

Strategy – SMID Cap Corporate Day

Key Takeaways – Construction Upcycle Remains Intact

Overview

- Pan-United (PAN), Hong Leong Asia (HLA) and Huatong Global (HUAGL) participated in the SMID Cap Corporate Day on 21 Oct 26.
- Each session saw 10-15 institutional investors both in-person and virtual. Discussions centred on Singapore's construction upcycle, diesel cost pass-through, orderbook visibility and HLA's AI data centre genset opportunity
- The meetings confirmed our positive view on the construction upcycle with ample new project opportunities and sustainable margins.

Key Takeaways

- PAN:** As of Aug 26, ready mixed concrete (RMC) volume of 10.9m m³ points to above 16m m³ for FY26, ahead of BCA's 15m-16m m³ forecast. Capacity is up 20-30% compared with 2024; more Changi T5 superstructure orders are expected, and variable pricing helps pass through elevated diesel costs. PAN's 40% market share continues to emphasise its competitive edge in the RMC market in Singapore. Maintain BUY with a target price of S\$1.88, pegged to 17x 2027F PE. The stock currently trades at 14.6x 2027F PE.
- HLA:** Yuchai shipped around 2,000 AI genset engines in 1H26, with 2026 capacity of around 5,000 units at higher margins. Exports are growing 30-50% yoy, while HLA's effective Yuchai stake has risen to around 48% and the Hong Kong IPO of a Yuchai unit is under China Securities Regulatory Commission (CSRC) review. Maintain BUY with a SOTP-based target price of S\$4.70. The stock trades at 11.4x 2027F PE.
- HUAGL:** Orderbook of S\$556m rises to above S\$600m including variation orders (VO), with a tender book of around S\$600m up to 1Q27. The government's fuel reimbursement is expected around Dec 26, and new contracts have priced in higher fuel costs, supporting cost and margin recovery. Maintain BUY with a target price of S\$0.88, pegged to 10x 2026F PE. The stock trades at 5.7x 2026F PE.

Our View

- Investor interest:** Investors were focused on the sustainability of Singapore's construction upcycle, whether the cycle has peaked, the impact of higher diesel costs and the ability to pass them through, as well as orderbook visibility. For HLA, discussions centred on the AI genset opportunity and value unlocking at Yuchai.
- Our comments:** Management teams were broadly upbeat, citing a robust public infrastructure pipeline (Changi T5, MRT lines, HDB, Tengah Air Base) that should keep construction demand elevated over the next 2-3 years. Easing fuel costs should support margin recovery into 2027.
- Positive on all three:** HLA offers strong upside on powertrain growth and value unlocking, HUAGL's deep valuation discount looks overdone given its margin recovery path, and PAN remains a quality proxy to the construction upcycle with steady dividends.
- Good buying opportunities within the SMID sector.** We think that the sell down across the SMID cap names over the past five months is overdone, and presents good opportunities for investors to accumulate strong value companies with good fundamentals.

Valuation Metrics Of SMID Cap Corporate Day Companies

			Price	Target	Upside	Last	PE			Yield	ROE	Market	Price/
Company	Ticker	Rec	26 Oct 26	Price	TP	Year	2025	2026F	2027F	2026F	2026F	Cap.	NAV ps
			(\$)	(\$)	(%)	End	(x)	(x)	(x)	(%)	(%)	(\$m)	(x)
Hong Leong Asia	HLA SP	BUY	2.35	4.70	100.0	12/25	15.6	11.4	10.9	3.1	14.4	1,875.6	1.4
Huatong Global	HUAGL SP	BUY	0.49	0.88	79.6	12/25	4.5	5.6	4.7	3.3	11.8	92.0	0.6
PanUnited	PAN SP	BUY	1.60	1.88	17.5	12/25	22.1	17.3	14.8	3.1	21.0	1,118.9	3.8

Source: Bloomberg, UOB Kay Hian

Analyst(s)

Tang Kai Jie

kaijietang@uobkh.com
+65 6590 6624

John Cheong

johncheong@uobkh.com
+65 6590 6623

Key Recommendations

Company	Ticker	Rec	Share Price (S\$)	Target Price (S\$)
Hong Leong Asia	HLA SP	BUY	2.35	4.70
Huatong Global	HUAGL SP	BUY	0.49	0.88
PanUnited	PAN SP	BUY	1.60	1.88

Source: Bloomberg, UOB Kay Hian

Key Updates

Pan-United (PAN SP/BUY/S\$1.60/Target: S\$1.88)

- **Volumes tracking ahead.** As of Aug 26, Singapore RMC volume reached 10.9m m³. A run-rate of around 1.4m m³ per month implies above 16m m³ for 2026, beating BCA's 15m-16m m³ forecast.
- **Capacity in place.** Capacity is up 20-30% vs 2024 and largely complete, with current utilisation across the group at 70-80% and the new Jurong plant ramping up.
- **More T5 orders.** Further superstructure orders which are larger in size are expected, albeit a smaller % of the contract size as the next phase skews to Mechanical and Electrical (M&E) works.
- **Costs passed through.** Most contracts are variable priced, cushioning potential freight and supply chain cost pressure in 2027. Low-carbon concrete is now over 60% of Singapore volume.
- **Maintain BUY with a target price of S\$1.88**, pegged to 17x 2027F PE. We believe this premium is warranted given PAN's market leading position and resilient margins. Please find the link to our latest report [here](#).

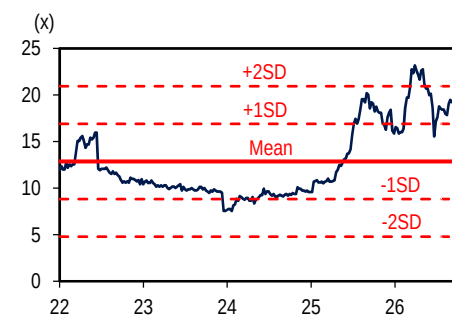
Hong Leong Asia (HLA SP/BUY/S\$2.35/Target: S\$4.70)

- **AI genset scales up.** Yuchai shipped around 2,000 AI data centre genset engines in 1H26, with 2026 capacity of around 5,000 units and order lead times of around a year. Casting and machining are the key bottlenecks.
- **Exports outgrowing.** Exports, around one third of volumes, are growing 30-50% yoy, with a long-term target of 50% of volumes at higher margins.
- **Value unlocking.** HLA's effective stake in Yuchai has risen to around 48% (from around 44%), with higher Yuchai dividends. The Hong Kong IPO of a Yuchai unit remains under CSRC review.
- **BMU visibility.** HDB precast demand should stay robust up to 2030, supporting demand for the HLA building materials business segment.
- **Maintain BUY with an SOTP-based target price of S\$4.70.** HLA also has a share buyback mandate of up to 10%. Please find the link to our latest report [here](#).

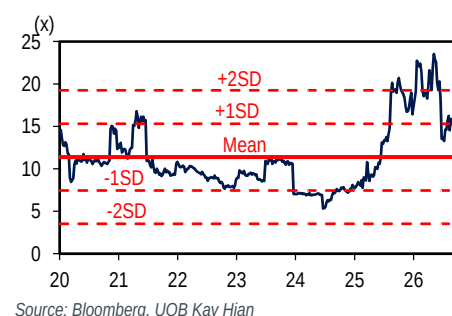
Huatong Global (HUAGL SP/BUY/S\$0.49/Target: S\$0.88)

- **Orderbook update.** Orderbook is S\$556m, or above S\$600m including VOs. 2H26 wins so far are below S\$50m, with more to be announced in 1-2 months. Tender book is around S\$600m up to 1Q27.
- **Fuel relief.** The government's fuel reimbursement is expected in Dec 26, covering around 80% of fuel use on public projects. New contracts from 4Q27 have priced in higher fuel costs. This supports cost and margin recovery going forward.
- **Activity picking up.** Fleet utilisation was above 90% in Sep 26, with work volume set to rise from mid-Nov 26. Tengah Air Base contracts are expected in late-26 or early-27. Longer-term reclamation projects, such as merging Semakau, Bukom and Sudong into a new Western island, also offer multi-year opportunities.
- **New growth avenues.** A 10,000-bed dormitory tender closes on 28 October, with 12,000 more beds to follow. Securing any of these tenders would boost HUAGL one leg up for its recurring dormitory business. Due diligence is ongoing on an SME target (around S\$5m revenue, 7-8x PE), which would potentially support HUAGL's core business.
- **Maintain BUY with a target price of S\$0.88**, pegged to 10x 2026F PE. HUAGL currently trades at 5.6x 2026F PE, representing a 40% discount to peers. Please find the link to our latest report [here](#).

Historical PE Band



Historical PE Band



Historical PE Band



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."