26 acquisitions comprised five German and Dutch logistics assets with aggregate agreed property prices of €337.9m (S$505.6m). Logistics assets increased to 78% of portfolio value from 75% a year earlier. FLT sold the Juniper building for £2.2m in FY26, followed by Aspen and Elder for £3.3m in Oct 26, at a 17.9% premium to their Oct 26 valuation.
- **Higher gearing and commercial valuation pressure.** Aggregate leverage rose 3.8ppt qoq to 39.2%, leaving S$100m of debt headroom to 40% gearing. Borrowings increased mainly to fund acquisitions and capex. Portfolio valuation fell 2.3%, with commercial assets down 8.7% and logistics assets down 0.4%. NAV per unit declined 2.7% yoy to S$1.07.
- **Borrowing costs expected to rise in FY27.** Borrowing cost rose 0.1ppt yoy to 3.3% in 4QFY26. Fixed-rate borrowings stood at 70.9%, average debt maturity was 3.1 years, and interest coverage was 4.5x. Management expects cost of debt to increase by 20bp to 3.4% in FY27 due to higher floating interest rates and refinancing of EUR and SGD denominated borrowings.
- **Discipline in capital management.** Management intends to cap capital distribution at no more than 5% of total FY27 DPU, which gives FLT some leeway to stabilise DPU if required. At least 75% of management fees are expected to be paid in units in FY27.

Valuation/Recommendation

- **Pivoting to logistics.** FLT intends to pursue strategic growth in the resilient logistics segment, while evaluating the potential divestment of non-core office assets. Management intends to increase the allocation for logistics properties to 85% (current: 78%). FLT will scout for opportunities to acquire logistics properties in developed markets such as Singapore (yield: 5-6%) and Europe (yield: 5%), including Germany and the Netherlands, where yield spreads are positive. FLT plans to divest underperforming commercial properties and recycle the capital for reinvestment in logistics properties.
- **Downgrade to HOLD.** Our target price of S$0.98 is based on DDM (cost of equity: 8.3%, terminal growth: 2.5%).

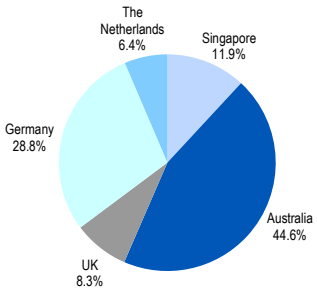
Earnings Revision/Risk

- We increased our FY27 DPU forecast by 1.3% due to the strength of FLT's logistics assets, which was partially offset by higher cost of debt.

Share Price Catalyst

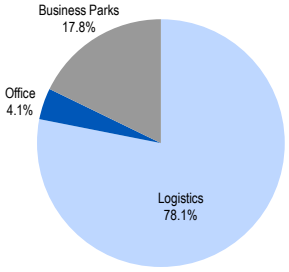
- a) Acquisitions in Singapore and Europe from sponsor pipeline; b) backfilling of vacant space at ATP in Singapore and business parks in the UK.

Portfolio Valuation By Country



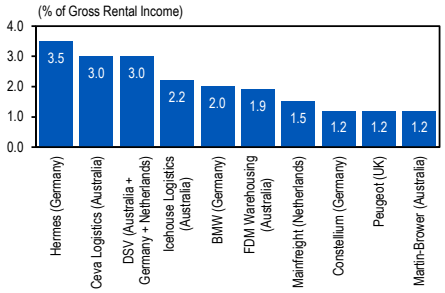
Source: FLT

Portfolio Valuation By Country



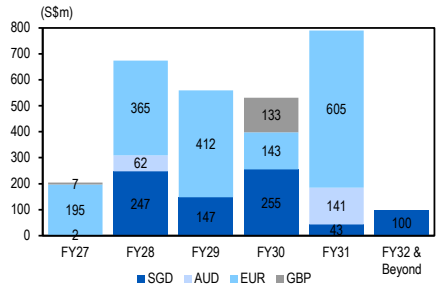
Source: FLT

Top 10 Logistics Tenants



Source: FLT

Debt Maturity Profile



Source: FLT

Profit & loss

Year to 30 Sep (S$m)	2026	2027F	2028F	2029F
Net turnover	**494.1**	**524.0**	**535.3**	**543.0**
EBITDA	317.8	330.0	337.8	343.0
Deprec. & amort.	0.0	0.0	0.0	0.0
EBIT	317.8	330.0	337.8	343.0
Total other non-operating income	(180.0)	0.5	0.0	0.0
Associate contributions	0.0	0.0	0.0	0.0
Net interest income/(expense)	(85.1)	(106.7)	(108.3)	(109.6)
Pre-tax profit	**52.6**	**223.8**	**229.5**	**233.4**
Tax	(26.8)	(30.2)	(31.0)	(31.5)
Minorities	(2.1)	(4.5)	(4.6)	(4.7)
Perpetual Securities	0.0	0.0	0.0	0.0
Net profit	**23.8**	**189.1**	**194.0**	**197.2**
Net profit (adj.)	203.8	188.6	194.0	197.2

Balance Sheet

Year to 30 Sep (S$m)	2026	2027F	2028F	2029F
Fixed assets	7,392.7	7,403.0	7,418.0	7,433.0
Other LT assets	45.5	43.3	43.3	43.3
Cash/ST investment	141.1	154.3	156.2	157.6
Other current assets	37.5	38.6	39.4	39.9
Total assets	**7,616.8**	**7,639.3**	**7,657.0**	**7,673.9**
ST debt	206.6	206.6	206.6	206.6
Other current liabilities	140.8	139.9	142.8	145.1
LT debt	2,787.6	2,840.0	2,880.0	2,920.0
Other LT liabilities	281.2	287.7	293.5	299.3
Shareholders' equity	4,102.2	4,062.3	4,026.7	3,990.9
Minority interest	98.3	102.8	107.4	112.1
Total liabilities & equity	**7,616.8**	**7,639.3**	**7,657.0**	**7,673.9**

Cash Flow

Year to 30 Sep (S$m)	2026	2027F	2028F	2029F
Operating	**297.5**	**302.2**	**310.8**	**315.0**
Pre-tax profit	52.6	223.8	229.5	233.4
Tax	0.0	0.0	0.0	0.0
Deprec. & amort.	0.0	0.0	0.0	0.0
Associates	0.0	0.0	0.0	0.0
Working capital changes	14.9	(7.0)	1.7	1.1
Non-cash items	188.7	27.9	28.6	28.8
Other operating cashflows	41.3	57.5	50.9	51.7
Investing	**(430.4)**	**(9.7)**	**(15.0)**	**(15.0)**
Capex (growth)	(389.1)	0.0	0.0	0.0
Capex (maintenance)	(46.6)	(15.0)	(15.0)	(15.0)
Proceeds from sale of assets	3.5	5.3	0.0	0.0
Others	1.7	0.0	0.0	0.0
Financing	**(28.8)**	**(279.3)**	**(293.9)**	**(298.6)**
Distribution to unitholders	(224.0)	(229.0)	(229.6)	(233.0)
Issue of shares	0.0	0.0	0.0	0.0
Proceeds from borrowings	286.7	52.4	40.0	40.0
Loan repayment	0.0	0.0	0.0	0.0
Others/interest paid	(91.6)	(102.7)	(104.3)	(105.6)
Net cash inflow (outflow)	**(161.8)**	**13.3**	**1.9**	**1.4**
Beginning cash & cash equivalent	**299.1**	**141.1**	**154.3**	**156.2**
Changes due to forex impact	3.7	0.0	0.0	0.0
Ending cash & cash equivalent	**141.1**	**154.3**	**156.2**	**157.6**

Key Metric

Year to 30 Sep (%)	2026	2027F	2028F	2029F
Profitability				
EBITDA margin	64.3	63.0	63.1	63.2
Pre-tax margin	10.7	42.7	42.9	43.0
Net margin	4.8	36.1	36.2	36.3
ROA	0.3	2.5	2.5	2.6
ROE	0.6	4.6	4.8	4.9
Growth				
Turnover	4.8	6.1	2.2	1.4
EBITDA	7.7	3.9	2.4	1.5
Pre-tax profit	(78.8)	325.3	2.5	1.7
Net profit	(88.4)	694.5	2.5	1.7
Net profit (adj.)	20.0	(7.5)	2.8	1.7
EPU	19.0	(8.4)	2.0	0.9
Leverage				
Debt to total capital	41.6	42.2	42.7	43.2
Debt to equity	73.0	75.0	76.7	78.3
Net debt/(cash) to equity	69.5	71.2	72.8	74.4
Interest cover (x)	3.7	3.1	3.1	3.1

Oversea-Chinese Banking Corp (OCBC SP)

3Q26: Banking Strength Offsets Insurance Weakness

Highlights

- OCBC reported 3Q26 net profit of S$2,042m, up 3% yoy but down 8% qoq, as weaker Great Eastern investment returns tempered record banking profits. Strong loan growth supported NII, while fees remained near record levels and wealth AUM reached S$358b.
- Asset quality improved. NPLs fell 3% qoq to S$3,044m due to recovery from real estate exposures in China. New NPLs were benign at S$127m as NPL ratio improved 0.1ppt qoq to 0.8%. Credit costs declined to 6bp.
- OCBC aims to grow domestically in Malaysia and Indonesia under its New Frontier strategy. While Malaysia is growing from strength to strength, Indonesia faces potential crunch of being relegated to a Standalone Market status by MSCI. Maintain BUY with a lower target price of S$33.00.

Analysis

- Oversea-Chinese Banking Corp (OCBC) reported 3Q26 net profit of S$2,042m (+3% yoy, -8% qoq), as record Banking Operations profit was offset by weaker Great Eastern investment performance. The results were in line with our forecast net profit of S$2,813m. ROE was 13.1% in 3Q26.
- **Asset growth offset margin compression.** Net interest income (NII) rose 4% yoy and 2% qoq to S$2,313m, supported by loan growth of 14% yoy and 3% qoq in constant-currency terms. NIM fell 18bp yoy and 4bp qoq to 1.66% as higher funding costs outweighed improved asset yields. Higher SORA benefited NII, while US funding costs repriced faster than assets (3M SOFR surged in anticipation and ahead of Fed's rate hike). Management expects to benefit as US assets reprice in upcoming quarters.
- **Fees remained near record levels as AUM expanded.** Net fee income rose 8% yoy but eased 1% qoq to S$735m. Wealth management fees increased 3% yoy but fell 6% qoq, the second-highest quarterly level. AUM rose 7% yoy and 2% qoq to a record S$358b, supported by continued net new money inflows. Loan, trade, guarantee and remittance fees rose 23% yoy.
- **Record customer flows cushioned weaker trading income.** Trading income declined 10% yoy and 33% qoq to S$465m despite record customer flow income, up 29% yoy. Non-customer flow income turned negative at S$15m, reflecting Great Eastern bond mark-to-market losses and the absence of significant equity gains recorded in 2Q26.
- **Insurance earnings fell despite resilient underlying business.** Life and general insurance income declined 37% yoy and 48% qoq to S$198m, reflecting market-driven valuation losses. New business embedded value rose 14% yoy to S$208m, while its margin improved 6.5ppt qoq to 57.5%.
- Income from Bank of Ningbo grew 19% yoy to S$331m in 3Q26.
- **Expenses eased.** Operating expenses were flat yoy and fell 3% qoq to S$1,522m. The cost-to-income ratio rose 3ppt qoq to 40.8%. For 9M26, the ratio was stable at 39.2%.

Key Financials

Year to 31 Dec (S$m)	2024	2025	2026F	2027F	2028F
Net interest income	9,755	9,150	9,240	10,454	11,100
Non-interest income	4,718	5,464	6,339	6,584	6,932
Net profit (rep./act.)	7,587	7,422	8,069	8,719	9,235
Net profit (adj.)	7,587	7,422	8,069	8,719	9,235
EPS (S$ cent)	167	164	179	194	205
PE (x)	16.6	16.9	15.5	14.3	13.5
P/B (x)	2.2	2.1	2.0	1.8	1.7
Dividend yield (%)	3.6	3.6	3.4	3.5	3.8
Net int margin (%)	2.2	1.9	1.7	1.8	1.8
Cost/income (%)	40.1	40.4	40.5	40.7	40.7
Loan loss cover (%)	158.9	151.5	159.5	167.1	174.9
Consensus net profit	-	-	8,101	8,830	9,542
UOBKH/Consensus (x)	-	-	1.00	0.99	0.97

Source: Oversea-Chinese Banking Corp, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)	
Share Price	S$27.73
Target Price	S$33.00
Upside	19.0%
Previous TP	S$35.70

Stock Data

Sector	Financials
Bloomberg ticker	OCBC SP
Shares issued (m)	4,495.6
Market cap (S$m)	124,664.0
Market cap (US$m)	97,317.7
3-mth avg daily t'over (US$m)	168.6

Price Performance (%)

52-week high/low				S$32.57/S$17.08
1mth	3mth	6mth	1yr	YTD
(13.9)	(5.5)	26.0	61.3	40.3

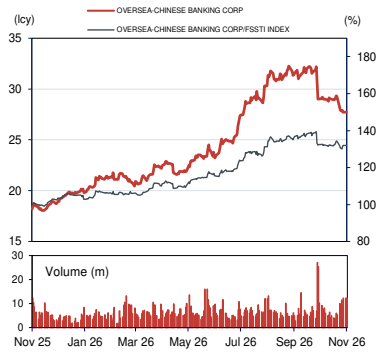
Major Shareholders (%)

Selat P/L	15.3
Lee Foundation	5.1

Balance Sheet Metrics

FY26 NAV/Share (S$)	14.12
FY26 CET-1 CAR (%)	14.3

Price Chart



Source: Bloomberg

Company Description

OCBC has a longstanding presence in Singapore and Malaysia and entered the Indonesian market through the acquisition of Bank NISP in 2004. It strengthened its presence in Greater China through the acquisition of Wing Hang Bank in 2014. OCBC owns 94% of life insurer Great Eastern and has a 20% stake in Bank of Ningbo.

- **Asset quality improved and credit costs declined.** NPLs fell 3% qoq to S$3,044m due to recovery from real estate exposures in China. New NPLs fell to S$127m from S$300m in 2Q26. NPL ratio improved 0.1ppt qoq to 0.8%. Total allowances declined 67% qoq to just S$52m. Credit costs fell to 6bp from 14bp in 2Q26. NPL coverage increased 5ppt qoq to 168%.
- **Capital remained stable.** Fully phased-in CET1 CAR was unchanged qoq at 14.0%. Management intends to maintain its dividend payout ratio at 50%. The S$2.5b capital return plan would be completed by 2026.

Valuation/Recommendation

- **Upgraded guidance for 2026.** OCBC has raised its guidance for loan growth in 2026 from previous "high single-digit to low double-digit growth" to "low double-digit growth". Loan growth was stronger-than-anticipated at 9% on an ytd basis in 9M26. Total income is expected to grow by at least mid-single digit (previous: expected to grow). Net interest income should see a flat to slight decline (previous: slight decline). Credit costs are expected to come in lower at 15-20bp, compared with previous guidance of 20-25bp.
- **Optimising loan pricing.** Demand for loans remains robust, coming from technology, media & telecommunications (TMT), digital infrastructure and renewable energy. Thus, management sees opportunities to optimise pricing to enhance loan yield. It also continues to target double-digit growth for its wealth management business. Invested AUM was about 60%.
- **Exposure to data centres accounted for less than 3% of its total loans.** These loans are structured around cash flows from investment-grade hyperscalers with diversified earnings streams. Exposure to AI-related companies accounted for less than 1% of its total loans. On the ground, orderbook for AI-related companies looks strong over the next two years.
- **OCBC derives 5% of its PBT from Indonesia in 1H26.** It sees opportunities in lending to niche areas, such as the technology and logistics sectors. AUM has grown at a double-digit pace in local currency terms. Management is monitoring whether MSCI reclassifies Indonesia's status from Emerging Market to Standalone Market. Indonesian stocks could become illiquid should reclassification lead to capital outflow. Should the unexpected event materialise, then the bank would not be able to accept Indonesian stocks as collaterals for wealth management loans.
- **Maintain BUY.** Our target price of S$33.00 is based on 2.19x 2027F P/B, derived from the Gordon Growth Model (ROE: 13.3%, COE: 7.25%, growth: 2.2% (previous: 2.8%)).

Earnings Revision/Risk

- We kept our net profit forecast for 2026 and 2027 relatively unchanged.

3Q26 Results

Profit & Loss (S$m)	3Q26	3Q25	yoy % Chg	UOBKH Estimate	Deviation (%)
Net Interest Income	2,313	2,226	3.9	2,362	-2.1
Fees & Commissions	735	683	7.6	719	2.2
Insurance	198	311	-36.3	350	-43.4
Net Trading Income	465	518	-10.2	450	3.3
Other Non-Interest Income	22	58	-62.1	80	-72.5
Total Income	3,733	3,796	-1.7	3,961	-5.8
Operating Expenses	(1,526)	(1,525)	0.1	(1,570)	-2.8
PPOP	2,207	2,271	-2.8	2,391	-7.7
Provisions	(52)	(139)	-62.6	(185)	-71.9
Associates	331	279	18.6	301	9.8
PBT	2,486	2,411	3.1	2,508	-0.9
Net Profit	2,042	1,978	3.2	2,054	-0.6
EPS (S cents)	44.5	43.0	3.5	45.5	-2.3
DPS (S cents)	0.0	0.0	n.m.	0.0	n.m.
BVPS (S$)	13.55	12.97	4.5	13.73	-1.3
Financial Ratios (%)	**3Q26**	**3Q25**	**yoy Chg (ppt)**	**2Q26**	**qoq Chg (ppt)**
NIM	1.66	1.84	-0.18	1.70	-0.04
Loan Growth, yoy	13.6	7.1	6.5	12.3	1.3
Deposit Growth, yoy	12.4	11.2	1.2	12.8	-0.4
Loan/Deposit Ratio	79.5	78.6	0.9	78.4	1.1
Cost/Income Ratio	40.8	40.0	0.8	37.8	3.0
ROE	13.1	13.4	-0.3	14.4	-1.3
NPL Ratio	0.8	0.9	-0.1	0.9	-0.1
Credit Costs (bp)	6	16	-10	14	-8
Loan Loss Coverage	168	160	8	163	5
CET-1 CAR	14.0	15.0	-1.0	14.0	0.0

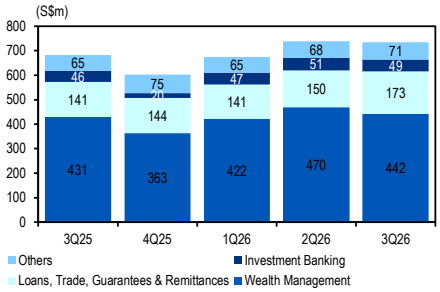
Source: UOB, UOB Kay Hian

Key Assumptions

(S$m)	2024	2025	2026F	2027F	2028F
Net Interest Income	9,755	9,150	9,240	10,454	11,100
Non-Interest Income	4,718	5,464	6,339	6,584	6,932
Total Income	14,473	14,614	15,579	17,039	18,032
Pre-Provision Operating Profit	8,672	8,710	9,266	10,101	10,691
Net Profit (S$m)	7,587	7,422	8,069	8,719	9,235
% Chg	8.1	(2.2)	8.7	8.1	5.9
Loan Growth (%)	7.6	6.9	10.9	4.8	4.8
NIM (%)	2.20	1.92	1.72	1.81	1.83
Fees, % Chg	9.2	22.4	15.1	9.7	8.8
NPL Ratio (%)	0.89	0.95	0.85	0.86	0.87
Credit Costs (bp)	22.4	20.1	17.0	20.1	20.1

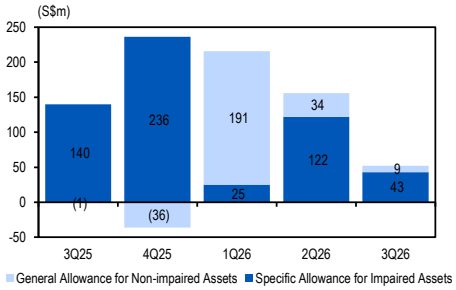
Source: UOB Kay Hian

Fee Income – Segmental Breakdown



Source: OCBC

Total Allowance



Source: OCBC

Profit & Loss

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Interest income	20,076	19,753	21,484	22,520
Interest expense	(10,926)	(10,513)	(11,030)	(11,421)
Net interest income	9,150	9,240	10,454	11,100
Fees & commissions	2,411	2,776	3,044	3,312
Other income	3,053	3,563	3,540	3,620
Non-interest income	5,464	6,339	6,584	6,932
Total income	14,614	15,579	17,039	18,032
Staff costs	(3,907)	(4,227)	(4,578)	(4,845)
Other operating expense	(1,997)	(2,086)	(2,360)	(2,497)
Pre-provision profit	8,710	9,266	10,101	10,691
Loan loss provision	(665)	(613)	(779)	(817)
Other provisions	0	0	0	0
Associated companies	1,077	1,250	1,312	1,378
Pre-tax profit	9,122	9,902	10,634	11,251
Tax	(1,560)	(1,669)	(1,755)	(1,856)
Minorities	(140)	(164)	(160)	(160)
Net profit	7,422	8,069	8,719	9,235
Net profit (adj.)	**7,422**	**8,069**	**8,719**	**9,235**

Balance Sheet

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Cash with central bank	30,756	29,071	30,552	32,109
Govt treasury bills & securities	66,404	79,019	83,045	87,275
Interbank loans	37,942	46,221	48,097	50,050
Customer loans	336,692	373,527	391,429	410,196
Investment securities	53,267	65,124	68,442	71,929
Derivative receivables	13,035	16,728	17,581	18,476
Associates & JVs	8,799	9,895	10,552	11,241
Fixed assets (incl. prop.)	4,713	4,903	4,903	4,903
Other assets	124,080	118,540	121,350	124,232
Total assets	**675,688**	**743,029**	**775,951**	**810,412**
Interbank deposits	15,280	29,392	30,586	31,828
Customer deposits	428,286	466,077	485,001	504,694
Derivative payables	14,078	15,877	16,685	17,535
Debt equivalents	139,881	148,832	154,543	160,545
Other liabilities	14,593	16,185	18,078	20,066
Total liabilities	612,118	676,363	704,894	734,669
Shareholders' funds	62,444	65,499	69,843	74,479
Minority interest - accumulated	1,126	1,167	1,214	1,264
Total equity & liabilities	**675,688**	**743,029**	**775,951**	**810,412**

Operating Ratios

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Capital Adequacy				
Tier-1 CAR	17.6	16.8	17.2	17.6
Total CAR	19.4	18.7	19.1	19.4
Total assets/equity (x)	10.8	11.3	11.1	10.9
Tangible assets/tangible common equity (x)	9.7	10.2	10.0	9.7
Asset Quality				
NPL ratio	0.9	0.9	0.9	0.9
Loan loss coverage	151.5	159.5	167.1	174.9
Loan loss reserve/gross loans	1.3	1.2	1.3	1.4
Increase in NPLs	14.2	(0.3)	6.2	5.8
Credit cost (bp)	20.1	17.0	20.1	20.1
Liquidity				
Loan/deposit ratio	79.6	81.1	81.8	82.4
Liquid assets/short-term liabilities	30.5	31.1	31.4	31.6
Liquid assets/total assets	23.9	24.5	24.6	24.7

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Growth				
Net interest income, yoy chg	(6.2)	1.0	13.1	6.2
Fees & commissions, yoy chg	22.4	15.1	9.7	8.8
Pre-provision profit, yoy chg	0.4	6.4	9.0	5.8
Net profit, yoy chg	(2.2)	8.7	8.1	5.9
Net profit (adj.), yoy chg	(2.2)	8.7	8.1	5.9
Customer loans, yoy chg	6.9	10.9	4.8	4.8
Customer deposits, yoy chg	9.6	8.8	4.1	4.1
Profitability				
Net interest margin	1.9	1.7	1.8	1.8
Cost/income ratio	40.4	40.5	40.7	40.7
Adjusted ROA	1.4	1.3	1.4	1.5
Reported ROE	12.2	12.6	13.2	13.5
Adjusted ROE	12.2	12.6	13.2	13.5
Valuation				
P/BV (x)	2.1	2.0	1.8	1.7
P/NTA (x)	2.2	2.1	2.0	1.8
Adjusted P/E (x)	16.9	15.5	14.3	13.5
Dividend Yield	3.6	3.4	3.5	3.8
Payout ratio	60.5	52.6	50.6	50.7

Venture Corporation (VMS SP)

3Q26: Broadening Growth Led By Portfolio B; Maintain BUY

Highlights

- 9M26 revenue of S$2,145.1m and PATMI of S$187.1m met 80.4% and 76.6% of our full-year forecasts respectively; earnings were broadly in line.
- Portfolio B grew 38.1% yoy on production ramp-ups and market share gains; recovery in life science segment supported Portfolio A's growth.
- Maintain BUY with a target price of S$18.30, pegged to 20.2x 2027F PE. Broadening demand and a strong balance sheet support our view.

3Q26 & 9M26 Results

(S$m)	3Q26	3Q25	yoy %	2Q26	qoq %	9M26	9M25	yoy %
Revenue	790.4	627.2	26.0	726.2	8.8	2,145.1	1,889.1	13.6
Net profit (PATMI)	67.8	55.6	21.9	63.0	7.6	187.1	168.6	11.0
Net margin (%)	8.6	8.9	(0.3)ppt	8.7	(0.1)ppt	8.7	8.9	(0.2)ppt

Source: Venture Corporation, UOB Kay Hian

Analysis

- **Growth accelerates into 3Q26.** Venture Corporation's (VMS) revenue rose 26.0% yoy to S$790.4m, accelerating from 12.5% in 2Q26 and 1.9% in 1Q26. PATMI increased 21.9% yoy to S$67.8m, while revenue and earnings grew 8.8% and 7.6% qoq respectively. For 3Q26, revenue and profit accounted for 29.6% and 27.8% of our full-year forecasts respectively. 9M26 revenue rose 13.6% to S$2,145.1m and PATMI grew 11.0% to S$187.1m, representing 80.4% and 76.6% of our full-year forecasts respectively. Revenue was ahead of the 9M run rate, while earnings were broadly in line.
- **Portfolio B remains the main growth driver.** Revenue grew 38.1% yoy to about S$560m, with the company reporting a S$154m increase across its technology domains. Production ramp-ups and market-share gains supported the test & measurement instrumentation, networking & communications, and semiconductor-related equipment segments. The portfolio contributed about 71% of group revenue. VMS' 1H26 presentation linked additional businesses in these domains to multiple end-markets, including AI-related infrastructure. The 3Q update points to sustained demand and deeper customer engagements, supporting our positive view on the recovery.

Key Financials

Year to 31 Dec (S$m)	2024	2025	2026F	2027F	2028F
Net turnover	2,736	2,535	2,741	2,860	2,998
EBITDA	294	277	292	309	320
Operating profit	261	243	266	284	296
Net profit (rep./act.)	245	227	247	261	271
Net profit (adj.)	245	227	247	261	271
EPS (S$ cent)	84.8	78.9	85.7	90.8	94.1
PE (x)	16.9	18.1	16.7	15.7	15.2
P/B (x)	1.4	1.5	1.5	1.4	1.4
EV/EBITDA (x)	9.7	10.3	9.7	9.2	8.9
Dividend yield (%)	5.2	5.6	5.6	5.6	5.6
Net margin (%)	9.0	9.0	9.0	9.1	9.0
Net debt/(cash) to equity (%)	(45.6)	(46.0)	(44.7)	(43.6)	(42.6)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.	n.a.
ROE (%)	8.6	8.0	8.8	9.2	9.4
Consensus net profit (S$m)	-	-	253	275	293
UOBKH/Consensus (x)	-	-	0.97	0.95	0.92

Source: Venture Corporation, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	S$14.29
Target Price	S$18.30
Upside	28.1%
Previous TP	S$21.10

Stock Data

Sector	Information Technology
Bloomberg ticker	VMS SP
Shares issued (m)	287.2
Market cap (S$m)	4,103.9
Market cap (US$m)	3,204.0
3-mth avg daily t'over (US$m, est.)	10.2

Price Performance (%)

52-week high/low				S$18.75/S$14.09
1mth	3mth	6mth	1yr	YTD
(13.9)	(11.8)	(21.8)	(5.6)	(5.6)

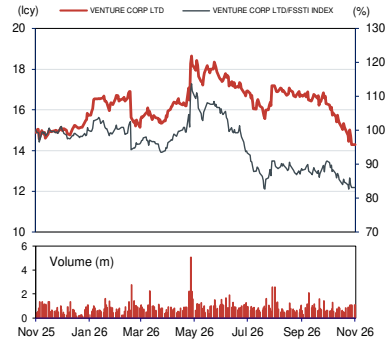
Major Shareholders (%)

Silchester International Investors	7.95
Wong Ngit Liong	7.23
Ameriprise Financial Inc	6.98

Balance Sheet Metrics (2026F)

FY26 NAV/Share (S$)	9.81
FY26 Net Cash/Share (S$)	4.39

Price Chart



Source: Bloomberg

Company Description

Venture provides technology solutions, products and services across high-mix, high-value and complex products. Its domains span life sciences, medtech, communications, test and measurement, semiconductors and advanced industrial applications.

- **Portfolio A begins to contribute to growth.** Revenue increased 4.0% yoy to about S$231m, reversing the decline in 2Q26. The life science segment delivered steady growth, while work on the next-generation lifestyle consumer product continued. Management sees encouraging recovery signs in the life science segment, broadening growth beyond Portfolio B.
- **Inventory investment supports customer demand.** Working capital reached S$1.06b at end-September, up by S$229.2m from end-25 and about S$127.4m from end-June. Management attributed this to front-loading critical components and meeting growing demand. The inventory build supports delivery resilience, while conversion into shipments and cash remains an important execution measure.
- **Balance-sheet capacity underpins flexibility.** Management described operating activities as highly cash-generative and the net-cash position as strong, supporting investment, dividends and buybacks. NAV/share was S$9.54 vs S$9.45 a year earlier. The 1H26 disclosure reported S$1.11b net cash and zero debt; the 3Q update did not quantify net cash.
- **Margins remain resilient amid higher costs.** Net margin eased to 8.6% from 8.9% in 3Q25 and 8.7% in 2Q26, as earnings growth lagged revenue. Management highlighted high value-added solutions and productivity improvements amid inflationary costs. The 9M26 margin was 8.7% vs 8.9% a year ago. Sustaining efficiency as volumes rise remains key to stronger earnings conversion.
- **Shareholder returns remain a support.** The interim ordinary dividend rose 20% to 30 S cents, incorporating the prior year's special dividend. Our 80 S cents annual DPS estimate implies a 5.4% yield. VMS continued buybacks in October; issued shares excluding treasury shares stood at 287.2m after the 20 October purchase.
- **Management expects full-year growth.** Robust demand underpins its test & measurement instrumentation, networking & communications, and semiconductor-related equipment businesses, with life science adding another recovery driver. VMS remains focused on strategic collaborations, new customer wins and differentiated capabilities. Its R&D engineering and high-mix, high-value manufacturing capabilities support these opportunities.

Valuation/Recommendation

- **Maintain BUY with a lower target price of S$18.30** (S$21.10 previously), implying an upside of 28.1%. Our target price is pegged to a lower 20.2x 2027F PE, or 1.5SD above the historical mean, compared to 23.7x 2027F PE previously (+3.0SD above historical mean), as the sector de-rated. At S$14.29, VMS trades at 16.7x 2026F and 15.7x 2027F PE. Broadening demand, engineering capabilities and a strong balance sheet support the premium target multiple.

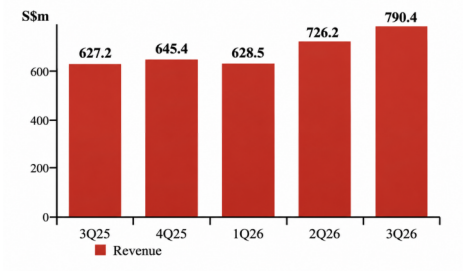
Earnings Revision/Risks

- We raise 2026-28 revenue forecasts by 2.7%/2.1%/1.9% respectively and earnings forecasts by 1.0%/2.0%/1.9%, reflecting Portfolio B production ramp-ups and market-share gains, alongside a recovery in demand for the life science business segment. Softer margins temper the 2026 earnings upgrade. Key risks include programme delays, adverse product mix, cost pressures and currency movements.

Share Price Catalyst

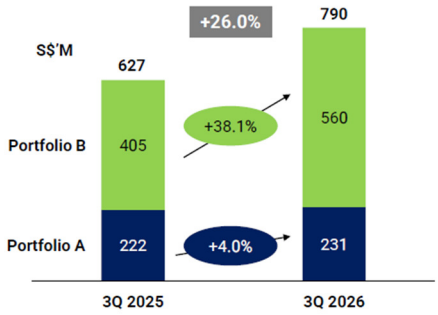
- Stronger customer orders and production ramp-ups.
- Further recovery in the life science business segment.
- Progress in next-generation products.
- Improved margin conversion and continued shareholder distributions.

Quarterly Revenue (S$m)



Source: Venture Corporation

Portfolio Revenue (S$m)



Source: Venture Corporation

Historical PE Band



Souce: Bloomberg, UOB Kay Hian

Profit & Loss

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Net turnover	**2,534.5**	**2,741.3**	**2,859.8**	**2,997.6**
EBITDA	277.2	292.5	309.3	320.1
Deprec. & amort.	33.9	26.8	25.5	24.3
EBIT	243.3	265.6	283.8	295.8
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**	**309.0**	**327.1**	**339.2**
Tax	(56.8)	(61.7)	(65.3)	(67.7)
Minorities	(0.7)	(0.7)	(0.7)	(0.7)
Net profit	**227.0**	**246.6**	**261.1**	**270.8**
Net profit (adj.)	227.0	246.6	261.1	270.8

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	1,261.6	1,245.7	1,232.1
Other current assets	1,358.1	1,334.2	1,389.5	1,453.5
Total assets	**3,602.2**	**3,564.8**	**3,613.9**	**3,675.3**
ST debt	0.0	0.0	0.0	0.0
Other current liabilities	791.6	722.6	740.1	760.1
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	2,823.6	2,854.6	2,895.2
Minority interest	5.1	5.8	6.4	7.1
Total liabilities & equity	**3,602.2**	**3,564.8**	**3,613.9**	**3,675.3**

Cash Flow

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Operating	**251.5**	**189.8**	**210.2**	**212.5**
Pre-tax profit	284.4	309.0	327.1	339.2
Tax	(53.4)	(61.7)	(65.3)	(67.7)
Deprec. & amort.	33.9	26.8	25.5	24.3
Associates	(0.2)	(0.2)	(0.2)	(0.2)
Working capital changes	26.9	(45.0)	(37.8)	(43.9)
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**	**(21.9)**	**(15.9)**	**(13.6)**
Beginning cash & cash equivalent	**1,316.7**	**1,283.6**	**1,261.6**	**1,245.7**
Changes due to forex impact	(40.6)	0.0	0.0	0.0
Ending cash & cash equivalent	**1,283.6**	**1,261.6**	**1,245.7**	**1,232.1**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	10.9	10.7	10.8	10.7
Pre-tax margin	11.2	11.3	11.4	11.3
Net margin	9.0	9.0	9.1	9.0
ROA	6.2	6.9	7.3	7.4
ROE	8.0	8.8	9.2	9.4
Growth				
Turnover	(7.4)	8.2	4.3	4.8
EBITDA	(5.7)	5.5	5.8	3.5
Pre-tax profit	(7.2)	8.6	5.9	3.7
Net profit	(7.4)	8.7	5.9	3.7
Net profit (adj.)	(7.4)	8.7	5.9	3.7
EPS	(6.9)	8.7	5.9	3.7
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)	(44.7)	(43.6)	(42.6)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.

Market News

US stocks were higher on Monday, as industrials, consumer discretionary and information technology sectors led shares higher. At the close of the NYSE, the Dow Jones rose 2.15% while the S&P 500 index was up 2.34% and the NASDAQ Composite index gained 2.74%. Advancing stocks outnumbered falling ones on the NYSE by 2,206 to 538 and 63 ended unchanged; on the Nasdaq Stock Exchange, 3,779 advanced and 1,177 declined, while 134 ended unchanged.

During the last trading session, the FSSTI index slumped 117.08pt to 5,179.17. Among the top active stocks were OCBC Bank (-0.7%), DBS (-2.1%), UMS (-5.1%), SIA (-1.1%) and Seatrium (-4.8%). The FTSE ST Mid Cap index slid 2.0%, while the FTSE ST Small Cap Index fell 2.2%. The broader market had 202 gainers and 472 losers with a total trading value of S$3.24b.

Technical Analysis

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Hongkong Land (HKL SP)

Trading sell range:	US$8.29-8.30
Last price:	US$8.28
Target price:	US$7.09
Protective stop:	US$8.78

Price was capped at its prior swing high resistance baseline. The RSI is sloping downward with negative velocity towards the 50 neutral baseline. As long as price remains capped beneath the overhead resistance, we see continued downward expansion towards the lower support.

The potential downside target is US$7.09. Stop-loss could be placed at US$8.78.

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



Propnex (PROP SP)

Trading sell range:	S$1.65-1.66
Last price:	S$1.65
Target price:	S$1.43
Protective stop:	S$1.72

Price encountered firm containment at its prior swing high sub-resistance zone following the channel breakdown. The RSI remains anchored in bearish territory and is ticking downward with high negative velocity. As long as price remains capped beneath the overhead sub-resistance floor, we see continued downward expansion towards the lower targets.

The potential downside target is S$1.43. Stop-loss could be placed at S$1.72.

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$2.51.

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