UOBKayHian

Strategy – Alpha Picks | Singapore

Tuesday, 03 November 2026

Alpha Picks: Weathering A Hawkish October

Highlights

- Our Oct 26 Alpha Picks underperformed the FSSTI by 2.2ppt, 1.4ppt and 0.4ppt on a price-weighted, market cap-weighted and equal-weighted basis respectively.
- For Nov 26: Add YZJSGD; remove OCBC and KEP.
- Nov 26 Alpha Picks: BKM, CICT, FEH, HUAGL, NTTDCR, OTEK, RSTON, SATS, UIBREIT, VALUE, VMS, and YZJSGD.

What's New

- **Market review.** Singapore equities fell 5.3% mom in Oct 26. Others (+0.9% mom) and land transport (+0.8% mom) were the only sectors to post gains. In contrast, plantation (-19.5% mom), shipyards (-8.8% mom), technology (-7.1% mom) and finance (-6.4% mom) led the declines. Plantation stocks were hit by the transboundary haze, which raised regulatory risks for Indonesian planters, while finance was weighed by foreign brokers' downgrade of the banking sector. Technology tracked the regional tech hardware selloff on doubts about monetising AI. Property (-4.8% mom), aviation (-4.7% mom), telecoms (-2.8% mom) and healthcare (-1.2% mom) also weakened. REITs outperformed with a mild decline of 0.7% mom, being relatively resilient. Singapore stocks were broadly weaker in Oct 26, reflecting weaker sentiment amid the Fed's tightening and higher bond yields.
- **Portfolio underperformed in Oct 26.** Our Alpha Picks portfolio declined 7.5%, 6.7%, and 5.7% mom on a price-weighted, market cap-weighted, and equal-weighted basis, underperforming the FSSTI's 5.3% decline by 2.2ppt, 1.4ppt and 0.4ppt respectively. This underperformance came amid a broad selloff as the Fed's tightening, higher bond yields and doubts about monetising AI triggered profit taking. Continued weakness in SMID caps weighed further on portfolio performance.
- **Gains led by CICT and FEH; OTEK, BKM, KEP and HUAGL weighed.** FEH (+5.8%) and CICT (+2.2%) were the only gainers, with FEH rebounding from last month's sharp selloff and CICT holding up as a defensive name amid market volatility. Conversely, OTEK (-18.9%), BKM (-10.8%), KEP (-10.5%) and HUAGL (-9.2%) recorded the largest declines. OTEK, BKM and HUAGL weakened amid broad small-cap risk-off sentiment. KEP saw its valuation premium narrow. OCBC (-8.4%) also fell after downgrades from foreign brokers. VMS (-7.1%) and VALUE (-4.1%) tracked the regional tech hardware selloff, while SATS (-4.4%), RSTON (-3.3%), NTTDCR (-3.2%) and UIBREIT (-1.9%) also declined.

Analysts' Alpha Picks

Analyst	Company	Rec	Performance#	Catalyst
John Cheong	Food Empire	BUY	40.7	Expanding footprint in key markets.
John Cheong	Huationg Global	BUY	-42.3	Strong 2025 earnings; robust orderbook.
John Cheong	Valuetronics	BUY	35.3	Strong earnings from higher customer orders.
John Cheong	Venture Corp	BUY	-19.7	AI infrastructure demand; recovery gaining traction in 2026.
Jonathan Koh	CICT	BUY	1.8	Tenant sales recovery; multiple earnings drivers.
Jonathan Koh	NTTDCR	BUY	-2.7	Potential acquisitions in Europe.
Jonathan Koh	UIBREIT	BUY	-3.7	Strong leasing momentum and smooth project executions.
Roy Chen	SATS	BUY	-5.7	Continued strong cargo and aviation volume growth.
Roy Chen	YZJ ShipBldg	BUY	n.a.	Strong new contract win momentum and expanding earnings.
Tang Kai Jie	Beng Kuang	BUY	-32.0	Strong orderbook and earnings-accretive acquisition.
Tang Kai Jie	Oiltek	BUY	-53.7	Landmark RM1.4b contract and strong SAF demand.
Shaina Mahtani	Riverstone	BUY	-17.0	Strong demand recovery and faster ASP stabilisation.

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

Analyst(s)

Singapore Research Team
+65 6535 6868
research@uobkh.com

STI Target: 6,061 (12-month)

Alpha Picks Recommendations

Company	Ticker	Rec*	Price (S$)	Target (S$)
Beng Kuang	BKM SP	BUY	0.33	0.75
CICT	CICT SP	BUY	2.29	3.11
Food Empire	FEH SP	BUY	2.04	3.49
Huationg Global	HUAGL SP	BUY	0.485	0.88
NTT DC REIT	NTTDCR SP	BUY	0.905	1.29
Oiltek	OTEK SP	BUY	1.05	2.78
Riverstone	RSTON SP	BUY	0.73	1.21
SATS	SATS SP	BUY	3.66	5.00
UIBREIT	UIBREIT SP	BUY	0.79	1.16
Valuetronics	VALUE SP	BUY	0.94	1.88
Venture Corp	VMS SP	BUY	14.75	21.10
YZJ ShipBldg	YZJSGD SP	BUY	4.63	5.90

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

Alpha Picks Performance In Oct 26

Company	Ticker	Rec	Oct 26 (%)	To-date* (%)
Beng Kuang	BKM SP	BUY	(10.8)	(32.0)
CICT	CICT SP	BUY	2.2	1.8
Food Empire	FEH SP	BUY	5.8	40.7
Huationg Global	HUAGL SP	BUY	(9.2)	(42.3)
Keppel	KEP SP	BUY	(10.5)	(18.7)
NTT DC REIT	NTTDCR SP	BUY	(3.2)	(2.7)
O C B C	OCBC SP	BUY	(8.4)	128.9
Oiltek	OTEK SP	BUY	(18.9)	(53.7)
Riverstone	RSTON SP	BUY	(3.3)	(17.0)
SATS	SATS SP	BUY	(4.4)	(5.7)
UIBREIT	UIBREIT SP	BUY	(1.9)	(3.7)
Valuetronics	VALUE SP	BUY	(4.1)	35.3
Venture Corp	VMS SP	BUY	(7.1)	(19.7)
FSSTI			**(5.3)**	
UOBKH Portfolio			**(5.7)**	

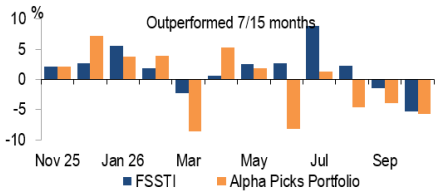
Source: Bloomberg

Portfolio Return

(%)	2025	2Q26	3Q26	Sep-26	Oct-26
FSSTI return	22.7	5.8	9.8	(1.4)	(5.3)
Alpha Picks Return					
- Price-weighted	29.3	0.7	6.5	(2.4)	(7.5)
- Market cap-weighted	18.1	0.8	14.5	(1.0)	(6.7)
- Equal-weighted	39.5	(0.8)	(6.4)	(3.9)	(5.7)

Source: Bloomberg

Alpha Picks Portfolio Performance



Source: Bloomberg, UOB Kay Hian

Action

- **One new addition; two removals.** We add Yangzijiang Shipbuilding (YZJSGD SP) for its strong contract win momentum, with large vessel delivery slots fully booked through 1H30, and earnings expansion from its Hongyuan yard from 2027. We remove OCBC (OCBC SP) as banks are high beta and more susceptible to swings caused by geopolitical uncertainties. We also remove Keppel (KEP SP) as its slower-than-expected core earnings growth in 9M26, dragged by its integrated power business, limits near-term upside.

Sector Performance

	Performance (%)	
Sector	Oct	Ytd
Aviation	(4.7)	9.5
Finance	(6.4)	32.1
Healthcare	(1.2)	(19.6)
LandTransport	0.8	(14.2)
Plantation	(19.5)	6.9
Property	(4.8)	(10.3)
REITs	(0.7)	(11.1)
Shipyard	(8.8)	5.0
Technology	(7.1)	(0.5)
Telecoms	(2.8)	(8.8)
Others	0.9	(11.9)
FSSTI	**(5.3)**	**15.7**

Source: Bloomberg, UOB Kay Hian

Valuation Of Analysts' Alpha Picks

			Price	Target	Upside	Last	PE			Yield	ROE	Market	Price/
Company	Ticker	Rec*	2 Nov 26	Price	To TP	Year	2025	2026F	2027F	2026F	2026F	Cap.	NAV ps
			(S$)	(S$)	(%)	End	(x)	(x)	(x)	(%)	(%)	(S$m)	(x)
Beng Kuang	BKM SP	BUY	0.33	0.75	127.3	12/25	12.6	11.0	6.2	1.8	29.3	99.1	8.9
CapLand IntCom T	CICT SP	BUY	2.29	3.11	35.8	12/25	19.6	19.3	17.9	5.2	5.6	18,260.6	1.1
Food Empire	FEH SP	BUY	2.04	3.49	71.1	12/25	28.4	14.4	13.0	4.9	19.2	1,337.9	2.8
Huationg Global	HUAGL SP	BUY	0.485	0.88	81.4	12/25	4.5	5.5	4.6	3.3	11.8	91.1	0.6
NTT DC REIT USD	NTTDCR SP	BUY	0.905	1.29	42.5	3/26	475.1	n.a.	830.7	9.0	(0.2)	1,204.0	0.8
Oiltek	OTEK SP	BUY	1.05	2.78	164.8	12/25	46.2	40.9	10.9	1.0	32.8	450.5	13.8
Riverstone	RSTON SP	BUY	0.73	1.21	65.8	12/25	17.1	15.8	15.0	7.6	14.9	1,082.0	2.4
SATS	SATS SP	BUY	3.66	5.00	36.6	3/26	19.1	17.3	14.4	2.3	11.3	5,431.3	2.0
UIBREIT	UIBREIT SP	BUY	0.79	1.16	46.8	3/26	n.a.	14.1	12.8	8.9	6.6	1,081.4	0.9
Valuetronics	VALUE SP	BUY	0.94	1.88	100.0	3/26	19.8	14.8	13.6	6.8	10.8	383.5	1.6
Venture Corp	VMS SP	BUY	14.75	21.10	43.1	12/25	18.7	17.4	16.6	5.4	8.7	4,236.1	1.5
YZJ ShipBldg SGD	YZJSGD SP	BUY	4.63	5.90	27.4	12/25	11.6	9.2	7.9	5.6	29.8	18,221.8	2.9

Source: Bloomberg, UOB Kay Hian

Food Empire Holdings – BUY (John Cheong/Tang Kai Jie)

- **Top-line reaches all-time high.** Food Empire Holdings' (FEH) 1H26 revenue of US$315.1m (+15.0% yoy) formed 52% of our full-year forecast, ahead of our expectations. This represents another record half-year performance, following five consecutive years of record revenue from 2021-25. Net profit also grew 12.2% to US$35.3m, in tandem with the strong top-line growth, and remains in line with our forecasts at 49%.
- **Business as usual in Russia.** FEH's share price corrected 10% following concerns over Russia's seizure of assets belonging to foreign companies. FEH subsequently clarified that its Russian operations remain unaffected, with business activities, brand investments and marketing initiatives continuing as usual. Russia contributes around 30% of group revenue.
- **Growth across all markets.** Russia grew 24.6% yoy on higher volumes and ruble appreciation, Southeast Asia rose 2.4%, led by Vietnam, while Central Asia surged 33.9% on strong volume growth. South Asia and Europe also grew 4.4% and 5.5% yoy respectively, reinforcing FEH's brand presence across its key markets.
- **Entry into Bangladesh via ACI collaboration.** In Oct 26, FEH's subsidiary Empire International partnered ACI Beverages, a unit of ACI Foods, to launch MacCoffee in Bangladesh, facilitated by Mitsui & Co. The collaboration starts with MacCoffee Original and Gold jars, tapping ACI's established consumer distribution in Bangladesh, and should further strengthen FEH's South Asia presence alongside its India operations.
- **Strong expansion pipeline to support growth.** FEH is adding spray-dried coffee capacity in India by end-27 (+60%) and a new freeze-dried facility in Vietnam by 2028, bringing its network to 10 facilities. With India already at

Share Price Catalyst

- **Event:**
  a) Earnings-accretive acquisitions.
  b) Better-than-expected earnings.
  c) Higher-than-expected dividends.
- **Timeline:** 3 - 6 months.

full utilisation, the expansion is demand-backed, while the US$80m Vietnam plant will strengthen FEH's position in regional freeze-dried coffee.

- **Maintain BUY with a PE-based target price of S$3.49,** pegged to 25x 2026F PE or 2.5SD above the long-term average. The stock trades at only 18x 2026F PE, a 25% discount to the peer average of 24x.

Huationg Global – BUY (John Cheong/Tang Kai Jie)

- **Record-high revenue beat but cost headwinds persisted.** 1H26 revenue rose 64% yoy to S$197.8m, or 60% of our full-year forecast. However, higher diesel/fuel and material costs pushed gross profit down by 9% and net profit down by 5% to S$8.6m, below expectations. Gross margin fell to 9.7%. We expect some recovery in 2H26 as fuel costs normalise and fleet upgrades improve efficiency.
- **Fuel cost pressure should ease in 2H26.** Huationg Global (Huationg) incurred about S$6m in additional diesel costs in 1H26, with around half expected to be reimbursed by the government. 3Q26 fuel costs should also receive similar support. We forecast 2026 gross margin at 13.0%, recovering in 2H26 but remaining below 2025's 16.5%.
- **Strong orderbook supports earnings visibility.** Huationg's S$533m orderbook as of end-Jun 26 provides visibility over the next four years. The group remains focused on government infrastructure projects, with a healthy pipeline from Changi Airport and other public works, including three tenders worth over S$100m each awaiting results.
- **Maintain BUY with a PE-based target price of S$0.88,** pegged to 10x 2026F PE, in line with peers' average. Huationg's strong orderbook and potential Mainboard transfer provide catalysts for re-rating. Trading at just 6.3x 2026F PE, a 37% discount to peers' average of 10x, the stock offers an attractive value proposition.

Share Price Catalyst

- **Event:**
  a) Higher-than-expected order wins.
  b) Margin expansion.
  c) Potential Mainboard transfer unlocks value.
- **Timeline:** 3 - 6 months.

Valuetronics – BUY (John Cheong)

- **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), while consumer electronics fell 42% on a 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 continued to improve.
- **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 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.
  b) Growing potential from new customers offering modern-tech products.
- **Timeline:** 6 -12 months.

Venture Corporation – BUY (John Cheong)

- **Results in line. Venture Corporation's (**VMS) 1H26 revenue rose 7.4% yoy to S$1,354.7m, while PATMI increased 5.6% to S$119.3m, forming 51%/50% of our full-year forecasts. Net margin remained stable at 8.8%.

Share Price Catalyst

- **Event:**
  a) Positive surprise in future revenue

Revenue growth accelerated to 12.5% yoy in 2Q26 from 1.9% in 1Q26, signalling stronger recovery momentum.

- **AI, data centre and semiconductor demand drove growth.** Portfolio B revenue rose S$102m (+25.7% yoy), supported by stronger AI-related infrastructure demand and new business wins. This more than offset Portfolio A's S$21m decline (-8.5% yoy), mainly from lower lifestyle consumer replacement volumes.
- **Growth opportunities gaining traction.** Management's growth initiatives are gaining momentum, supported by sustained networking, communications and semiconductor equipment demand. Continued investments across technology domains and deeper customer partnerships should underpin a broader, more sustainable long-term growth pipeline.
- **Maintain BUY with target price of S$21.10**, pegged to 23.7x 2027F PE (3SD above VMS' long-term historical mean), reflecting stronger earnings visibility and upcoming growth drivers. Currently, VMS is trading at around 18x 2027F PE (15% discount to peers) and offers a decent dividend yield of around 5%.

guidance and new customer wins.

b) Higher-than-expected AI/data centre program wins.

c) Special dividend or share buyback announcement.

- **Timeline:** 6 months

CapitaLand Integrated Commercial Trust – BUY (Jonathan Koh)

- **Office occupancy and leasing momentum improved.** Office occupancy rose 1.0ppt qoq to 95.4% with improvement from Singapore (+1ppt qoq to 97.4%). Core CBD Grade A rent is estimated at S$12.75psf/month (+4.5% yoy and +2.0% qoq) by CBRE. CICT is expected to maintain positive rental reversions as a large proportion of upcoming office expiries remain below prevailing market rents at S$11.42psf/month in 2H26 and S$11.87psf/month in 2027.
- **Growth supported by Paragon and phased AEIs.** Management targets mid-single-digit reversions for both office and retail in 2026. Paragon, an additional 55% of CapitaSpring, and Gallileo's progressive handover to ECB would contribute fully for six months in 2H26. AEIs for Lot One Shoppers' Mall, Capital Tower and Plaza Singapura & The Atrium @ Orchard are scheduled for completion in 1Q27, 4Q27 and 4Q28 respectively. The AEIs are undertaken in a phased approach to minimise operational and income disruptions.
- **Maintain BUY.** Our target price of S$3.11 is based on the dividend discount model (cost of equity: 6.2%, terminal growth: 2.2%).

Share Price Catalyst

- **Event:**

a) Positive rental reversion for the office portfolio.

b) Positive contributions from AEIs for retail malls.

- **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 debt headroom of US$261m based on gearing of 40% to fund future acquisition.
- **Portfolio occupancy by IT load improved 0.8ppt qoq to 95.9%** as of Jun 26, driven by expansion leases secured at CA1, CA3 and SG1. Portfolio occupancy would have increased 3.3ppt to 99.2% if we included committed leases that have yet to commence. Majority of these new leases are expected to contribute to revenue starting at 3QFY27.
- **Maintain BUY.** Our target price of US$1.29 is based on DDM (cost of equity: 8.8%, terminal growth: 2.5%).

Share Price Catalyst

- **Event:**

a) Potential acquisitions in Europe.

b) Uptick in portfolio occupancy in FY27.

- **Timeline:** 6 -12 months

UI Boustead REIT – BUY (Jonathan Koh)

- **Strong sponsor with proven track record.** The sponsor, UIB Holdings, possesses deep expertise and a proven track record in developing industrial properties across Asia, particularly in Singapore and Japan. It has a vertically integrated real estate platform. It has developed 20 of the 21 Singapore properties in the IPO portfolio. It also developed UIB Konan Phase 2 in Greater Osaka.
- **Temporary dip in logistics occupancy.** Portfolio committed occupancy stood at 97.3% as of Sep 26, excluding 84 Boon Keng Road, which was undergoing an asset enhancement initiative (AEI). Singapore occupancy fell 1.2ppt qoq to 95.8%, due to lower logistics occupancy, caused by downsizing of 40,000sf by a tenant at 12 Changi North Way. Japan remained fully occupied. Singapore lease renewals achieved a positive rental reversion of 5.1% in 2QFY27, led by logistics at 9.2% and business space at 6.7%.
- **Growth pipeline expands aerospace exposure.** UI Boustead REIT (UIBREIT) has taken up a 51% stake in the development of a built-to-suit integrated aerospace facility at Seletar Aerospace Park for a leading aircraft manufacturer. Its exposure to the automotive, aerospace & avionics sector would expand 3ppt to 22% of gross rental income upon completion of the co-development project, which provides an attractive yield on a cost of 8.6%.
- **Maintain BUY.** UIBREIT provides an attractive DPU yield of 8.9% for FY27 and 8.7% for FY28 (CLAR: 6.8%, AAREIT: 7.3%). Our target price of S$1.16 is based on DDM (cost of equity: 7.25%, terminal growth: 1.2%).

Share Price Catalyst

- **Event:**
  a) Positive rental reversion in Singapore driven by business park properties and hi-spec buildings.
  b) Smooth execution for two development projects, Seletar Aerospace Road 1 in Singapore and UIB Konan Phase 3 in Greater Osaka, and AEI for 84 Boon Keng Road.
- **Timeline:** 6 -12 months

SATS – BUY (Roy Chen)

- **Strong underlying cargo volume growth.** Despite the newly implemented small parcel tariff by the EU dampening the cross-border e-commerce volume between Asia (particularly China/Hong Kong) and Europe, global air cargo volume managed a respectable 5% yoy growth in the Jul-Sep 26 quarter, based on the latest IATA numbers. SATS, given the strength in its global network, is poised to beat the industry average growth. This should provide some support to SATS' 3QFY27 financial performance.
- **Near-term margin headwinds should prove temporary, while medium-term growth remains intact.** The operational inefficiencies and higher input costs caused by the Middle East disruption are expected to add some pressure on SATS' near-term margins. Having said that, we note that higher costs will be eventually passed through to customers, driving a margin recovery beyond 2HFY27. Management also remains confident of achieving its FY29 targets, supported by continued volume growth, higher asset utilisation and eventual margin recovery.
- **Maintain BUY on SATS with a target price of S$5.00.** We believe the recent share price weakness is an overreaction to uncertainties surround near-term margins, SATS' underlying business volume continues to expand and its strong medium-term growth trajectory remains intact. Our target price is based on 19.7x FY28F PE, in line with SATS' historical mean, implying meaningful upside as margins normalise and earnings growth re-accelerates into FY28-29.

Share Price Catalyst

- **Event:**
  a) Continued strong cargo and aviation volume growth.
  b) Easing of temporary margin pressure.
  c) Progress towards FY29 growth targets.
- **Timeline:** 6 - 12 months.

Yangzijiang Shipbuilding – BUY (Roy Chen)

- **Strong order wins extending performance visibility into 2030.** Management sounded increasingly confident of meeting or exceeding its US$4.5b 2026 contract-win target, with US$1.96b secured in 7M26. We understand that Yangzijiang Shipbuilding's (YZJ) large-vessel delivery slots have been fully booked through 1H30, and believe its healthy enquiry

Share Price Catalyst

- **Event:**
  a) Strong new contract win momentum.
  b) Expanding earnings driven by

pipelines across containerships, oil tankers and bulk carriers should support further order wins.

- **2H26 and 2027 earnings expansion underpinned by strong margins and capacity expansion.** We expect YZJ's 2H26 margins to remain steady vs 1H26, supported by a similar project mix hoh and good-margin large containership contracts. The Hongyuan yard is on track to commence operations in early-27 and could contribute about 20% of 2027 revenue, expanding YZJ's earnings potential to a new level.
- **Maintain BUY on YZJ with a target price of S$5.90.** Our target price is based on 10.1x 2028F PE, or +2SD above YZJ's historical mean, reflecting YZJ's good earnings visibility that extends into 1H30. YZJ is trading at about 8x 2027F PE, representing an approximate 20% discount vs peers averaging near 10x. YZJ offers an attractive 5.5-6.4% dividend yield in 2026-28, supported by a strong net cash position.

capacity expansion and sustained high margins.

- **Timeline:** 6 - 12 months.

Beng Kuang Marine – BUY (Tang Kai Jie)

- **1H26 revenue in line.** Beng Kuang Marine's (BKM) 1H26 revenue rose 9.7% yoy to S$55.7m, or 51% of our 2026 forecast, driven by stronger engineering and shipbuilding activity. Gross margin fell to 26.2% from 38.2% due to project mix, with lower contribution from higher-margin offshore lifecycle work.
- **PATMI set for stronger 2H26.** PATMI rose 20.8% yoy to S$3.5m, or 35% of our 2026 forecast. Despite S$1.4m in disposal gains, results were in line as 1H26 included only around one month of full ASOM ownership. Full consolidation and higher offshore mobilisation should lift 2H26 earnings.
- **Orderbook supports earnings visibility.** BKM provided a 9M26 contract progress and orderbook updates recently, ahead of its 3Q26 business updates. ASOM secured S$112.4m of new contracts in 9M26, of which S$27.2m was secured in 3Q26, including a US$5.84m life extension order for an FPSO vessel in Angola. BKM's S$71.5m outstanding orderbook as of 3Q26, including S$59.8m from ASOM, provides good visibility into 4Q26, with some scopes extending beyond 2026.
- **Revenue and margins to improve in 2H26.** Earnings should strengthen as offshore projects progress and ASOM contributions ramp up. 2Q26 has already improved sequentially, with revenue rising to S$30.0m from S$25.7m and PBT to S$4.3m from S$3.0m. ASOM also supports BKM 2.0's shift towards a more asset-light offshore lifecycle model.
- **Maintain BUY with an unchanged target price of S$0.75,** implying 57.9% upside. Our target price is pegged to 14.0x 2027F PE, +1.5SD above historical averages. BKM currently trades around 8.9x 2027F PE, below peers' average of 11.2x 2027F PE, highlighting BKM's undervaluation. We believe its strong fundamentals, underpinned by a superior ROE of 29.8% vs the industry average of 19.7% and a healthy balance sheet position, continues to support the case for valuation re-rating.

Share Price Catalyst

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

Oiltek International – BUY (Tang Kai Jie)

- **Landmark RM1.4b SAF project secures growth visibility.** Oiltek International's (Oiltek) 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. The deal is currently in progress for land purchase, licensing and funding drawdown, with the land offer letter expected by end-26.
- **Healthy orderbook and strong balance sheet supporting 2H26.** The group's current orderbook remains healthy at approximately RM258.7m.

Share Price Catalyst

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

Balance sheet also continues to be strong and resilient with no bank borrowings and healthy cash and bank balances of RM95.1m, representing 92.2% of net assets.

- **Favourable refinery and renewable energy outlook.** Oiltek expects sustained growth in its edible & non-edible oil refinery segment, driven by rising global fats and oils demand. Renewable energy tailwinds remain strong, supported by growing biodiesel and SAF demand, with Oiltek pursuing several billion-ringgit worth of SAF opportunities.
- **Growth strategy focused on asset-light expansion.** Oiltek is expanding into new markets and larger-scale projects while building recurring income through low-capex JVs. The company is also exploring new growth avenues.
- **Ongoing corporate actions.** Management is also advancing a potential Bursa secondary listing and the spinoff of its JV.
- **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.

Riverstone Holdings – BUY (Shaina Mahtani/Tang Kai Jie)

- **2Q26 earnings beat expectations.** Riverstone's 2Q26 PATMI surged 45.0% yoy and 60.2% qoq to RM65.8m, about 40% above expectations. Revenue rose 8.9% yoy to RM266.7m on stronger cleanroom demand and improved healthcare pricing. 1H26 PATMI reached RM106.9m, or 59% of our previous 2026 forecast.
- **AI-related cleanroom demand drove recovery.** Stronger demand from AI data centres and memory-storage applications lifted cleanroom glove sales in 2Q26. Riverstone is also upgrading ageing production lines and shifting towards higher-value cleanroom and customised healthcare products to improve mix and margins.
- **Dividend payout to remain above 100%; attractive 5-6% dividend yield.** Management reaffirmed its commitment to an above-100% payout ratio, supported by a net cash position at RM700m net cash, debt-free balance sheet, and strong operating cash flow. In our forecasts, we assume a 100% payout ratio on revised estimates, implying 2026-28 yields of 5-6%.
- **Raw material costs to ease in 3Q26.** Management expects butadiene and acrylonitrile prices to moderate after earlier spikes. While Riverstone does not hedge raw material costs, it manages cost fluctuations through regular customer pricing adjustments. Lower input costs, alongside higher ASPs, should support margin expansion.
- **Maintain BUY with a target price of S$1.21**, based on 24x 2027F PE (+0.5 SD to historical mean). The premium is justified by Riverstone's cleanroom moat, net cash balance sheet and consistent dividend track record of above 100% payout ratio.

Share Price Catalyst

- **Event:**
  a) Stronger-than-expected demand for cleanroom and healthcare gloves.
  b) Faster ASP stabilisation in healthcare gloves.
  c) Margin rebound from lower raw material costs.
- **Timeline:** 6 - 12 months

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.