Strategy

Alpha Picks: Outperforming On Most Measures, Adding Two New Ideas

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Highlights

- Our May 26 Alpha Picks outperformed the FSSTI by 0.8ppt/1.8ppt on price/market cap-weighted bases respectively, but underperformed by 0.6ppt on an equal-weighted basis.
- For Jun 26: Add RSTON and VMS; no removals.
- Jun 26 Alpha Picks: BKM, CAO, CIT, FEH, HLA, HUAGL, KEP, NTTDCR, OCBC, OTEK, RSTON, UGAI, VALUE and VMS.

What's New

- **Market review.** Singapore equities rose 2.5% mom in May 26. Technology (+11.1% mom), aviation (+7.3% mom) and financials (+6.2% mom) led the gains, aided by a positive US-China trade truce and stronger global risk appetite. Gains were partially offset by weakness in the land transport (-12.8% mom), plantation (-7.4% mom) and industrial (-7.2% mom) sectors.
- **Portfolio outperformed on two of three measures.** Our Alpha Picks returned 3.3%/4.3% mom on price/market cap-weighted bases, outperforming the FSSTI's 2.5% gain by 0.8ppt and 1.8ppt respectively. On an equal-weighted basis, the portfolio returned 1.9%, lagging the index by 0.6ppt as certain smaller-cap names faced greater selling pressure.
- **Gains led by HLA, VALUE and BKM; OTEK and CAO weighed.** Hong Leong Asia (+17.9%) surged on the announced YTL acquisition while Valuetronics (+14.7%) re-rated on its industrial mix shift and strong balance sheet. Beng Kuang's share price strength (+10.3%) was the result of progress on its ASOM consolidation. OCBC (+6.8%), NTTDCR (+5.7%) and CityDev (+5.1%) also contributed positively. Offsetting these were Oiltek (-14.2%) which saw profit-taking after its landmark SAF contract announcement, Huationg Global (-8.0%) and China Aviation Oil (-6.6%).

Action

- **Two new additions.** We add Riverstone Holdings (RSTON SP) following our upgrade to a BUY rating as supply tightness from US-Iran tensions enables ASP cost pass-through. We also add Venture Corp (VMS SP) on early signs of an AI-driven revenue recovery in 2026, a fortress balance sheet (net cash >S$1b, 21% of market cap) and an attractive 5% dividend yield. No names were removed.

Analysts' Alpha Picks

Analyst	Company	Rec	Performance#	Catalyst
Adrian Loh	City Developments	BUY	17.4	Strong divestments ytd; potential special dividend.
Adrian Loh	Hong Leong Asia	BUY	-5.0	IPO of indirect subsidiary on the HKSE.
Adrian Loh	Keppel	BUY	-11.4	Further success in its capital recycling plans.
Heidi Mo	Huationg Global	BUY	-6.5	Strong earnings; robust orderbook.
Heidi Mo	Oiltek	BUY	-18.5	Landmark RM1.4b contract and strong SAF demand.
Heidi Mo	Riverstone	BUY	n.a.	ASP cost pass-through; glove demand recovery.
John Cheong	Food Empire	BUY	73.6	Expanding footprint in key markets.
John Cheong	UltraGreen.ai	BUY	-10.5	Market leader with high margins & attractive valuation.
John Cheong	Valuetronics	BUY	59.7	Strong earnings from higher customer orders.
John Cheong	Venture Corp	BUY	n.a.	AI infrastructure demand; recovery gaining traction in 2026.
Jonathan Koh	OCBC	BUY	94.7	Attractive yield; lower NIM risk exposure.
Jonathan Koh	NTTDCR	BUY	2.7	Potential acquisitions in Europe and Japan.
Kai Jie Tang	Beng Kuang	BUY	4.1	Strong orderbook and earnings-accretive acquisition.
Kai Jie Tang	China Aviation Oil	BUY	5.7	Strong associates' contribution; flight volume recovery.

 # Share price change since stock was selected as Alpha Pick
Source: UOB Kay Hian

STI Target: 5,610 (end-26)

Alpha Picks Recommendations

Company	Ticker	Rec*	Price (S$)	Target (S$)
Beng Kuang	BKM SP	BUY	0.505	0.75
China Aviation Oil	CAO SP	BUY	1.85	2.63
CityDev	CIT SP	BUY	8.44	11.50
Food Empire	FEH SP	BUY	3.02	4.21
Hong Leong Asia	HLA SP	BUY	3.26	4.90
Huationg Global	HUAGL SP	BUY	0.785	1.23
Keppel	KEP SP	BUY	10.95	13.23
NTT DC REIT	NTTDCR SP	BUY	0.955	1.43
O C B C	OCBC SP	BUY	24.08	26.80
Oiltek	OTEK SP	BUY	1.85	2.78
Riverstone	RSTON SP	BUY	0.88	1.10
UltraGreen.ai USD	UGAI SP	BUY	1.36	1.95
Valuetronics	VALUE SP	BUY	1.11	1.88
Venture Corp	VMS SP	BUY	18.36	20.65

** Rating may differ from UOB Kay Hian's fundamental view*
Source: Bloomberg

Alpha Picks Performance In May 26

Company	Ticker	Rec	May 26 (%)	To-date* (%)
Beng Kuang	BKM SP	BUY	10.3	4.1
China Aviation *	CAO SP	BUY	(6.6)	5.7
CityDev	CIT SP	BUY	5.1	17.4
Food Empire *	FEH SP	BUY	(2.1)	73.6
Hong Leong Asia *	HLA SP	BUY	17.9	(5.0)
Huationg Global *	HUAGL SP	BUY	(8.0)	(6.5)
Keppel	KEP SP	BUY	(1.0)	(11.4)
NTT DC REIT *	NTTDCR SP	BUY	5.7	2.7
O C B C	OCBC SP	BUY	6.8	94.7
Oiltek *	OTEK SP	BUY	(14.2)	(18.5)
UltraGreen.ai USD	UGAI SP	BUY	(6.2)	(10.5)
Valuetronics	VALUE SP	BUY	14.7	59.7
FSSTI			2.5	
UOBKH Portfolio			1.9	

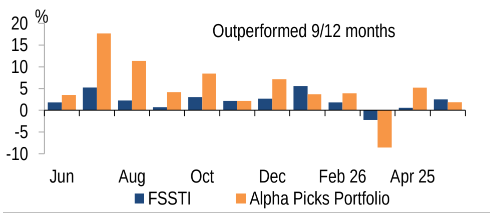
** share price adjusted ex-dividend*
Source: Bloomberg

Portfolio Return

(%)	4Q25	2025	1Q26	Apr-26	May-26
FSSTI return	8.0	22.7	5.1	0.6	2.5
Alpha Picks Return					
- Price-weighted	8.3	29.3	1.9	1.6	3.3
- Market cap-weighted	9.9	18.1	2.6	(2.3)	4.3
- Equal-weighted	11.8	39.5	(0.6)	5.2	1.9

Source: Bloomberg

Performance Of Our Alpha Picks Portfolio



Source: Bloomberg, UOB Kay Hian

Valuation Of Analysts' Alpha Picks

Company	Ticker	Rec*	Price 2 Jun 26 (S$)	Target Price (S$)	Upside To TP (%)	Last Year End	PE 2025 (x)	PE 2026F (x)	PE 2027F (x)	Yield 2026F (%)	ROE 2026F (%)	Market Cap. (S$m)	Price/ NAV ps (x)
Beng Kuang	BKM SP	BUY	0.505	0.75	48.5	12/25	19.3	16.9	9.5	1.2	29.3	151.3	4.0
China Aviation Oil	CAO SP	BUY	1.85	2.63	42.2	12/25	11.0	10.4	10.0	3.9	10.8	1,591.3	1.1
CityDev	CIT SP	BUY	8.44	11.50	36.3	12/25	12.2	17.1	15.1	2.3	4.7	7,540.3	0.8
Food Empire	FEH SP	BUY	3.02	4.21	39.4	12/25	35.1	17.7	16.0	4.0	19.2	1,663.1	3.5
Hong Leong Asia	HLA SP	BUY	3.26	4.90	50.3	12/25	21.6	17.4	15.9	2.0	12.4	2,601.9	2.2
Huationg Global	HUAGL SP	BUY	0.785	1.23	56.7	12/25	7.3	7.0	6.6	2.0	14.8	148.4	1.1
Keppel	KEP SP	BUY	10.95	13.23	20.8	12/25	25.2	21.0	20.1	3.1	8.8	19,765.5	1.9
NTT DC REIT USD	NTTDCR SP	BUY	0.955	1.43	49.7	3/26	392.4	n.a.	n.a.	10.6	(0.3)	987.4	0.7
O C B C	OCBC SP	BUY	24.08	26.80	11.3	12/25	14.8	14.3	13.6	3.6	11.9	108,110.3	1.8
Oiltek	OTEK SP	BUY	1.85	2.78	50.3	12/25	81.4	70.1	18.7	0.6	33.2	793.7	25.1
Riverstone	RSTON SP	BUY	0.88	1.10	25.0	12/25	20.6	22.4	20.3	4.5	12.7	1,304.3	2.8
UltraGreen.ai USD	UGAI SP	BUY	1.36	1.95	43.4	12/25	17.7	18.2	15.2	0.0	20.5	1,917.4	4.8
Valuetronics	VALUE SP	BUY	1.11	1.88	69.4	3/26	23.4	17.4	16.0	5.7	10.8	454.9	1.9
Venture Corp	VMS SP	BUY	18.36	20.65	12.5	12/25	23.3	22.2	21.0	4.4	8.5	5,279.0	1.9

Source: UOB Kay Hian

Keppel Ltd – BUY (Adrian Loh)

- **Monetisation target of S$2b-3b for 2026 reaffirmed.** Following the failed sale of M1 to Simba, KEP stated that its target for S$2b-3b in non-core monetisation guidance for 2026 is unchanged with potential to accelerate other monetisation projects with offshore rigs and real estate assets mentioned (eg Keppel South Central where leasing is on track for completion by end-26). KEP's broader S$13.5b asset monetisation programme over the 2025-30 period remains on track, as does the company's special dividend policy to share 10-15% of monetisation proceeds with its shareholders.
- **Does KEP have recourse after what happened?** We believe that this is something that warrants closer examination by KEP and its legal counsel as the company and its minority shareholders have borne a real cost from the lapse: a deferred S$1b in expected proceeds, the need for KEP to bring forward other monetisations by 1-2 years, and the share price impact yesterday and possibly the past few weeks. If it is ultimately established that conduct by the counterparty was the cause of the regulatory blockage, and therefore of the deal's failure, we believe that KEP likely has grounds to consider its legal options under the sale & purchase agreement and applicable law. Given KEP's fiduciary duty to minority shareholders, we believe that it should act once the IMDA investigation is concluded and the facts are established.
- **We maintain our BUY rating on KEP with a target price of S$13.23.** Our target PE multiple of 18.0x is a 25% discount to its global asset management peers that have a greater reach in scale and geography, deeper liquidity and longer track records. The M1 setback strips out a known and quantifiable catalyst; however, we point out that a stronger M1 offered into a market where consolidation logic remains compelling could potentially fetch equal or better terms than the S$1.43b enterprise value originally agreed.

Share Price Catalyst

- **Event:** a) Sale of its legacy rigs potentially leading to capital return to the company and shareholders, and b) setting of new AUM targets after 2026 for its asset management segment.
- **Timeline:** Six months.

Hong Leong Asia – BUY (Adrian Loh)

- **Strategic bolt-on acquisition.** At end Apr-26, HLA announced that it had acquired Yong Tai Loong (YTL), a privately-owned 60+ year-old architectural

Sector Performance

Sector	Performance (%) May	Performance (%) Ytd
Aviation	7.3	18.0
Finance	6.2	13.6
Healthcare	(3.0)	(5.4)
Land Transport	(12.8)	(12.8)
Plantation	(7.4)	17.7
Property	(3.9)	(1.6)
REITs	(2.0)	(5.6)
Shipyard/Industrials	(7.2)	4.1
Technology	11.1	18.9
Telecoms	(5.2)	(4.3)
Others	(2.1)	(6.8)
FSSTI	2.5	8.4

Source: Bloomberg, UOB Kay Hian

building products company, for S$90.7m in cash, implying an acquisition PE of 4.3x. According to the company, the deal is immediately accretive with pro forma 2025 EPS (assuming the deal had been completed on 1 Jan 25) rising 18.6% from S$0.1508 to S$0.1789, excluding one-off items. YTL has over 100 construction company clients, two manufacturing facilities in Singapore, and importantly, its status as one of only five HDB-approved household shelter suppliers makes this a high-quality, defensible business, in our view.

- **IPO in Hong Kong on the cards.** HLA's 48.7%-owned subsidiary China Yuchai International (CYD US, Not Rated) announced that its 71.4%-owned subsidiary, Guangxi Yuchai Marine & Genset Power (MGP) has filed to list on the Hong Kong Stock Exchange in 2026. MGP manufactures five types of power generators: marine, light-, medium-, heavy-duty and large engines. Its high-growth products, as mentioned before in prior research notes, are the heavy-duty and large engines which are used by data centres as back-up power.
- **Maintain BUY.** After the YTL acquisition, our SOTP-based target price for HLA rose to S$4.90. The company trades at 2027F PE and EV/EBITDA of 15.5x and 7.6x respectively. Its ex-cash PE for 2026 is even lower at 11.5x, based on our 2026 net profit estimates, while delivering an ROE of 12.4%.

Share Price Catalyst

- **Event:** a) Newsflow on MGP's valuations as it heads towards its IPO, b) continued strong sales performance from its powertrain solutions segment, c) slow but steady sequential earnings recovery from its building materials segment in 2H25, and d) further value-unlocking initiatives at both the HLA and CYD levels.
- **Timeline:** Six months.

City Developments – BUY (Adrian Loh)

- **Beats estimates with sharp earnings rebound.** City Developments (CDL) delivered a sharp earnings rebound in 2025 as PATMI tripled to S$630m mainly due to S$2b in divestments recorded last year. The company declared a final DPS of S$0.25, thus bringing total 2025 DPS to S$0.28 or 40% payout (2024: S$0.10). During the results briefing, CDL commented that it will now have a formal dividend policy of paying out a minimum of 35% of reported PATMI, and will move away from special dividends unless there is an outsized gain, for example.
- **Financial flexibility remains strong** with S$2.1b cash and S$4.2b liquidity including committed facilities. While net gearing rose slightly to 71% from 69% in 2024, this was due to higher commitments as a result of CDL's surprising success in winning three Government Land Sales sites in Singapore as well as the acquisition of a UK hotel. CDL's own assessment of its RNAV increased to S$20.16/share (including fair value of its investment properties and hotels).
- **We maintain our BUY rating on CDL with a target price of S$11.50,** pegged to a 15% discount to our RNAV of S$13.54. Further narrowing of this discount could be possible if CDL demonstrates material progress in its capital recycling programme and unlocking of value for its non-core assets.

Share Price Catalyst

- **Event:** a) Continued progress on divestment and/or capital recycling of non-core/non-strategic assets, and b) usage of divestment proceeds in the form of special dividends.

Timeline: Six months.

Huationg Global – BUY (Heidi Mo/Tang Kai Jie)

- **Record earnings driven by strong 2H25 rebound.** 2025 net profit rose 21% yoy to S$19.8m, beating our expectation by 10% as 2H25 earnings doubled yoy on stronger project execution. Efficiency initiatives like upgrading tipper trucks to boost capacity are expected to support margins going forward.
- **Robust orderbook drives future earnings.** With an orderbook of S$535m (vs S$512m in 1H25 or 2x 2024 revenue), Huationg is well-positioned for 2026-27 growth, supported by exposure to major infrastructure projects such as Changi T5 and the Cross Island Line.
- **Fuel cost headwinds manageable.** Higher fuel prices are factored into our estimates, with around 40% of fuel costs passed through via its inland logistics support segment, helping to mitigate margin pressure.
- **Maintain BUY with a target price of S$1.23,** pegged to 11x 2026F PE or a 14% discount to peers' average of 12.8x. Trading at just 5x ex-cash 2026F PE, Huationg offers deep value supported by its strong orderbook, net cash of S$56m (around 35% of market cap), and potential upside from a Mainboard transfer on the horizon.

Share Price Catalyst

- **Event:** a) Higher-than-expected order wins and margin expansion, and b) potential Mainboard transfer unlocks value.
- **Timeline:** 3-6 months.

Oiltek International – BUY (Heidi Mo)

- **Landmark RM1.4b SAF project secures growth visibility.** Oiltek's EPCC contract for a large-scale sustainable aviation fuel (SAF) facility in Sabah provides strong earnings visibility and positions the group at the forefront of the renewable fuels value chain.
- **Equity participation offers significant recurring upside.** The project includes a right of first refusal for equity participation, with a potential 10% stake generating RM14m-28m annual earnings, equivalent to up to 90% of 2025 profits.
- **Direct exposure to high-growth SAF segment.** Global SAF demand is expected to rise sharply toward 2050, underpinned by decarbonisation targets and rising aviation fuel needs, positioning Oiltek to benefit from accelerating capex in renewable fuels.
- **Maintain BUY with a target price of S$2.78,** based on 28x 2027F PE (1SD above historical PE mean). We believe a strong contract win and delivery of better earnings could continue to support a re-rating, while Oiltek's asset-light model, high ROE (>30%) and healthy margins support earnings growth.

Share Price Catalyst

- **Event:** a) Higher-than-expected order wins, b) better-than-expected margins from better economies of scale, and c) potential positive corporate actions.
- **Timeline:** 6-12 months.

Riverstone Holdings – BUY (Heidi Mo/John Cheong)

- **1Q26 results in line.** Riverstone's 1Q26 revenue of RM214m (-15% qoq/yoy) and PATMI of RM41m (-27% yoy) tracked 22%/24% of our full-year forecasts, in line with expectations. The consensus miss of around 4% stemmed from a stronger ringgit rather than volume weakness. Management noted customer demand was stronger than expected in 1Q26.
- **Supply tightness from US-Iran tensions enables cost pass-through.** Geopolitical tensions have driven butadiene (+102% ytd) and acrylonitrile

(+41% ytd) prices sharply higher. Customers prioritising supply reliability over prices are allowing Riverstone to pass through higher ASPs, supporting gross margin recovery from the 28.9% 1Q26 trough.

- **Cash fortress intact at RM700m net cash; attractive 5-6% dividend yield.** No interim dividend was declared due to the shift to half-yearly reporting. We assume a 100% payout ratio on revised estimates, implying 2026-28 yields of 5-6%. Management has secured raw material supply through Jun 26.
- **Maintain BUY with a target price of S$1.10,** based on 20x 2026F PE. We raise our 2026-28 earnings forecasts by 3-14% on higher ASP assumptions.

Share Price Catalyst

- **Event:** a) ASP recovery as supply constraints persist, b) gross margin expansion in 2H26 on easing ringgit headwinds, and c) better-than-expected dividend announcement at the half-year results.
- **Timeline:** 6-12 months.

Food Empire Holdings – BUY (John Cheong/Heidi Mo)

- **Record 1Q26 quarter; Asia surpasses traditional markets for first time.** FEH's 1Q26 revenue of US$159.7m (+16.9% yoy) came in slightly above expectations, forming 26% of full-year forecasts. For the first time, Asia (SEA + Central Asia + South Asia) contributed US$92.4m or 58% of group revenue, surpassing Russia and Europe combined. This reflects the payoff of FEH's diversification strategy initiated in 2013.
- **Broad-based geographic growth, led by Central Asia.** Russia surged 29.4% yoy (aided by a 16.5% rouble appreciation); Central Asia delivered its fastest-ever quarterly growth at 36.4% yoy as Kazakhstan ramped up after the start up of a new coffee-mix facility; SEA grew 7.5% anchored by Vietnam. South Asia was the only soft spot (-2.1% yoy) due to a higher intercompany sales mix at full-capacity India plants.
- **Four factories underpinning next growth leg; Robusta prices down 43% from peak.** The most concentrated period of capacity additions in FEH's history spans 2026-28 (Kazakhstan live, Malaysia snack factory 1H26, India spray-dried Phase 2 in 2027, Vietnam freeze-dried in 2028). Robusta coffee prices have declined 43% from the Feb 25 peak of US$5,821/tonne as Vietnam supply recovers, supporting gradual margin expansion. FEH also announced a 1-for-5 bonus issue to enhance liquidity.
- **Maintain BUY with a target price of S$4.21,** pegged to 25x 2026F PE (+2.5SD to historical mean). The stock trades at only 18x 2026F PE, a 25% discount to the regional peer average of 24x.

Share Price Catalyst

- **Event:** a) Earnings-accretive acquisitions, b) better-than-expected earnings, and c) higher-than-expected dividends.
- **Timeline:** 3-6 months.

UltraGreen.ai – BUY (John Cheong/Heidi Mo/Tang Kai Jie)

- **1Q26 volumes in line; on track for 2026 revenue target.** UltraGreen shipped 280,900 vials in 1Q26 (+7.8% qoq, -8.7% yoy), representing 24.4% of 2026 forecasts. The yoy decline reflects a high 1Q25 base from around 60,000 back-order fulfilment vials after a 2024 lyophilisation disruption; excluding this, underlying volume grew 13.4% yoy. Management confirmed strong April sales and guided for double-digit yoy volume growth in 1H26, reaffirming its 2026 revenue target of US$170m-190m (>20% growth).
- **Expanding geographic footprint.** Verdye received regulatory approval in Singapore, bringing total country approvals to 41 (IC-Flow imaging system

approved in 45 markets). UltraGreen is also expanding indocyanine green (ICG) into wound care, with development initially focused in India via a US$3m convertible note (scalable to US$12m) in International Heart & Lung Disease India.

- **Global leader with exceptional margins and demand growth.** UltraGreen holds 83% US market share in ICG vials, with an 85% gross margin and 45% net margin (2025). Net cash of US$173m funds further growth. We forecast 2025-28 revenue and EPS CAGRs of 20% and 30% respectively, underpinned by volume growth, APAC penetration and pricing power.
- **Maintain BUY with a target price of US$1.95.** We value the company based on 26x 2026F PE, around 16% discount compared with peers' average of 31x.

Share Price Catalyst

- **Event:** a) Higher-than-expected product margins, b) faster-than-expected adoption of fluorescence-guided surgery (FGS) in underpenetrated markets, and c) accelerated developments of UltraGreen's Data Platform and AI-enabled PerfusionWorks.
- **Timeline:** 6-12 months.

Valuetronics – BUY (John Cheong/Heidi Mo)

- **FY26 results: Record gross margin despite one-off impairment.** FY26 revenue was HK$1.66b (-4% yoy), in line with estimates. Industrial and commercial electronics (ICE) hit a record HK$1,446m (+6% yoy); consumer electronics fell 42% on planned legacy product phase-out. Reported net profit of HK$111m was impacted by a HK$48.4m Trio AI impairment; adjusted profit of HK$160m (-4% yoy) formed 91% of our forecast. Gross margin was a record 18.8% (+1.8ppt yoy) as the ICE mix improved.
- **Upgraded payout policy and HK$300m two-year capital return programme.** Management raised its dividend payout policy to 50-70% (from 30-50%) and announced a HK$300m two-year capital return programme, equating to 73 HK cents per share (S$0.11). VALUE also aims to recoup approximately HK$130m from GPU disposals by end-26.
- **Maintain BUY with a PE-based target price of S$1.88,** pegged to 19x ex-cash FY28F PE (+4SD to mean), reflecting improved earnings visibility and the positive product mix shift. VALUE trades at only 10x FY28F ex-cash PE and offers a 6% FY28 dividend yield, supported by net cash of HK$1.2b (42% of market cap).

Share Price Catalyst

- **Event:** a) Rebalancing of product portfolio to higher-margin offerings, and b) growing potential from new customers offering modern-tech products.
- **Timeline:** 6-12 months.

Venture Corporation – BUY (John Cheong/Heidi Mo)

- **1Q26 results in line; AI infrastructure demand drives growth.** VMS' 1Q26 revenue of S$628.5m (+1.9% yoy) and net profit of S$56.3m formed 24% of full-year forecasts, in line with expectations. On a constant currency basis, revenue grew 8% yoy. Portfolio B (AI/data centre/instrumentation) rose S$42m yoy, partially offset by a S$30m yoy decline in Portfolio A (lifestyle consumer). Net margin was stable at 9%.
- **Start of a recovery cycle.** VMS expects the revenue recovery to gain traction for the rest of 2026 as it grows market share in hardware with its existing customers in selected tech domains. R&D labs are gaining traction in hyperscale data centres and life science domains with new programmes and products.

- **Fortress balance sheet; consistent shareholder returns.** VMS held net cash of over S$1b as of end-1Q26 (21% of market cap). The group repurchased and cancelled S$18m of shares in 2025 and has returned S$3.8b to shareholders since 1992. It offers a dividend yield of approximately 5% at current levels.
- **Maintain BUY with target price of S$20.65,** pegged to 23.7x 2027F PE (3SD above VMS' long-term historical mean), reflecting stronger earnings visibility and upcoming growth drivers.

Share Price Catalyst

- **Event:** a) Positive surprise in future revenue guidance and new customer wins, b) higher-than-expected AI/data centre programme wins, and c) special dividend or share buyback announcement.
- **Timeline:** 6 months.

Beng Kuang Marine – BUY (Tang Kai Jie/Heidi Mo)

- **Solid 1Q26; margin dip is timing, not trend.** 1Q26 revenue rose 7.7% yoy to S$25.7m (24% of full-year forecast), while net profit of S$2.8m (-12.7% yoy, 19% of forecast) was temporarily dampened by a shift toward lower-margin shipbuilding work. Profitability is expected to recover sharply in 2H26 as ASOM consolidation (expected by end-Jun 26) contributes higher-margin FPSO maintenance revenue.
- **West Africa and Guyana pipeline extends revenue visibility.** BKM secured S$51.2m in new revenue in 1Q26, with total orderbook at S$55.9m. West Africa FPSO renewals represent S$120m over three years. The group has five FPSO contracts in Guyana and a pipeline of four more in Central America. FPSO headcount is set to grow from 30 to 120 by Jun-Sep 26, with floatel deployment also targeted by Sep 26.
- **Maintain BUY with a target price of S$0.75,** pegged to 14.0x 2027F PE (+1.5SD above historical average). BKM trades at 10.7x 2027F PE vs offshore peers' 12.1x, despite a superior ROE of 34.8% vs the industry's 17.3%.

Share Price Catalyst

- **Event:** a) Higher revenue and profit recognition from ASOM following consolidation, and b) winning of more high-value FPSO extension of life jobs.
- **Timeline:** 6-12 months.

China Aviation Oil – BUY (Tang Kai Jie/John Cheong)

- **Earnings beat driven by stronger trading and associates.** 2025 net profit rose 42% yoy to US$111m, exceeding our expectation by 32% on improved trading profits and higher contributions from associates amid travel recovery.
- **Oil price volatility presents near-term upside.** Recent geopolitical tensions have lifted oil prices, which could enhance trading margins. CAO remains disciplined, adjusting strategies to manage volatility while capturing opportunities.
- **Strong balance sheet supports growth and returns.** CAO holds US$687m net cash (around 50% of market cap) with no debt, alongside improving operating cash flow, providing flexibility for expansion and potential upside to shareholder returns.
- **Maintain BUY.** Our target price of S$2.63 is pegged to 15x 2026F PE or 1.0SD above its 10-year historical PE, which we view as conservative, as it remains significantly below peers' average of 24x 2026F PE.

Share Price Catalyst

- **Event:** a) Continued growth of travel activities at Shanghai Pudong International Airport, b) positive restructuring outcome at the parent level, and c) higher fuel prices leading to potential inventory gains.
- **Timeline:** 6-12 months.

Oversea-Chinese Banking Corp – BUY (Jonathan Koh)

- **Strategic shift to accelerate growth.** OCBC will deepen its core franchise by capturing long-term growth at its twin wealth hubs of Singapore and Hong Kong. Management targets to deliver Whole-of-Wealth value proposition across the banking, wealth management and insurance businesses. In Singapore, OCBC intends to lead in serving the super-aged society. In Hong Kong, OCBC plans to expand the affluent segment and scale up global markets. In Malaysia, management plans to cross-sell to Great Eastern's affluent customers and capture inbound investment flows to the Johor-Singapore Special Economic Zone. It also plans to grow its private banking business in Indonesia.
- **Capital management.** The board has recommended a final dividend of 42 S cents and special dividend of 16 S cents. Total dividend payout ratio is 60% for 2025 (regular dividend: 50%, special dividend: 10%). OCBC's share buyback programme is S$1b to be executed over two years in 2025 and 2026. Management will consider returning capital to shareholders through special dividends if OCBC cannot complete its share buyback programme by end-26.
- **Most well-capitalised bank in Singapore.** CET-1 CAR was 15.2% as of 1Q26 based on fully phased-in final Basel III reforms, the highest among Singapore banks. OCBC has the potential to deploy surplus capital to generate inorganic growth.
- **Maintain BUY.** Our target price of S$26.80 is based on 1.90x 2026F P/B, derived from the Gordon Growth Model (ROE: 12.3%, COE: 7.5%, growth: 2.2%).

Share Price Catalyst

- **Event:** a) OCBC scaling greater heights through organic growth and inorganic pursuits, and b) its share buyback programme that could support the bank's share price.
- **Timeline:** 6-12 months.

NTT DC REIT – BUY (Jonathan Koh)

- **Potential acquisition.** Management is exploring the potential acquisition of a hyperscale DC in Frankfurt, Germany in 1H26. The DC is anchored by two US-based hyperscalers with a long WALE of 10 years. The Frankfurt DC is expected to provide NPI yield of around 6%. NTTDCR has also commenced discussions with other entities within the NTT Group, such as NTT Docomo and NTT Data, on acquisitions of stabilised DCs in Japan.
- **SG1 master services agreement renewed at higher rent.** NTTDCR has successfully renewed the master services agreement for its SG1 DC in Singapore at a significantly higher rent. The renewed lease delivers a positive rental reversion of 23%, alongside fixed annual rent escalations of 5%. The new agreement has a three-year term, running from 1 Apr 26 to 31 Mar 29, replacing the previous one-year lease.
- **Maintain BUY.** Our target price of US$1.43 is based on DDM (cost of equity: 8.1%, terminal growth: 2.5%).

Share Price Catalyst

- **Event:** a) Potential acquisitions in Europe and Japan, and b) uptick in portfolio occupancy in FY27.
- **Timeline:** 6-12 months.