UOBKayHian

Country Daily | Singapore

Monday, 16 November 2026



Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	52347.6	0.1	2.1	0.7	8.9
S&P 500	7561.7	(0.4)	2.5	(1.3)	10.5
FTSE 100	10902.6	0.4	2.1	0.2	9.8
AS30	9204.5	(0.8)	0.7	3.0	2.1
CSI 300	4016.3	(0.7)	(0.9)	(3.7)	(13.3)
FSSTI	5231.8	(1.0)	(1.2)	(3.4)	12.6
HSCEI	7937.5	(1.5)	(4.1)	(2.3)	(11.0)
HSI	23637.6	(1.5)	(3.4)	(2.3)	(7.8)
JCI	5344.4	1.8	5.8	3.1	(38.2)
KLCI	1582.6	(0.2)	(3.3)	(1.6)	(5.8)
KOSPI	5290.5	(1.0)	4.6	(6.7)	25.5
Nikkei 225	61142.4	0.5	6.5	(6.4)	21.5
SET	1504.9	0.4	2.7	(4.3)	19.5
TWSE	43675.1	1.4	10.0	(7.3)	50.8
BDI	2980	(1.3)	6.2	18.7	58.8
CPO (RM/mt)	4160	0.9	(1.2)	(5.9)	5.8
Brent Crude (US$/bbl)	96	0.0	(2.5)	(9.3)	57.5

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
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
Balance of Trade OCT	17 Nov
Non-Oil Exports MoM OCT	17 Nov
Non-Oil Exports YoY OCT	17 Nov
MAS 12-Week Bill Auction	17 Nov

Top Stories

Company Results | Bumitama Agri (BAL SP/**BUY**/S$1.39/Target: S$2.54)

Page 3 →

- Bumitama's 9M26 results were below expectations following a lower-than-expected sales volume due to logistic disruptions. Nonetheless, FFB production remains positive and is on track to exceed the upper end of the group's 5-10% yoy growth target. While we trim our 2026 earnings forecast by 12% to reflect the weaker sales volume and delayed sales realisation, we maintain our BUY call and unchanged target price of S$2.54, based on 14x 2027F PE.

Company Results | CSE Global (CSE SP/**BUY**/S$0.86/Target: S$1.30)

Page 6 →

- CSE's 3Q26 revenue rose 25.4% yoy to S$323.2m, bringing 9M26 revenue to 78.6% of our 2026 forecast, in line with expectations. Order intake surged 197.7% yoy to S$434.9m, lifting the orderbook to S$728.5m (+55.8% yoy). Net margin recovery is expected in 2H26 as capacity utilisation improves and major projects enter execution. Maintain BUY with a 27% lower target price of S$1.30.

Company Results | First Resources (FR SP/**BUY**/S$2.97/Target: S$5.09)

Page 9 →

- FR's 9M26 core net profit of US$338.9m (+41.5% yoy) was above expectations at 78%/80% of our/consensus full-year forecasts respectively. 3Q26 core net profit rose 40.1% yoy to US$122.7m on a 16.4% higher CPO output, but only 2.6% qoq as a larger share of lower-margin bought-in fruit kept margins flat. We raise 2026 net profit by 4.3% and keep 2027-28 unchanged. Maintain BUY with an unchanged target price of S$5.09, based on 14x 2027F PE.

Company Results | Singapore Technologies Engineering (STE SP/**BUY**/S$9.67/Target: S$10.97)

Page 12 →

- STE's 3Q/9M26 revenue came in broadly in line with our expectations, forming 25%/73% of our full-year forecast, respectively. Management guides for a strong closing for 2026, and we remain upbeat on STE's medium-term growth trajectory, backed by a record-high orderbook and further improvement in margins. Maintain BUY as we continue to like STE, though our target price is moderated to S$10.97 (based on 25.2x 2028F PE), reflecting the recent global defence sector de-rating and a higher risk-free rate environment.

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.

Market Spotlight

Page 15 →

- US stocks were mixed on Friday. Dow Jones rose while S&P 500 and Nasdaq fell as the information technology, consumer discretionary and industrials sectors slid. There were more decliners than advancers on NASDAQ.
- The FSSTI fell 50.86 points to 5,231.84, supported by weakness in DBS, Singtel and ST Engineering. Both mid- and small-cap indices fell, with a broad market decline on a S$1.91b turnover.

What's Inside

Company Results | Singapore Telecommunications (ST SP/**BUY**/S$4.11/Target: S$5.50)

Page 16 →

- Singtel reported a higher 1HFY27 underlying net profit of S$1.49b (+10 yoy), within expectations and guiding towards a strong finish for the year. Key drivers include positive operating leverage from Optus, NCS and Digital InfraCo as well as higher associate earnings from Airtel and AIS. The group also declared a higher 1HFY27 interim dividend of 9.0 S cents/share. Maintain BUY with a target price of S$5.50.

Technical Analysis

Monthly Technical Regional Indices Watch – STI Outlook

Page 19 →

Bumitama Agri (BAL SP)

9M26: Below Expectations On Delayed Sales Realisation

Highlights

- Bumitama's 9M26 net profit of Rp2,440b (+30% yoy) came in below expectations, due to lower-than-expected sales volume from logistic disruptions despite production growth.
- We expect the inventory buildup to be gradually cleared over the next two quarters, while operationally, Bumitama remains resilient on track to exceed its upper end target of 10% yoy.
- We trim our 2026F earnings forecasts by 12% but slightly raised our 2027F estimates by 1% to account for deferred sales realisation into the following year, partly offset by lower FFB production in 2027F.
- Maintain BUY with a target price of S$2.54 based on 14x 2027F PE.

9M26 Results

Year to 31 Dec (Rpb)	3Q26	3Q25	qoq%	yoy%	9M26	yoy%
Revenue	4,243	3,868	(34.3)	9.7	16,327	20.0
EBITDA	1,220	1,208	(41.5)	1.0	4,715	31.7
Core Net Profit	601	607	(43.5)	(1.0)	2,440	30.7
Margin						
EBITDA	28.8	31.2	(11.0)	(8.0)	28.9	12.0
Net Profit	14.5	15.6	(14.1)	(7.2)	15.0	9.3
Sales Volume ('000 tonnes)						
CPO	223	222	(37.7)	0.5	919	(6.9)
Palm Kernel	61	68	(11.6)	(10.3)	195	8.7
Realised CPO Price (Rp per tonne)	15,400	13,800	2.0	11.5	14,900	4.2

Source: Bumitama Agri Ltd, UOB Kay Hian

Analysis

- **Below expectations.** Bumitama Agri's (Bumitama) 9M26 core net profit of Rp2,440t (+30% yoy) came in below expectations, accounting for 64%/66% of our and consensus forecasts respectively. The earnings miss was mainly due to weaker-than-expected CPO sales volume (-38% qoq) in 3Q26, which saw core net profit fell 44% qoq to Rp601b.

Key Financials

Year to 31 Dec (Rpb)	2024	2025	2026F	2027F	2028F
Net turnover	16,732	19,951	24,417	25,831	24,812
EBITDA	4,572	5,635	6,138	7,256	6,581
Operating profit	3,690	4,693	5,243	6,293	5,565
Net profit (rep./act.)	2,287	2,802	3,358	4,054	3,593
Net profit (adj.)	2,287	2,802	3,358	4,054	3,593
EPS	1,306	1,600	15.0	18.1	16.0
PE (x)	16.5	13.4	9.3	7.7	8.7
P/B (x)	2.8	2.7	2.0	1.8	1.7
EV/EBITDA (x)	6.5	6.8	5.2	4.2	4.5
Dividend yield (%)	3.6	5.0	7.2	9.1	8.1
Net margin (%)	13.7	14.0	13.8	15.7	14.5
Net debt/(cash) to equity(%)	10.5	6.3	4.4	-3.5	-10.0
Interest cover (x)	28	34	36	28	0
ROE (%)	16.1	18.7	20.8	23.4	19.5
Consensus net profit	n.a	n.a	3,678	3,726	3,645
UOBKH/Consensus (x)	n.a	n.a	0.91	1.09	0.99

Source: Bumitama Agri Ltd, Bloomberg, UOB Kay Hian

Analyst(s)

Amerul Iqmal
ameruliqmal@uobkh.com
+603 2147 1915

BUY (Maintained)

Share Price	S$1.39
Target Price	S$2.54
Upside	82.7%

Stock Data

Sector	Consumer Staples
Bloomberg ticker	BAL SP
Shares issued (m)	1,734.1
Market cap (S$m)	2,440.5
Market cap (US$m)	1,895.7
3-mth avg daily t'over (US$m)	3.6

Price Performance (%)

52-week high/low				S$2.50/S$1.24
1mth	3mth	6mth	1yr	YTD
(21.9)	(25.3)	(27.6)	(3.5)	(3.0)

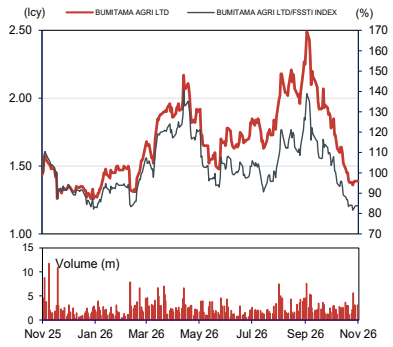
Major Shareholders (%)

Fortune Holdings Ltd	51.6
IOI Corporation	31.7

Balance Sheet Metrics

FY26 NAV/Share (S$)	0.65
FY26 Net Debt/Share (S$)	0.3

Price Chart



Source: Bloomberg

Company Description

Pure upstream palm oil player in Indonesia.

- Revenue declined 34% qoq to Rp4,243b due to lower CPO sales volume (-38% qoq) while EBITDA margin contracted 3.5ppt qoq to 28.8%, weighed down by higher operating cost and additional fire prevention costs. On a yoy basis, 3Q26 core net profit was marginally lower (-1%), as higher operating costs offset the benefit of higher CPO prices (+11% yoy).
- **Bumitama has declared a second interim dividend of 2.55 S cents (3Q25: 2.5 S cents),** bringing cumulative 9M26 dividend to 6.65 S cents, which translated into a 67% payout. The group maintained its net cash position in 3Q26 through sustained positive operating cash flow.
- **Inventory buildup could take up to two quarters to be cleared.** Prolonged dry weather across Bumitama's Kalimantan estates has disrupted logistics infrastructure, affecting shipments and sales deliveries. Management highlighted that inventory has accumulated to more than two months of production, significantly above its historical average of half a month. We expect it could take up to two subsequent quarters to clear the excess inventory, barring an improvement in weather conditions. This echoes the previous inventory build-up in 3Q25 caused by heavy rainfall, which was gradually cleared in 4Q25 and 1Q26.
- **FFB production remains resilient.** Internal FFB production grew 15% yoy in 3Q26 and 13% yoy in 9M26 with yield rising from 14.4 to 16.5 tonne per ha. This puts the group on track to exceed its internal production growth target of 5-10% yoy. However, we note that prolonged dry weather has begun to weigh on bunch weights in the group's estates, with a more pronounced impact expected in 2027. On a positive note, management shared that rainfall has started recovering with average rainfall in Oct 26 close to 100mm, compared to the average of around 15mm recorded between Jul-Sep 26. We maintain our FFB production growth forecasts of 10% for 2026F but revised down 2027 rate to a 2% yoy decline, reflecting the expected El Niño impact.

Valuation/Recommendation

- **Maintain BUY with an unchanged target price of S$2.54,** based on 14x PE (+2SD to two-year average PE) pegged to our 2027F EPS. We believe the premium valuation is justified by Bumitama's positive dividend outlook, relatively stable production profile leveraged on the group's strong external purchases network, and constructive CPO outlook heading into 2027 underpinned by Indonesia's implementation of B50 mandate as well as negative yield impacts from the now-confirmed strong El Nino.

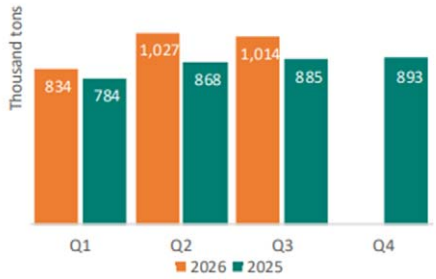
Earnings Revision/Risk

- **We trim our 2026 earnings estimate by 12%, but raise our 2027F estimates slightly by 1%;** after incorporating: a) brought forward sales from 2026 to 2027, and b) downward revision to 2027 FFB production growth from +2% to -2% yoy. Overall, we project Bumitama's earnings to grow by 19.8% in 2026, driven by strong production while 2027F forecasted growth of 20% will be mainly driven by higher CPO prices and sales volume.

Share Price Catalyst

- Higher-than-expected FFB output.
- Stronger-than-expected CPO prices.
- Further enhancement of dividend policy. Bumitama has raised its dividend payout policy twice over the past 24 months, with the current policy set at a minimum payout of 60% and a maximum of 75%.

FFB Production Trend



Source: Bumitama Agri

CPO Production Trend



Source: Bumitama Agri

Key Assumption

	2026	2027	2028
CPO Price (RM/tonne)	4.500	4,700	4,500
FFB Production growth (%)	10%	(2%)	1.5%

Profit & Loss

Year to 31 Dec (Rpb)	2025	2026F	2027F	2028F
Net turnover	19,951	24,417	25,831	24,812
EBITDA	5,636	6,138	7,256	6,580
Deprec. & amort.	942	896	963	1015
EBIT	4,694	5,243	6,293	5,565
Total other non-operating income	0	50	50	50
Associate contributions	0	0	0	0
Net interest income/(expense)	10	5	24	33
Pre-tax profit	4,660	5,248	6,317	5,598
Tax	(1,295)	(1,286)	(1,548)	(1,372)
Minorities	(563)	(605)	(715)	(634)
Net profit	2,803	3,358	4,054	3,593
Net profit (adj.)	2,803	3,358	4,054	3,593

Balance Sheet

Year to 31 Dec (Rpb)	2025	2026F	2027F	2028F
Fixed assets	6,120	6,678	7,082	7,419
Other LT assets	10425	10970	11150	11336
Cash/ST investment	2503	2738	4057	5286
Other current assets	3,816	4,280	4,337	4,277
Total assets	22,865	24,667	26,627	28,318
ST debt	1,657	1,657	1,657	1,657
Other current liabilities	1,683	1,772	1,801	1,780
LT debt	1,791	1,791	1,791	1,791
Other LT liabilities	370	370	370	370
Shareholders' equity	15,019	16,127	17,343	18,421
Minority interest	2,345	2,950	3,665	4,299
Total liabilities & equity	22,865	24,667	26,627	28,318

Cash Flow

Year to 31 Dec (Rpb)	2025	2026F	2027F	2028F
Operating	4,823	4,851	6,453	6,039
Pre-tax profit	4,660	5,248	6,317	5,598
Tax	(1,295)	-1,286	-1,548	-1,372
Deprec. & amort.	942	896	963	1,015
Working capital changes	252	-375	-29	40
Other operating cashflows	263	363	725	725
Investing	(1,000)	-1,500	-1,300	-1,300
Capex (maintenance)	(1,000)	-1,500	-1,300	-1,300
Investments	0	0	0	0
Proceeds from sale of assets	0	0	0	0
Others	0	0	0	0
Financing	(2,892)	-3,250	-3,834	-3,511
Dividend payments	(1,892)	-2,250	-2,838	-2,515
Issue of shares	0	0	0	0
Proceeds from borrowings	0	0	1	1
Loan repayment	(1,000)	-1,000	-999	-999
Others/interest paid	0	0	0	0
Net cash inflow (outflow)	931	102	1,319	1,228
Beginning cash & cash equivalent	1,705	2,637	2,738	4,057
Changes due to forex impact	0	0	0	0
Ending cash & cash equivalent	2,637	2,738	4,057	5,286

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	27.3	25.1	28.1	26.5
Pre-tax margin	21.8	21.5	24.5	22.6
Net margin	13.7	13.8	15.7	14.5
ROA	10.9	13.6	15.2	12.7
ROE	16.1	20.8	23.4	19.5
Growth				
Turnover	8.3	22.4	5.8	(3.9)
EBITDA	1.3	8.9	18.2	(9.3)
Pre-tax profit	(5.5)	12.6	20.4	(11.4)
Net profit	(6.6)	19.8	20.7	(11.4)
Net profit (adj.)	(6.6)	19.8	20.7	(11.4)
EPS	(6.6)	19.8	20.7	(11.4)
Leverage				
Debt to total capital	15.2	14.0	12.9	12.2
Debt to equity	22.5	21.4	19.9	18.7
Net debt/(cash) to equity	10.5	4.4	(3.5)	(10.0)

CSE Global (CSE SP)

3Q26: Strong Order Momentum; Margin Recovery Expected In 2H26

Highlights

- 9M26 revenue grew 26.6% yoy to S$884.6m, forming 78.6% of our 2026 forecast, driven by strong US electrification demand.
- 3Q26 order intake surged 197.7% yoy to S$434.9m, lifting the orderbook to S$728.5m, with a healthy project pipeline supporting future growth.
- Maintain BUY with a 27% lower target price of S$1.30, based on 21x 2027F PE (+1SD). Margin recovery is expected for 2H26 as capacity utilisation ramps up.

3Q26 Results

Year to 31 Dec (S$m)	3Q26	3Q25	yoy%	2Q26	qoq%
Revenue	323.2	257.7	25.4	296.2	9.1
Electrification segment	187.6	132.8	41.3	136.7	37.2
Communications segment	64.5	61.7	4.5	70.7	(8.8)
Automation segment	71.1	63.2	12.5	88.7	(19.8)
New orders received	434.9	146.1	197.7	199.1	118.4
Electrification segment	320.3	30.9	923.6	63.9	401.3
Communications segment	63.3	75.2	(15.8)	78.9	(19.8)
Automation segment	51.3	40.0	28.3	56.2	(8.7)
Outstanding orders	728.5	467.5	55.8	620.4	17.4

Source: CSE, UOB Kay Hian

Analysis

- **Revenue in line, driven by strong Electrification performance.** CSE Global (CSE) reported 3Q26 revenue of S$323.2m (+25.4% yoy, +9.1% qoq), bringing 9M26 revenue to S$884.6m (+26.6% yoy), or 78.6% of our 2026 forecast. Electrification remained the key driver, with revenue rising 41.2% yoy to S$187.6m (58.1% of group revenue), supported by major US data centre projects. Communications revenue grew 4.5% yoy to S$64.5m on stronger Australia and New Zealand contributions, while Automation revenue rose 12.4% yoy to S$71.1m on higher Americas project revenue.
- **Strong order intake drives orderbook growth.** CSE's 3Q26 order intake surged 197.7% yoy and 118.4% qoq to S$434.9m, driven by strong US electrification demand. Electrification orders jumped 937.0% yoy to S$320.3m, accounting for 73.6% of new orders. Notable wins include the Cheyenne Power Hub and CP2 LNG projects, worth S$254.8m, with execution expected over 2026-28. 9M26 order intake rose 76.5% yoy to S$905.1m, while the outstanding orderbook grew 55.8% yoy to S$728.5m. Continued opportunities in hyperscale data centres, LNG and power infrastructure, supported by AWS-related projects, provide strong revenue visibility.

Key Financials

Year to 31 Dec (S$m)	2024	2025	2026F	2027F	2028F
Net turnover	861	969	1,126	1,227	1,300
EBITDA	72	68	82	92	96
Operating profit	54	50	56	64	68
Net profit (rep./act.)	26	37	40	45	48
Net profit (adj.)	37	37	40	45	48
EPS (S$ cent)	5.4	5.3	5.6	6.3	6.7
PE (x)	15.7	16.3	15.3	13.6	12.7
P/B (x)	2.4	2.2	2.1	1.9	1.8
EV/EBITDA (x)	11.2	11.9	9.9	8.7	8.4
Dividend yield (%)	2.8	3.0	3.3	3.7	3.9
Net margin (%)	3.1	3.9	3.5	3.7	3.7
Net debt/(cash) to equity (%)	28.2	59.2	61.0	57.5	52.0
Interest cover (x)	8.6	7.8	11.0	12.0	12.5
ROE (%)	11.2	14.1	14.0	14.6	14.5
Consensus net profit (S$m)	-	-	38	50	58
UOBKH/Consensus (x)	-	-	1.05	0.89	0.82

Source: CSE, Bloomberg, UOB Kay Hian

Analyst(s)

John Cheong
Johncheong@uobkh.com
+65 6590 6623

Shaina Mahtani
Shainamahtani@uobkh.com
+65 6590 6633

BUY (Maintained)

Share Price	S$0.86
Target Price	S$1.30
Upside	51.0%
Previous TP	S$1.79

Stock Data

GICS sector	Information Technology
Bloomberg ticker:	CSE SP
Shares issued (m):	731.1
Market Cap (S$m):	625.1
Market cap (US$m):	485.6
3-mth avg t'over (US$m):	7.0

Price Performance (%)

52-week high/low				S$1.91/S$0.81
1mth	3mth	6mth	1yr	YTD
(22.3)	(33.7)	(49.4)	(11.4)	(13.2)

Major Shareholders (%)

Temasek Hldgs	23.8

Balance Sheet Metrics

FY26 NAV/Share (US$)	0.41
FY26 Net Debt/Share (US$)	0.25

Price Chart



Source: Bloomberg

Company Description

CSE Global provides systems integration and information technology solutions, computer network systems, and industrial automation. The company also designs, manufactures, and installs management information systems. CSE Global develops, manufactures, and sells electronic and micro processor monitoring equipment.

- **Margin recovery expected for 2H26.** We expect 2H26 net margin to improve hoh as start-up costs for the new champion facility should moderate from higher capacity utilisation and improved cost efficiency.
- **Electrification remains the key growth driver.** CSE continues to benefit from strong US demand for hyperscale data centres, LNG and power infrastructure projects. The new Champion facility, which commenced operations in Jun 26, has supported higher project volumes and the execution of major contracts. Management is exploring further capacity expansion to meet growing demand, supported by an estimated US$1.5b AWS programme over five years. Meanwhile, CSE is reducing its exposure to lower-margin renewables and municipal projects to improve profitability.
- **Communications expansion and Automation restructuring remain key priorities.** CSE continues to strengthen its US communications presence following the acquisition of SEI Wireless Solutions in Jul 26, expanding its capabilities in mission-critical communications and security solutions. The group is also targeting opportunities among government and data centre customers. Meanwhile, Automation is focused on improving US profitability through facility consolidation and the wind-down of legacy projects, while prioritising traditional oil and gas operations and exploring opportunities in cybersecurity and AI technology.
- **Recurring flow business provides revenue resilience.** Approximately 80% of CSE's revenue is derived from its recurring and repeat flow business, supported by a customer base comprising around 90% repeat customers, with some relationships spanning over 30 years. This provides a stable revenue base alongside larger project contracts, helping to improve earnings visibility and resilience.

Valuation/Recommendation

- **Maintain BUY with a 27.4% lower target price of S$1.30** (previously S$1.79), based on a revised 21x 2027F PE (+1SD to mean), down from 29x (+1.5SD). The lower valuation multiple reflects the general sector derating. The premium to its historical mean remains supported by strong US data centre electrification demand and a robust S$728.5m orderbook.

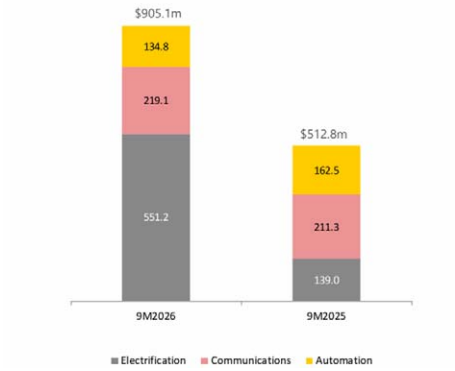
Earnings Revision/Risk

- We make no changes to our earnings and revenue forecasts.

Share Price Catalyst

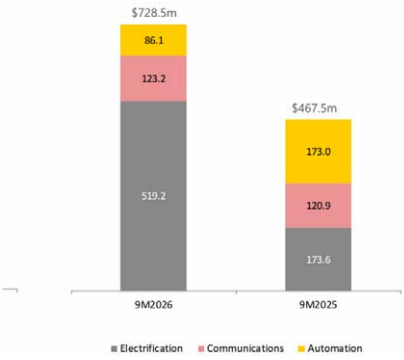
- Further hyperscaler data centre, LNG and power infrastructure contract wins in the US.
- Faster-than-expected ramp-up of the Champion facility, supporting margin recovery and earnings growth.
- EPS-accretive acquisitions or strategic partnerships.

9M26 Order Intake



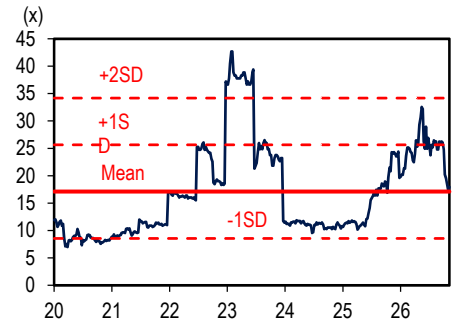
Source: CSE, UOB Kay Hian

9M26 Orderbook



Source: CSE, UOB Kay Hian

Long-Term Historical PE Band



Source: Bloomberg, UOB Kay Hian

Profit & Loss

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Net turnover	968.9	1,125.7	1,226.9	1,299.8
EBITDA	67.6	81.5	92.4	96.2
Deprec. & amort.	17.2	25.2	28.6	28.6
EBIT	50.4	56.3	63.8	67.6
Total other non-operating income	4.2	0.0	(0.0)	0.0
Associate contributions	(0.0)	0.0	0.0	0.0
Net interest income/(expense)	(8.6)	(7.4)	(7.7)	(7.7)
Pre-tax profit	45.9	48.9	56.1	59.9
Tax	(8.4)	(8.9)	(11.2)	(12.0)
Minorities	(0.0)	0.0	0.0	0.0
Net profit	37.5	39.9	44.9	47.9
Net profit (adj.)	37.5	39.9	44.9	47.9

Balance Sheet

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Fixed assets	67.2	100.3	105.4	111.9
Other LT assets	185.4	157.0	152.1	147.3
Cash/ST investment	46.2	28.9	25.8	30.5
Other current assets	458.8	530.3	575.9	609.6
Total assets	757.5	816.5	859.2	899.3
ST debt	205.2	205.2	205.2	205.2
Other current liabilities	221.2	259.6	278.8	294.6
LT debt	4.0	4.0	4.0	4.0
Other LT liabilities	51.6	51.2	51.2	51.2
Shareholders' equity	275.5	295.7	319.2	343.5
Minority interest	0.1	0.9	0.9	0.9
Total liabilities & equity	757.5	816.6	859.2	899.3

Cash Flow

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Operating	(67.2)	40.7	58.8	70.2
Pre-tax profit	45.9	48.9	56.1	59.9
Tax	(14.1)	(8.9)	(11.2)	(12.0)
Deprec. & amort.	17.2	25.2	28.6	28.6
Associates	(0.0)	0.0	0.0	0.0
Working capital changes	(130.4)	(36.1)	(26.4)	(17.9)
Non-cash items	2.8	0.0	0.0	0.0
Other operating cashflows	11.3	11.7	11.7	11.7
Investing	(0.2)	(38.3)	(40.4)	(42.0)
Capex (growth)	(28.5)	(26.6)	(28.8)	(30.3)
Investment	0.0	0.0	0.0	0.0
Proceeds from sale of assets	1.2	0.0	0.0	0.0
Others	27.1	(11.7)	(11.7)	(11.7)
Financing	57.3	(18.5)	(20.3)	(22.5)
Dividend payments	(7.5)	(18.5)	(20.3)	(22.5)
Proceeds from borrowings	81.4	0.0	0.0	0.0
Loan repayment	(14.3)	0.0	0.0	0.0
Others/interest paid	(2.3)	0.0	0.0	0.0
Net cash inflow (outflow)	(10.1)	(16.1)	(2.0)	5.8
Beginning cash & cash equivalent	57.4	46.2	28.9	25.8
Changes due to forex impact	(1.1)	(1.1)	(1.1)	(1.1)
Ending cash & cash equivalent	46.2	28.9	25.8	30.5

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	7.0	7.2	7.5	7.4
Pre-tax margin	4.7	4.3	4.6	4.6
Net margin	3.9	3.5	3.7	3.7
ROA	5.4	5.1	5.4	5.4
ROE	14.1	14.0	14.6	14.5
Growth				
Turnover	12.5	16.2	9.0	5.9
EBITDA	(6.1)	20.6	13.3	4.1
Pre-tax profit	28.7	6.4	14.8	6.8
Net profit	42.3	6.5	12.4	6.8
Net profit (adj.)	2.0	6.5	12.4	6.8
EPS	(3.6)	6.5	12.4	6.8
Leverage				
Debt to total capital	43.2	41.4	39.5	37.8
Debt to equity	75.9	70.7	65.5	60.9
Net debt/(cash) to equity	59.2	61.0	57.5	52.0
Interest cover (x)	7.8	11.0	12.0	12.5

First Resources (FR SP)

3Q26: Above Expectations On Strong Output; Consensus Looks Too Low For 4Q

Highlights

- FR's 9M26 core net profit of US$338.9m (+41.5% yoy) was above expectations at 78%/80% of our/consensus full-year forecasts respectively. 3Q26 core net profit rose 40.1% yoy to US$122.7m on 16.4% higher CPO output, but only 2.6% qoq as a larger share of lower-margin bought-in fruit kept margins flat.
- Consensus implies 4Q26 core net profit of about US$83m, 32% below the 3Q26 run-rate and 30% below 4Q25's US$118.6m, even as FR enters its seasonal production peak. September CPO output of 142,000 tonnes was the highest month this year.
- We raise 2026F net profit by 4.3% and keep 2027-28F unchanged. Maintain BUY with an unchanged target price of S$5.09, based on 14x 2027F PE. At S$2.97, FR trades at 8.0x 2026F PE.

3Q26/9M26 Results

Year to 31 Dec (US$m)	3Q26	qoq %	yoy %	9M26	9M25	yoy %
Revenue	579	16.6	24.9	1,552	1,137	36.5
EBITDA	207	16.1	26.6	552	426	29.5
Core net profit	123	2.6	40.1	339	240	41.5
EBITDA margin (%)	35.8	36.0	35.4	35.5	37.5	(2.0)ppt

Source: First Resources, UOB Kay Hian

Analysis

- **Above expectations.** First Resources' (FR) 9M26 revenue rose 36.5% yoy to US$1,552.2m, EBITDA increased 29.5% yoy to US$551.8m and core net profit rose 41.5% yoy to US$338.9m. The first nine months usually account for about two-thirds of full-year profit (9M25: 67%), so reaching 78% of our previous full-year forecast points to a stronger year than we had assumed.
- **Strong production momentum.** 3Q26 fresh fruit bunch (FFB) output rose 9.0% yoy to 1.42m tonnes and CPO production rose 16.4% yoy and 22.4% qoq to 421,925 tonnes. As PT Austindo Nusantara Jaya (ANJ) was consolidated in both quarters, the 3Q26 yoy growth is a like-for-like comparison. 9M26 CPO output rose 17.6% yoy, helped by ANJ's full nine-month contribution (9M25: five months). FFB yield improved to 15.9 tonnes/ha (9M25: 15.0) and the oil extraction rate to 21.7% (21.5%).

Key Financials

Year to 31 Dec (US$m)	2024	2025	2026F	2027F	2028F
Net turnover	1,038.7	1,661.1	2,027.2	2,078.4	2,123.4
EBITDA	399.0	614.8	755.4	743.6	684.6
Net profit (rep./act.)	245.8	353.9	455.5	448.2	407.5
Net profit (adj.)	245.8	356.4	455.5	448.2	407.5
EPS (US cent)	15.5	22.5	28.8	28.3	25.7
PE (x)	14.3	9.9	8.0	8.1	8.9
P/B (x)	2.5	2.3	2.1	1.9	1.8
EV/EBITDA (x)	11.4	7.4	6.4	7.2	7.6
Dividend yield (%)	3.3	4.9	7.5	7.3	6.7
ROE (%)	18.3	24.4	28.0	24.8	20.6
Consensus net profit	n.a.	n.a.	422.2	434.8	418.4
UOBKH/Consensus (x)	n.a.	n.a.	1.08	1.03	0.97

Source: First Resources, Bloomberg, UOB Kay Hian

Analyst(s)

Amerul Iqmal
ameruliqmal@uobkh.com
+603 2147 1988

Singapore Research Team
research@uobkh.com
+603 2147 1990

BUY (Maintained)

Share Price	S$2.97
Target Price	S$5.09
Upside	+71.4%
Previous TP	S$5.09

Stock Data

Sector	Consumer Staples
Bloomberg ticker	FR SP
Shares issued (m)	1,584.1
Market cap (S$m)	4,704.8
Market cap (US$m)	3,647.1
3-mth avg daily t'over (US$m)	2.9

Price Performance (%)

52-week high/low				5.24/1.93
1mth	3mth	6mth	1yr	YTD
(29.1)	(19.3)	8.0	42.8	42.1

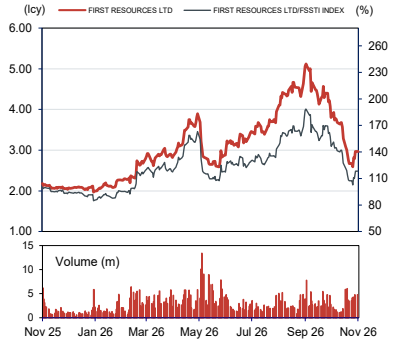
Major Shareholders (%)

Eight Capital Inc.	67.5
Infinite Capital Fund Limited	5.8

Balance Sheet Metrics

FY26 NAV/Share (US$)	1.09
FY26 Net Debt/Share (US$)	0.32

Price Chart



Source: Bloomberg

Company Description

First Resources is an Indonesia-based oil palm producer with 273,156ha of planted area. Operations span oil palm cultivation and palm oil mills, plus downstream refining, fractionation, biodiesel and kernel crushing plants.

- **More bought-in fruit, thinner margins.** CPO output grew 16.4% yoy in 3Q26 against 9.0% for FFB harvested from FR's own estates, with the oil extraction rate broadly flat at 21.4% (3Q25: 21.3%). That gap points to a much larger intake of third-party fruit. Bought-in fruit earns a thinner margin than own crop, which is why 9M26 EBITDA margin narrowed to 35.5% (9M25: 37.5%) even as EBITDA rose 29.5%. 3Q26 margin was steady at 35.8% (2Q26: 36.0%; 3Q25: 35.4%).
- **3Q26 growth came from output, not inventory.** 9M26 sales were helped by a net inventory drawdown of 28,000 tonnes (9M25: 80,000-tonne build-up). Since 1H26 alone saw a 39,000-tonne drawdown, FR rebuilt about 11,000 tonnes of stock in 3Q26. The quarter's 24.9% yoy revenue growth therefore came from higher output and purchases rather than from running down inventory.
- **Haze inquiry is the key overhang.** Singapore authorities issued notices in Oct 26 to FR and other Singapore-based companies under the Transboundary Haze Pollution Act. FR reiterated its Zero Burning Policy and said it is cooperating fully with both the Indonesian and Singapore authorities. FR's share price has fallen 34% since end-Sep 26.
- **Balance sheet and cash flow.** Gross gearing was 0.64x and cash stood at US$365.9m at end-Sep 26, with US$156.1m of undrawn committed facilities. Equity attributable to shareholders rose only 0.4% from end-25 to US$1,543.8m, as profits were offset by dividend payments and translation losses from the weaker rupiah.

Valuation/Recommendation

- **Maintain BUY with an unchanged target price of S$5.09,** based on 14x 2027F PE. We keep the target price unchanged as plantation sector valuations have de-rated and our 2027-28F forecasts are unchanged. At S$2.97, FR trades at 8.0x 2026F and 8.1x 2027F PE, which we think already reflects much of the haze-related risk.
- **CPO price assumptions unchanged.** We keep our CPO assumptions at RM4,500/tonne for 2026 and RM4,700/tonne for 2027. FR expects the impact of current El Niño conditions on production to be felt mainly in 2027, which supports our view of tighter supply and firmer prices next year. FR also expects the B50 mandate and elevated crude oil prices to support palm oil demand.

Earnings Revision/Risk

- **We raise our 2026F net profit forecasts by 4.3% to US$455.5m.** We now assume own FFB output of 5.12m tonnes (+9.5% yoy, from +6.1%), with 4Q26 output up 9% yoy, in line with 3Q26, and lift bought-in fruit to 1.76m tonnes (from 1.62m), holding 4Q26 purchases at around 4Q25's level. CPO production rises to 1.49m tonnes (+14.6% yoy). Our forecast implies 4Q26 core net profit of US$116.6m, slightly below 3Q26. We keep 2027-28F forecasts unchanged, which implies 2027 FFB output 4.1% lower yoy from the higher 2026 base as El Niño-related dryness feeds through.
- **Key risks:** a) an adverse outcome from the haze inquiry in Singapore; b) a sharper fall in 2027 production from El Niño-related dryness; c) a sharper fall in CPO prices; and d) changes to Indonesian export levies or the single-gate export policy from Jan 27.

Share Price Catalyst

- **Strong 4Q26 peak crop.** September was FR's highest output month this year. 4Q26 earnings in line with the 3Q26 run-rate would likely prompt consensus upgrades.
- **Supportive demand.** FR expects the B50 biodiesel mandate to keep domestic demand firm, while elevated crude oil prices support biodiesel economics.

Earnings Revision

Net profit (adj., US$m)	2026F	2027F	2028F
Previous	436.9	447.9	407.2
Revised	455.5	448.2	407.5
% change	4.3	0.1	0.1

Source: UOB Kay Hian

3Q26 Production Summary

'000 tonnes	3Q26	3Q25	yoy %
FFB harvested	1,420.7	1,303.0	9.0
- Nucleus	1,219.4	1,128.9	8.0
- Plasma	201.3	174.2	15.6
CPO produced	421.9	362.5	16.4
Efficiency			
FFB yield (tonnes/ha)	6.2	5.4	+0.8
OER (%)	21.4	21.3	+0.1ppt

Source: First Resources, UOB Kay Hian

9M26 Production Summary

'000 tonnes	9M26	9M25	yoy %
FFB harvested	3,655.5	3,330.1	9.8
CPO produced	1,078.5	917.0	17.6
PK produced	238.5	202.3	17.9
Efficiency			
FFB yield (tonnes/ha)*	15.9	15.0	+0.9
OER (%)	21.7	21.5	+0.2ppt

**9M25 adjusted for ANJ's contribution period. Source: First Resources, UOB Kay Hian*

Environmental, Social, Governance (ESG) Updates

Environmental	• 66% of nucleus plantations and 15 mills RSPO-certified; 92% ISPO-certified. • 2030 targets: -30.3% Scope 1 (FLAG) and -42% Scope 1+2 (non-FLAG) emissions vs 2022. • 15 methane capture facilities; Zero Burning Policy.
Social	• IDR40.3b community investment in 2025; 4,700+ students supported. • Plasma smallholders: 40,857ha (15% of planted area). • Two work-related fatalities in 2025 (target: zero).
Governance	• Board-level oversight of sustainability. • Anti-Bribery, Corruption and Money Laundering Policy since Feb 25; no cases in 2025. • Cooperating with authorities on the haze inquiry.

Source: First Resources Sustainability Report 2025, UOB Kay Hian

Profit & Loss

Year to 31 Dec (US$m)	2025	2026F	2027F	2028F
Net turnover	1,661.1	2,027.2	2,078.4	2,123.4
EBITDA	614.8	755.4	743.6	684.6
Deprec. & amort.	(115.0)	(116.0)	(118.8)	(119.2)
EBIT	494.6	639.4	624.8	565.5
Total other non-operating income	15.0	9.0	9.0	9.0
Net interest income/(expense)	(29.6)	(36.5)	(31.3)	(26.4)
Pre-tax profit	483.7	611.8	602.4	548.1
Tax	(110.1)	(135.8)	(134.0)	(122.2)
Minorities	(19.6)	(20.5)	(20.1)	(18.3)
Net profit	353.9	455.5	448.2	407.5
Net profit (adj.)	356.4	455.5	448.2	407.5

Balance Sheet

Year to 31 Dec (US$m)	2025	2026F	2027F	2028F
Fixed assets	788.0	822.9	827.0	828.2
Other LT assets	1,271.4	1,205.9	1,270.9	1,335.9
Cash/ST investment	292.2	342.2	452.5	543.3
Other current assets	541.0	471.8	485.1	504.9
Total assets	2,892.6	2,842.9	3,035.5	3,212.3
ST debt	96.8	80.0	80.0	80.0
Other current liabilities	207.4	215.7	217.6	219.2
LT debt	857.6	770.0	770.0	770.0
Other LT liabilities	63.1	(93.2)	(101.8)	(108.0)
Shareholders' equity	1,537.6	1,719.8	1,899.1	2,062.1
Minority interest	130.0	150.5	170.6	188.9
Total liabilities & equity	2,892.6	2,842.9	3,035.5	3,212.3

Cash Flow

Year to 31 Dec (US$m)	2025	2026F	2027F	2028F
Operating	230.9	676.9	573.3	529.5
Pre-tax profit	483.7	611.8	602.4	548.1
Tax	(110.1)	(135.8)	(134.0)	(122.2)
Deprec. & amort.	115.0	116.0	118.8	119.2
Working capital changes	(256.0)	92.4	(11.5)	(18.2)
Other operating cashflows	(1.6)	(7.5)	(2.3)	2.6
Investing	(125.7)	(245.7)	(205.7)	(205.7)
Capex	(120.0)	(240.0)	(200.0)	(200.0)
Financing	293.9	(377.7)	(253.9)	(229.5)
Dividend payments	(171.1)	(273.3)	(268.9)	(244.5)
Net change in debt	465.0	(104.4)	15.0	15.0
Net cash inflow/(outflow)	399.1	53.4	113.7	94.2
Beginning cash & cash equivalent	103.2	292.2	342.2	452.5
Ending cash & cash equivalent	292.2	342.2	452.5	543.3

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	37.0	37.3	35.8	32.2
Pre-tax margin	29.5	30.2	29.0	25.8
Net margin	21.5	22.5	21.6	19.2
ROE	24.4	28.0	24.8	20.6
Growth				
Turnover	59.9	22.0	2.5	2.2
EBITDA	54.1	22.9	(1.6)	(7.9)
Net profit (adj.)	45.0	27.8	(1.6)	(9.1)
Leverage				
Debt to equity	62.1	49.4	44.8	41.2
Net debt/(cash) to equity	43.1	29.5	20.9	14.9
Interest cover (x)	11.5	12.9	13.4	12.1
Operating				
FFB harvested ('000 tonnes)	4,678	5,125	4,916	4,958
CPO produced ('000 tonnes)	1,303	1,493	1,416	1,425
CPO ASP net of levy (US$/t)	825	858	896	854

Singapore Technologies Engineering (STE SP)

3Q26: Revenue Broadly In Line; Expect Strong Closing For 2026 And Sustainable Healthy Growth In the Medium Term

Highlights

- STE's 3Q/9M26 revenue came in broadly in line with our expectations, forming 25%/73% of our full-year forecast, respectively.
- Management guides for a strong closing for 2026, and we remain upbeat on STE's medium-term growth trajectory, backed by a record-high orderbook and further improvement in margins.
- Maintain BUY as we continue to like STE, though our target price is moderated to S$10.97 (based on 25.2x 2028F PE, or 1SD above mean), reflecting the recent global defence sector de-rating and a higher risk-free rate environment.

3Q26 Results

Year to 31 Dec (S$m)	3Q26	3Q25	yoy % chg	2Q26	qoq % chg	9M26	9M25	yoy % chg	FY26F	9M as % of 2026F
Revenue	3,410	3,142	+9	3,316	+3	9,990	9,058	+10	13,705	73%
- DPS	1,440	1,334	+8	1,412	+2	4,260	3,981	+7	5,755	74%
- CA	1,370	1,286	+7	1,373	-0	4,070	3,633	+12	5,600	73%
- USS	600	522	+15	531	+13	1,660	1,443	+15	2,350	71%

Source: STE, UOB Kay Hian

Analysis

- **3Q26 revenue broadly in line.** Singapore Technologies Engineering's (STE) 3Q26 revenue of S$3.4b (+9% yoy) was broadly in line with our expectations, with 9M26 revenue of S$10.0b (+10% yoy), forming 73% of our full-year forecast. If adjusted for the Leeboy disposal (completed in Sep 25) and foreign currency fluctuations, STE's 3Q26 revenue would have grown 11% yoy.
- **Broad-based growth across three segments.** Revenue of Defence & Public Security (DPS) rose 8% yoy in 3Q26, driven by higher revenue led by Marine and Digital Systems & Cybersecurity businesses. Revenue of Commercial Aerospace (CA) rose 7%, driven by higher revenue from Engine MRO and Nacelle production. Revenue of Urban Solutions & Satcom (USS) rose 15%, backed by higher revenue from both Urban Solution and Satcom businesses.

Key Financials

Year to 31 Dec (S$m)	2024	2025	2026F	2027F	2028F
Net turnover	11,276	12,346	13,590	14,914	16,379
EBITDA	1,523	1,374	1,936	2,121	2,332
Operating profit	1,006	843	1,437	1,594	1,773
Net profit (rep./act.)	702	463	1,054	1,195	1,356
Net profit (adj.)	681	851	1,041	1,195	1,356
EPS (S$ cents)	21.7	27.1	33.2	38.1	43.2
PE (x)	44.6	35.7	29.1	25.4	22.4
P/B (x)	11.3	11.7	10.6	8.9	7.4
EV/EBITDA (x)	22.1	24.8	17.6	16.1	14.6
Dividend yield (%)	1.8	2.4	2.1	2.2	2.4
Net margin (%)	6.2	3.7	7.8	8.0	8.3
Net debt/(cash) to equity (%)	161.1	120.9	104.9	76.7	50.2
ROE (%)	27.4	17.6	38.9	38.3	36.4
Consensus net profit	-	-	1,061	1,224	1,378
UOBKH/Consensus (x)	-	-	0.98	0.98	0.98

Source: STE, Bloomberg, UOB Kay Hian

Analyst(s)

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

BUY (Maintained)

Share Price	S$9.67
Target Price	S$10.97
Upside	13.4%
Previous TP	S$11.75

Stock Data

Sector	Industrials
Bloomberg ticker	STE SP
Shares issued (m)	3,116.3
Market cap (S$m)	30,135.1
Market cap (US$m)	23,411.3
3-mth avg daily t'over (US$m)	39.0

Price Performance (%)

52-week high/low				S$11.63/S$8.07
1mth	3mth	6mth	1yr	YTD
(6.6)	(6.7)	(10.3)	11.4	14.8

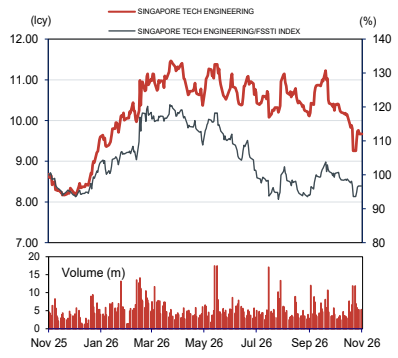
Major Shareholders (%)

Temasek Hldgs	51.0

Balance Sheet Metrics

FY26 NAV/Share (S$)	0.91
FY26 Net Debt/(Cash)/Share (S$)	1.09

Price Chart



Source: Bloomberg

Company Description

Singapore Technologies Engineering is a global technology, defence and engineering group with a diverse portfolio of businesses across the aerospace, smart city, defence and public security segments.

- **Orderbook hit a new record high.** Orderbook backlog strengthened to a new record-high level of S$37.7b as of end-3Q26, versus S$35.7b as of end-1H26, driven by strong order wins of S$5.6b during 3Q26 (9M26: S$13.2b); this comprises of S$1.8b in new order wins from DPS, S$1.4b from CA and S$2.4b from USS.
- **Guiding for S$3.1b revenue conversion from orderbook in 4Q26.** This is compared with a S$2.8b revenue conversion one year ago for 4Q25, implying a 10% revenue growth in 4Q26.
- **Maintaining a 5 S cents interim dividend for 3Q26.** This is flat qoq, but a 1 S cent increase yoy.
- **Upbeat outlook guidance.** Management guides for a strong closing for 2026. Beyond 2026, management highlighted that even though STE has significantly outperformed its five-year CAGR targets (revenue CAGR: 8.6%, net profit CAGR: ~13.6%) announced on its early-25 Strategy Day, this does not mean STE's growth will slow in the remainder of the five-year period. STE expects to sustain/beat the target growth CAGRs in the remainder of the five-year period (ie till 2029).
- **Contract pipeline remains upbeat,** driven by healthy underlying demand across the three key business segments. STE continues to pursue over US$11b international defence projects in the pipeline over the next 24 months. Recall that STE previously guided that 2026 order intake value would be similar with 2025 levels (S$18.8b); this implied S$5b-5.5b order intake in 4Q26, though management noted that actual order intakes would depend on the timing of customers' contract signing.
- **Gaining traction in the Europe defence market.** Management shared that STE recently secured some low-rate production orders for its land platform products from a European customer, and guided that this is likely to lead to some additional low-rate production order in the very near term, and has the potential to scale into much larger full-size production in future. Management refrained from providing more details at this juncture, but noted that this is remarkable progress for STE, as it validates the quality and ability of STE's platforms, and opens up opportunities with more European customers.
- **Consistently improving operation and cost efficiencies**. STE has achieved consistent improvement in cost efficiencies over the past years, with its opex-to-revenue ratio having improved from 12.1% in 2022 to 10.2% in 2025, and to 9.0% in 9M26. Within 9M26, opex-to-revenue ratio continues to improve qoq through 1Q to 3Q. This implies a potentially stronger operating margin in 2H26, in our view. Management remains confident in medium-term margin expansion, highlighting that margins of new projects in STE's orderbook tend to be better than those in the past.
- **Satcom is on track to achieve EBIT-positive in 4Q26** and should remain profitable in 2027, driven by all cost initiatives implemented earlier this year. USS revenue is expected manage a yoy growth in 4Q26 on top of 4Q25's high base.

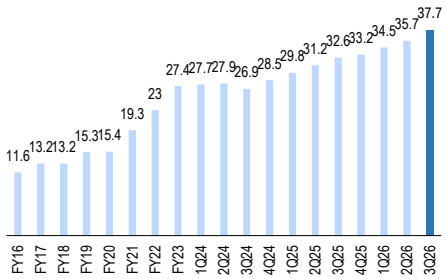
Earnings Revision/Risk

- **No change.**
- Key risks: a) project cost overrun, and b) adverse forex translation.

Valuation/Recommendation

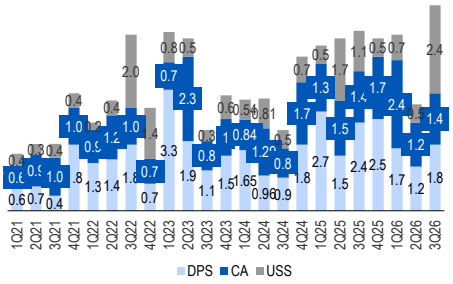
- **Maintain BUY; target price moderated to S$10.97.** We like STE for its strong execution and upbeat medium-term growth trajectory. Our target price is now based on 25.2x 2028F PE or 1SD above historical mean of 21.5x, versus previously 27x (+2SD). The lower PE peg takes into account: a) recent de-rating of global defence players (share prices of which pulled back by an average of 18% from mid-Aug 26 levels); b) a higher risk-free rate environment (10-year US government bond yield now stands at 5.15%, about 50bps higher than mid-Aug levels); and c) recent slowdown in liquidity on the Singapore Exchange.

Orderbook Backlog (S$b)



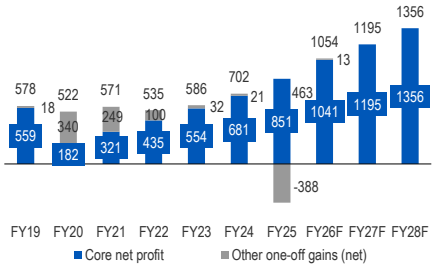
Source: STE

Order Wins By Business Segment



Source: STE

Yearly Net Profit Trend (S$m)



Source: STE, UOB Kay Hian

PE-Based Valuation

		2026F	2027F	2028F
EPS		S$0.338	S$0.383	S$0.435
PE peg		---------- Target price ----------		
+2.0SD	28.9x	S$9.79	S$11.10	S$12.59
+1.5SD	27.1x	S$9.16	S$10.38	S$11.78
+1.0SD	25.2x	S$8.53	S$9.67	S$10.97
+0.5SD	23.4x	S$7.90	S$8.95	S$10.16
Mean	21.5x	S$7.27	S$8.24	S$9.35

Source: UOB Kay Hian

Profit & loss

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Net turnover	12,346	13,590	14,914	16,379
EBITDA	1,374	1,936	2,121	2,332
Deprec. & amort.	531	499	527	558
EBIT	843	1,437	1,594	1,773
Total other non-op. income	0	0	0	0
Associate contributions	62	67	68	69
Net interest income/(expense)	(204)	(168)	(150)	(130)
Pre-tax profit	701	1,336	1,512	1,713
Tax	(205)	(248)	(282)	(321)
Minorities	(33)	(34)	(36)	(37)
Net profit	463	1,054	1,195	1,356
Net profit (adj.)	851	1,041	1,195	1,356

Balance Sheet

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Fixed assets	2,926	3,151	3,348	3,514
Other LT assets	5,012	4,919	4,826	4,733
Cash/ST investment	576	498	440	409
Other current assets	7,517	7,821	8,218	8,658
Total assets	16,032	16,390	16,832	17,315
ST debt	1,637	1,637	1,637	1,637
Other current liabilities	5,850	6,121	6,523	6,968
LT debt	3,196	2,973	2,443	1,763
Other LT liabilities	2,428	2,428	2,428	2,428
Shareholders' equity	2,574	2,849	3,383	4,064
Minority interest	348	382	418	454
Total liabilities & equity	16,032	16,390	16,832	17,315

Cash Flow

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Operating	1,708	1,662	1,855	2,028
Pre-tax profit	701	1,336	1,512	1,713
Tax	(145)	(248)	(282)	(321)
Deprec. & amort.	531	499	527	558
Associates	(62)	(67)	(68)	(69)
Working capital changes	44	(33)	5	6
Non-cash items	0	0	0	0
Other operating cashflows	639	175	161	140
Investing	170	(464)	(463)	(462)
Capex	0	0	0	0
Investment	0	0	0	0
Proceeds from sale of assets	0	0	0	0
Others	170	(464)	(463)	(462)
Financing	(1,801)	(1,277)	(1,451)	(1,596)
Dividend payments	(530)	(779)	(660)	(675)
Proceeds from borrowings	1,910	0	0	0
Loan repayment	(2,834)	(223)	(530)	(680)
Others/interest paid	(346)	(275)	(261)	(241)
Net cash inflow (outflow)	78	(78)	(58)	(30)
Beginning cash & cash equiv.	430	576	498	440
Changes due to forex impact	69	0	0	0
Ending cash & cash equiv.	576	498	440	409

Key Metric

Year to 31 Dec	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	11.1	14.2	14.2	14.2
Pre-tax margin	5.7	9.8	10.1	10.5
Net margin	3.7	7.8	8.0	8.3
ROA	2.9	6.5	7.2	7.9
ROE	17.6	38.9	38.3	36.4
Growth (% yoy)				
Turnover	9.5	10.1	9.7	9.8
EBITDA	(9.8)	41.0	9.5	9.9
Pre-tax profit	(18.7)	90.6	13.1	13.3
Net profit	(34.1)	127.8	13.3	13.5
Net profit (adj.)	24.9	22.4	14.7	13.5
EPS	24.9	22.5	14.7	13.5
Leverage				
Debt to total capital	62.3	58.8	51.8	42.9
Debt to equity	165.4	142.7	107.3	75.3
Net debt/(cash) to equity	120.9	104.9	76.7	50.2

Market News

US stocks were mixed on Friday, as the information technology, consumer discretionary and industrials sectors led shares lower. At the close of the NYSE, the Dow Jones rose 0.1% while the S&P 500 Index was down 0.4% and the NASDAQ Composite Index slid 0.91%. Advancing stocks outnumbered falling ones on the NYSE by 1,385 to 1,327 and 87 ended unchanged; on the Nasdaq Stock Exchange, 3,058 declined and 1,867 advanced, while 171 ended unchanged.

During the last trading session, the FSSTI Index fell 50.86pt to 5,231.84. Among the top active stocks were DBS (-1.6%), Singtel (-1.0%), ST Engineering (-0.9%), SingPost (+3.5%) and UMS (+2.2%). The FTSE ST Mid Cap Index fell 0.8%, while the FTSE ST Small Cap Index was down 0.1%. The broader market had 240 gainers and 343 losers with a total trading value of S$1.91b.

Singapore Telecommunications (ST SP)

1HFY27: In Line; Revised EBIT Guidance Upwards

Highlights

- Singtel reported a higher 1HFY27 underlying net profit of S$1.49b (+10 yoy). Key drivers include positive operating leverage among OpCos (Optus, NCS and Digital InfraCo) and higher associate earnings from Airtel and AIS.
- Singtel revised upward its FY27 OpCos' EBIT growth to mid- to high single-digit. The group also declared a higher 1HFY27 interim dividend of 9.0 S cents/share (+10% yoy), implying a 78% dividend payout ratio.
- Maintain BUY with an SOTP-based target price of S$5.50.

1HFY27 Results

Year to 31 Mar (S$m)	2QFY27	qoq% chg	yoy%	1HFY27	yoy% chg
Group Operating Revenue:	3,735	5.0	6.2	7,292	5.5
Optus	1,860	4.0	6.7	3,649	6.6
Singapore Consumer	940	4.3	1.1	1,840	(1.1)
NCS	869	8.1	10.4	1,673	10.1
Digital InfraCo	138	8.7	26.6	265	22.7
Group EBITDA:	1,074	(0.2)	8.2	2,149	8.4
Optus	576	3.4	13.6	1,133	14.1
Singapore Consumer	335	(7.7)	(4.8)	697	(4.8)
NCS	124	8.8	0.8	237	7.7
Digital InfraCo	77	10.0	48.1	147	59.8
EBITDA margin (%)	28.8	(1.5)ppt	0.5ppt	29.5	2.7ppt
Regional Mobile Associates	788	15.4	15.4	1,560	11.9
Underlying Net Profit	663	(20.2)	(0.6)	1,494	10.4

Source: Singtel, UOB Kay Hian

Analysis

- **Robust 1HFY27 results.** For 1HFY27, Singapore Telecommunications (Singtel) reported higher revenue (+6% yoy), EBITDA (+8% yoy) and underlying net profit (+10% yoy). This is in line with our expectations as management articulated a strong finish for FY27. Key drivers include positive operating leverage among OpCos (Optus, NCS, Digital InfraCo) and higher associate earnings from Airtel and AIS (+12% yoy).

Key Financials

Year to 31 Mar (S$m)	2025	2026F	2027F	2028F	2029F
Net turnover	14,146	14,260	14,625	14,988	15,382
EBITDA	3,792	3,847	4,035	4,153	4,256
Operating profit	3,880	4,390	4,565	4,796	5,049
Net profit (rep./act.)	4,017	5,606	2,980	3,135	3,304
Net profit (adj.)	2,470	2,769	2,980	3,135	3,304
EPS	14.9	16.8	18.1	19.0	20.0
PE (x)	27.6	24.5	22.7	21.6	20.5
P/B (x)	2.6	2.4	2.4	2.4	2.4
EV/EBITDA (x)	19.9	20.0	18.9	18.5	18.3
Dividend yield (%)	4.1	4.5	4.7	5.0	3.9
Net margin (%)	17.5	19.4	20.4	20.9	21.5
Net debt/(cash) to equity (%)	34.4	28.7	32.6	36.7	35.7
Interest cover (x)	11.3	12.2	12.4	12.6	12.8
ROE (%)	9.5	9.7	10.5	11.2	11.5
Consensus net profit	n.a	n.a	3,095	3,546	3,997
UOBKH/Consensus (x)	n.a	n.a	1.0	0.9	0.8

Source: Singtel, Bloomberg, UOB Kay Hian

Analyst(s)

Chong Lee Len
leelen@uobkh.com
+603-21471992

BUY (Maintained)

Share Price	S$4.11
Target Price	S$5.50
Upside	33.8%

Stock Data

Sector	Communication Services
Bloomberg ticker	ST SP
Shares issued (m)	16,512.8
Market cap (S$m)	66,908.8
Market cap (US$m)	51,972.0
3-mth avg daily t'over (US$m)	71.9

Price Performance (%)

52-week high/low				S$5.27/S$3.99
1mth	3mth	6mth	1yr	YTD
(1.2)	(3.3)	(14.7)	(12.9)	(9.7)

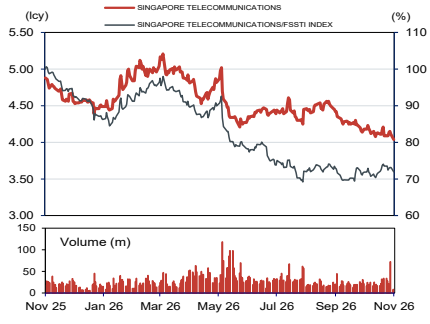
Major Shareholders (%)

Temasek Holdings	51.1
Capital Group Companies	5.4
Vanguard Group	2.1

Balance Sheet Metrics

FY27F NAV/Share (S$)	1.7
FY27F Net Debt/Share (S$)	0.6

Price Chart



Source: Bloomberg

Company Description

Singtel is a telecommunications company offering a diverse range of services, including fixed-line, mobile, data, internet, TV, and digital solutions. It also has operations in Australia, India, Indonesia, Thailand and the Philippines.

- **10% increase in DPS.** Singtel declared a higher 1HFY27 interim dividend of 9.0 S cents/share (1HFY26: 8.2 S cents/share), comprising 7.1 S cents/share of core dividend and 1.9 S cents/share of value realisation dividend. We expect Singtel to pay out FY27 total DPS of 19.5 S cents/share, implying a net dividend yield of around 4.7%. To date, the group has executed 50% of its S$2b share buyback programme and has cancelled those shares.
- **Optus: Weakness in equipment sales cushioned by ARPU uplift.** On a constant currency basis, 1HFY27 operating revenue fell 2% yoy on weaker device sales (-16% yoy) but this was offset by higher service revenue of 3% yoy thanks to continued ARPU uplift (+4% in blended ARPU). The higher service revenue and lower opex (-4% yoy) due to lower equipment sales and content costs led to EBIT growth of 14% yoy to A$322m. The postpaid segment saw a decline of 145,000 subscribers due to discontinuation of bundled low ARPU plans, while prepaid saw an encouraging net decline in 37,000 subscribers.
- **Singapore: Stable environment.** 1HFY27 mobile service revenue moderated 1% yoy given intense price competition and weaker ICT and legacy services. Positively, this quarter saw an improvement in mobile service revenue (+4% yoy), reflecting encouraging results from Singtel's tri-brand strategy (Singtel, GOMO, hi!). Blended ARPU rose qoq to S$23/month (1QFY27: S$22/month) with a net decline of 106,000 subscribers during the quarter.
- **NCS: Orderbook remains healthy.** NCS reported 1HFY27 revenue and EBIT growth of 10% yoy and 16% yoy respectively. This is primarily driven by strong Homeland Security demand and higher project deliveries. During the quarter, NCS has successfully doubled its secured bookings to S$1.6b, coupled with a book-to-bill ratio of 1.0x.
- **Digital Infraco.** Revenue rose 22% yoy bolstered by the commissioning of 4MW of RE:AI's capacity and ramp up in Nxera's DC Tuas capacity utilisation. EBIT rose 25% yoy after including higher depreciation charges with the commissioning of DC Tuas and RE:AI's new capacity.
- **Regional associates: Strong performance from Airtel and AIS.** Airtel group recorded a 13% yoy growth in net contribution, driven by a 6% growth in India mobile ARPU and higher mobile penetration in Africa. AIS recorded a 22% rise in net contribution, supported by higher mobile and broadband service revenue and lower depreciation. Globe's net contribution reduced 7% yoy, mainly due to adverse forex translation despite healthy demand for data usage and connectivity. Telkomsel's net contribution dropped 5% yoy despite seeing encouraging market repair, owing to weakness in the Indonesian rupiah. ST Telemedia Global Data Centres (STT GDC's) contribution during the 1HFY27 remains negligible as only one month of equity accounting has been recorded. The associate is expected to be in a net loss position in FY27 amid elevated operating and financing costs, coupled with one-off M&A expenses.

Valuation/Recommendation

- **Maintain BUY with an SOTP-based target price of S$5.50** (discount rate: 7%, growth rate: 2.5%). We pencilled in the acquisition of a 25% equity stake in STT GDC (completed 31 Aug 26), based on S$20m/MW enterprise value over 1GW of DC capacity in the near term.

Earnings Revision/Risk

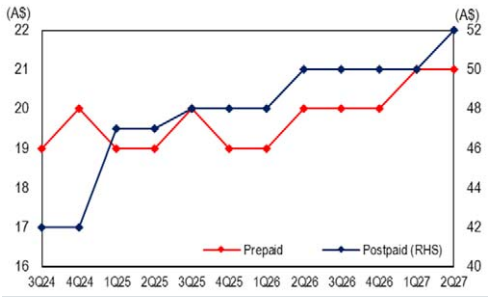
- No revision to earnings.
- **Higher OpCO EBIT growth outlook for FY27.** The group has revised its FY27 outlook, raising its full-year OpCo EBIT growth rate guidance from between low and mid-single digits to between mid and high single-digits. However, Singtel is expected to see a lower capex for FY27, missing its original guidance of S$3b. The guided capex originally allocated S$1.2b for data centres, equipment and fit-outs for GPU-as-a-Service facilities and AI and S$1.8b for its core business.

SOTP-based Fair Value At S$5.50/Share

	Valuation (S$m)	% of SOTP
Singapore ST	10,346	10%
Optus	15,512	15%
NCS, Digital Infraco, STT GDC	13,960	13%
Total enterprise value	39,818	37%
Net debt	10,705	10%
Total equity value of unlisted OpCos	29,113	27%
Equity Value of Associates		
GULF	1,958	2%
Airtel	50,348	50%
AIS	8,768	9%
Globe	2,228	2%
Telkomsel	14,147	14%
Total equity value of associates	77,449	76%
Total equity value of Singtel (S$m)	106,562	
Equity value/share (S$)	6.44	
Fair value/share (S$) (holding company discount of 15%)	5.50	

Source: UOB Kay Hian

Optus' ARPU Trend



Source: Singtel, UOB Kay Hian

Regional Associates PBT Contribution

Associates (S$m)	1HFY27	yoy % chg
Telkomsel (Indonesia)	276	(5.2)
AIS (Thailand)	327	22.0
Intouch (Thailand)	-	-
Globe (Philippines)	129	(5.1)
Bharti Airtel (India)	828	18.5
Total	1,560	11.9

Source: Singtel, UOB Kay Hian

Revised FY27 Outlook



Source: Singtel

Profit & Loss

Year to 31 Mar (S$m)	2026	2027F	2028F	2029F
Net turnover	14,260	14,625	14,988	15,382
EBITDA	3,847	4,035	4,153	4,256
Deprec. & amort.	2,021	2,130	2,149	2,137
EBIT	4,390	4,565	4,796	5,049
Net interest income/(expense)	2,476	(368)	(382)	(395)
Pre-tax profit	6,866	4,197	4,415	4,654
Tax	(1,249)	(1,217)	(1,280)	(1,350)
Minorities	(11)	-	-	-
Net profit	5,606	2,980	3,135	3,304
Net profit (adj.)	2,769	2,980	3,135	3,304

Balance Sheet

Year to 31 Mar (S$m)	2026	2027F	2028F	2029F
Fixed assets	11,256	11,320	11,419	11,359
Other LT assets	30,517	31,207	31,897	32,587
Cash/ST investment	3,470	2,876	2,263	2,716
Other current assets	5,454	5,584	5,715	5,858
Total assets	50,697	50,987	51,294	52,520
ST debt	1,100	1,100	1,100	1,100
Other current liabilities	7,481	7,569	7,689	7,834
LT debt	10,579	11,018	11,467	11,882
Other LT liabilities	2,820	2,820	2,820	2,820
Shareholders' equity	28,559	28,323	28,060	28,726
Minority interest	157	157	157	157
Total liabilities & equity	50,697	50,987	51,294	52,520

Cash Flow

Year to 31 Mar (S$m)	2026	2027F	2028F	2029F
Operating	4,920	5,758	5,977	6,161
Pre-tax profit	6,866	4,197	4,415	4,654
Tax	(1,249)	(1,217)	(1,280)	(1,350)
Deprec. & amort.	2,021	2,130	2,149	2,137
Associates	1,249	-	-	-
Working capital changes	255	(43)	(10)	1
Other operating cashflows	(4,222)	691	705	718
Investing	4	(3,207)	(3,261)	(3,090)
Capex (maintenance)	(2,482)	(2,194)	(2,248)	(2,077)
Proceeds from sale of assets	6	7	8	9
Others	2,486	(1,013)	(1,013)	(1,013)
Financing	(4,241)	(3,145)	(3,329)	(2,618)
Dividend payments	(3,005)	(3,216)	(3,397)	(2,639)
Issue of shares	6	7	8	9
Proceeds from borrowings	7	439	450	415
Others/interest paid	(1,249)	(375)	(390)	(404)
Net cash inflow (outflow)	683	(594)	(613)	453
Beginning cash & cash equivalent	2,766	3,470	2,876	2,263
Changes due to forex impact	6	7	8	9
Ending cash & cash equivalent	3,470	2,876	2,263	2,716

Key Metric

Year to 31 Mar (%)	2026	2027F	2028F	2029F
Profitability				
EBITDA margin	26.8	27.9	28.7	29.0
Pre-tax margin	35.9	26.1	27.7	28.8
Net margin	28.4	18.8	20.0	20.7
ROA	5.3	5.8	6.3	6.6
ROE	9.5	10.6	11.7	12.6
Growth				
Turnover	0.1	2.0	3.1	2.3
EBITDA	5.4	6.1	6.0	3.4
Pre-tax profit	195.2	(25.8)	9.5	6.3
Net profit	9.3	9.9	9.5	6.3
Net profit (adj.)	9.3	9.9	9.5	6.3
EPS	9.3	9.9	9.5	6.3
Leverage				
Debt to total capital	0.3	0.3	0.3	0.3
Debt to equity	0.5	0.5	0.5	0.5
Net debt/(cash) to equity	0.3	0.4	0.4	0.4
Interest cover	11.3	11.9	12.5	12.7

Technical Analysis

Analyst(s)

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



Last close: 5,231.84

Outlook:

The FSSTI index extended its downward trajectory following a structural breakdown below the lower boundary of its weekly flag pattern. The RSI has crossed into bearish territory and is declining. As long as the index remains capped below the broken weekly flag lower boundary on relief rebounds, we see continued downward progression toward the underlying resistance-turned-support polarity zone in the coming week.

Strategy:

Investor could accumulate quality stocks if price can sustain above the resistance-turned-support zone in the coming week.

Support: 4,930 / 4,700
Resistance: 5,460 / 5,730

IMPORTANT NOTICE - DISCLOSURES AND DISCLAIMERS

This report is provided subject to various disclosures and disclaimers (the "Disclosures / Disclaimers") which form an integral part of this report and are available at this link or by scanning the QR code below:

The Disclosures / Disclaimers contain important information, including without limitation, (a) exclusions of liability, (b) confidentiality obligations, (c) restrictions on publication, circulation, reproduction, distribution and use of the report, (d) potential conflicts of interest, and (e) disclosures and requirements specific to recipients in the United States and other applicable jurisdictions.

Specifically, this report is intended for general circulation and informational purposes only and does not take into account the specific investment objectives, financial situation, or particular needs of any individual person. It is not intended to constitute personal investment advice or a recommendation to buy or sell any investment product or security. You should independently evaluate the information and, where necessary, seek advice from a qualified financial adviser regarding the suitability of any investment, taking into account your specific objectives, financial situation and needs, before making any investment decision. Analyst certifications required under applicable regulations, including SEC Regulation AC (where relevant), are included in this report.

Recipients of this report must carefully read, review and understand the full Disclosures / Disclaimers before using or relying on any information in this report. By accessing, receiving or using this report, you acknowledge and confirm that you have read, understood, accepted and agreed to be bound by the Disclosures / Disclaimers (as may be amended or updated from time to time) in full.