UOBKayHian

Country Daily
Singapore
Friday, 24 July 2026

Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	51711.7	(1.0)	(1.6)	0.1	7.6
S&P 500	7408.3	(1.2)	(1.7)	0.6	8.2
FTSE 100	10639.2	(0.7)	0.6	2.0	7.1
AS30	9018.1	0.1	(0.2)	0.3	(0.0)
CSI 300	4728.0	0.2	0.6	(3.9)	2.1
FSSTI	5581.8	(0.2)	0.8	7.2	20.1
HSCEI	8352.7	1.2	0.4	7.6	(6.3)
HSI	25210.8	1.3	0.8	8.0	(1.6)
JCI	6315.3	(0.3)	3.4	3.5	(27.0)
KLCI	1714.6	0.2	(0.4)	2.1	2.1
KOSPI	7096.9	4.4	4.1	(13.5)	68.4
Nikkei 225	66422.6	0.5	(0.6)	(4.8)	31.9
SET	1641.0	0.1	0.4	6.5	30.3
TWSE	44850.8	0.1	(1.7)	(4.8)	54.9
BDI	2725.0	0.4	(4.0)	2.2	45.2
CPO (RM/mt)	4498.0	0.0	0.1	(1.4)	14.4
Brent Crude (US$/bbl)	100.7	7.0	19.5	30.6	65.5

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
Hybrid Post-result Group Luncheon with Plover Bay Technologies Ltd (1523 HK)	Hong Kong	31 Jul	31 Jul
Virtual Meeting with i-Tail Corporation Public Company Limited (ITC TB)	Thailand	05 Aug	05 Aug

Corporate and Macro Calendar

Economic Indicator/Event	Date
URA Property Index QoQ Final Q2	24 Jul
Industrial Production MoM JUN	24 Jul
Industrial Production YoY JUN	24 Jul
Monetary Policy Statement	27 Jul

Please click on the page number to move to the relevant pages

Top Stories

Company Results | Keppel DC REIT (KDCREIT SP/**BUY**/S$2.30/Target: S$2.95) Page 2

Rent reversion should improve substantially in 2028 due to the renewal of several large colocation leases. Potential acquisitions from the sponsor pipeline, such as SGP9 in Singapore and a data centre in Western Tokyo, are also likely to materialise in 2028 after these data centres are stabilised. Maintain BUY on the resiliency of the data centre market in Singapore (62.8% of AUM) and support from sponsor Keppel. Target price: S$2.95.

Company Results | SIA Engineering (SIE SP/**BUY**/S$3.27/Target: S$3.75) Page 5

1QFY27 net profit of S$40.3m (-6.1% yoy) was impacted by expansion-related gestation costs at its engine JVs, excluding which earnings would have grown about 10% yoy. Fundamentals of all major business lines remained healthy. We are positive on SIAEC's recent business developments and recommend that investors look beyond near-term earnings volatilities caused by gestation cost drags and stay invested for SIAEC's medium-term growth potential. Maintain BUY. Target price: S$3.75.

Market Spotlight

Page 8

- US stocks were lower on Thursday, with all indices falling as the communication services, consumer discretionary and consumer staples sectors fell with more decliners than advancers on both the NYSE and NASDAQ.
- The FSSTI fell 13.66 points to 5,581.76, due to weakness in SIA and DBS, with both mid- and small-cap indices falling with a broad market decline on a S$1.94b turnover.

Technical Analysis

DFI Retail Group Holdings | DFI SP Page 9

Trading Sell Range: US$3.49-3.50

Singapore Airlines | SIA SP Page 9

Trading Sell Range: S$7.63-7.64

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.*

Keppel DC REIT (KDCREIT SP)

1H26: Outlook Brightens In 2028

BUY (Maintained)	
Share Price	S$2.30
Target Price	S$2.95
Upside	28.3%
Previous TP	S$2.99

Analyst
Jonathan Koh, CFA, MSc Econ
jonathankoh@uobkh.com
+65 6590 6620

Highlights

- Rent reversion should improve substantially in 2028 due to renewal for several large colocation leases. Potential acquisitions from sponsor pipeline, such as SGP9 in Singapore and a data centre in Western Tokyo, are also likely to materialise in 2028 after these data centres are stabilised.
- Revenue contribution from Gore Hill Data Centre is expected to more than double when new tenants move in by end-26, helping KDCREIT to clock positive rental reversion in the low teens in 3Q26.
- Maintain BUY on resiliency of the data centre market in Singapore (62.8% of AUM) and support from sponsor Keppel. Target price: S$2.95.

Analysis

1H26 Results

Year to 31 Dec (S$m)	1H26	yoy % Chg	Remarks
Gross Revenue	242.0	+14.5	Acquisition of Tokyo Data Centre 3 was completed on 19 Nov 25.
Net Property Income	210.4	+15.1	Clocked positive rental reversion of 10% in 1H26.
Finance Costs	(30.7)	+25.2	Acquisition loans drawn down in 4Q25.
Distributable Income	150.7	+18.5	
DPU (S cents)	5.714	+11.3	Preferential offering raised S$405m in Oct 25.

Source: KDCREIT, UOB Kay Hian

- Keppel DC REIT (KDCREIT) reported a DPU of 5.714 S cents for 1H26 (+11% yoy), which is marginally above our expectation.
- **NPI grew 15% yoy in 1H26** due to: a) full six-month contribution from the newly acquired Tokyo Data Centre 3 (completion: 19 Nov 25), and b) contract renewals and rental escalation. This was partially offset by the divestment Kelsterbach Data Centre in Germany (completion: 24 Mar 25). NPI margin expanded slightly by 0.4ppt yoy to 86.9% in 1H26. Growth in distributable income and DPU was aided by the acquisition of remaining interests in SGP3 (10%) and SGP4 (1%).
- **Clocked healthy positive reversion.** KDCREIT achieved positive rental reversion of 10% during 1H26 (1Q26: 51%, 2Q26: 5%). It renewed leases in Singapore and Australia in 2Q26, which lengthened portfolio WALE weighted by lettable area by 0.2 years to 6.7 years. Portfolio occupancy eased 3.1ppt qoq to 92.5% as of Jun 26 due to contract expiry at Cardiff Data Centre (a small asset accounting for 0.1% of portfolio valuation). Based on power capacity, 95% of portfolio capacity remains contracted.

Key Financials

Year to 31 Dec (S$m)	2024	2025	2026F	2027F	2028F
Net turnover	306	435	481	488	496
EBITDA	214	325	363	365	371
Operating profit	214	325	363	365	371
Net profit (rep./act.)	296	422	299	298	302
Net profit (adj.)	127	247	299	298	302
EPU (S$ cent)	6.5	10.6	12.2	12.1	12.3
DPU (S$ cent)	9.5	10.4	11.3	11.4	11.5
PE (x)	35.7	21.7	18.8	19.0	18.7
P/B (x)	1.5	1.3	1.3	1.3	1.3
DPU yld (%)	4.1	4.5	4.9	4.9	5.0
Net margin (%)	96.9	96.9	62.2	61.0	61.0
Net debt/(cash) to equity (%)	41.5	48.9	47.5	48.9	48.9
Interest cover (x)	5.9	9.7	8.0	8.5	8.4
ROE (%)	10.4	11.2	7.1	7.0	7.1
Consensus DPU (S$ cent)	-	-	10.9	11.4	12.0
UOBKH/Consensus (x)	-	-	1.04	1.00	0.96

Source: Keppel DC REIT, Bloomberg, UOB Kay Hian

Stock Data

GICS Sector	Real Estate
Bloomberg ticker	KDCREIT SP
Shares issued (m)	2,446.2
Market cap (S$m)	5,626.2
Market cap (US$m)	4,360.4
3-mth avg daily t'over (US$m)	19.0

Price Performance (%)

52-week high/low S$2.44/S$2.15

1mth	3mth	6mth	1yr	YTD
2.7	(3.4)	3.6	1.3	2.2

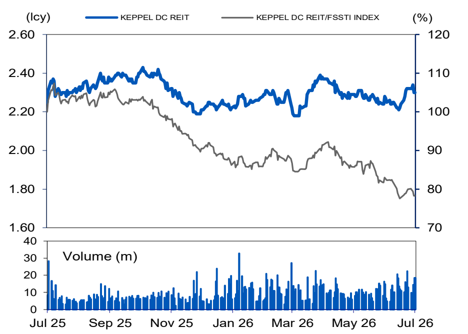
Major Shareholders

	%
Temasek Hldgs	20.9

Balance Sheet Metrics

FY26 NAV/Share (S$)	1.73
FY26 Net Debt/Share (S$)	0.82

Price Chart



Source: Bloomberg

Company Description

Keppel DC REIT invests in a diversified portfolio of income-producing real estate assets used primarily for data centre purposes. It was listed on the SGX on 12 Dec 14 as the first pure-play data centre REIT in Asia.

- **Positive leasing momentum in Australia.** KDCREIT has secured new and renewal contracts at Gore Hill Data Centre at strong rates, which would contribute starting from 2H26. Revenue contribution from Gore Hill is expected to more than double when the new tenants move in by end-26. It is actively engaging several potential new tenants that could help bring occupancy back to 100%. The positive leasing momentum in Australia is expected to help KDCREIT clock positive rental reversion in the low teens in 3Q26.
- **Conservative capital management.** Aggregate leverage receded 1.1ppt qoq to 34.0% as of Jun 26, providing sizeable debt headroom of S$673m before hitting its limit on gearing of 40%. Average cost of debt eased 0.3ppt yoy to 2.7% in 2Q26 due to the drawdown of Japanese yen and Singapore dollar acquisition loans in 4Q25. KDCREIT has increased the proportion of debt hedged to fixed interest rates from 85% to 87%. Management guided for stable cost of debt at 2.6-2.8% for 2026.
- **KDCREIT raised proportion of management fees paid in units** to 41% in 1H26 (2025: 26%). Management elected to pay fees for Tokyo DC3 and additional stakes in SGP3 (10%) and SGP4 (1%) by issuing new units.
- **Further expansion in Singapore.** Sponsor Keppel is developing SGP9, its third data centre within the Keppel Data Centre Campus at Genting Lane, together with its private data centre funds (Keppel Data Centre Funds II and III). SGP9 is designed to meet growing demand for hyperscale, AI-ready and carrier-neutral data centres. Keppel will commence construction of SGP9 by end-26. SGP9 is likely to be ready for service by 2028. Once stabilised, SGP9 could potentially be injected into KDCREIT.
- **Further expansion in Japan.** Keppel Data Centre Fund II (KDCF II) has a framework agreement with Mitsui Fudosan for the forward purchase of a data centre currently being developed in Western Tokyo. Mitsui Fudosan will develop the core and shell, while KDCF II will undertake the fit-out works. The data centre is expected to be ready for service in 2028.
- **Redeveloping SGP1 to improve PUE.** KDCREIT plans to enhance SGP1 by converting non-data centre space, which accounted for 30% of lettable area, into revenue-generating data centre halls. SGP1 at Serangoon North Avenue 5 could be upgraded to improve power usage effectiveness (PUE), enabling SGP1 to take on more tenants. SGP1 contributed rental income of S$16.5m in 2025 (3.8% of total revenue). KDCREIT has extended SGP1's land lease for another 30 years in Sep 25. The redevelopment could commence in early-28.

Valuation/Recommendation

- **Positive outlook for 2028.** Colocation leases expiring in 2028 accounted for 4.2% of lettable area and 13.1% of rental income. Several of these expiries are large colocation leases with potential to generate significant positive rental reversion. Potential acquisitions from KDCREIT's sponsor pipeline, such as SGP9 in Singapore and a data centre in Western Tokyo, are also likely to materialise in 2028 after these data centres are stabilised.
- **Pivoting to hyperscale data centres.** KDCREIT's preferred markets are Singapore (yield: 6.0-6.5%), Japan (yield: 4%), South Korea (yield: 5-6%) and Europe (yield: 5-6%). Hyperscale tenants currently account for 70% of rental income. Over the longer term, sponsor Keppel is developing a pipeline of data centres in Seoul, South Korea and Melbourne, Australia.
- **Maintain BUY.** Our target price of S$2.95 is based on DDM (cost of equity: 6.5%, terminal growth: 2.8%).

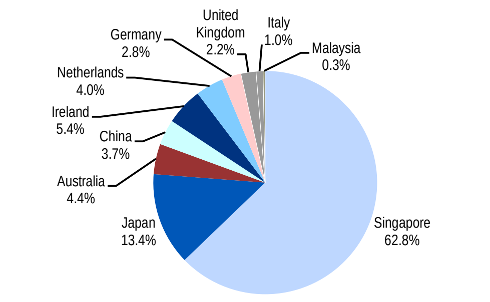
Earnings Revision/Risk

- We trim our DPU forecast by 0.8% for 2026 and 1.7% for 2027 due to depreciation of the JPY and EUR by 3% and 2.2% respectively in 1H26.

Share Price Catalyst

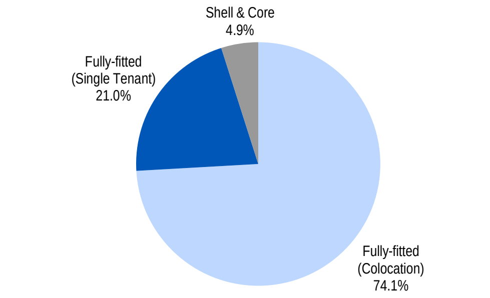
- a) Rising demand driven by AI applications, b) acquisitions of hyperscale data centres in Singapore, Japan, South Korea, Australia and Europe.

AUM Breakdown



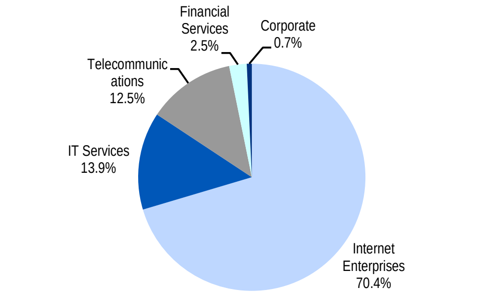
Source: KDCREIT

Rental Income By Contract Type



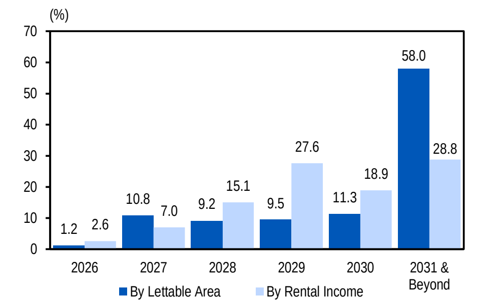
Source: KDCREIT

Rental Income By Trade Sector



Source: KDCREIT

Lease Expiry Profile



Source: KDCREIT

Profit & Loss

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Net turnover	435.2	481.2	488.0	495.9
EBITDA	325.3	363.1	365.0	371.3
Deprec. & amort.	0.0	0.0	0.0	0.0
EBIT	325.3	363.1	365.0	371.3
Total other non-operating income	174.8	0.2	0.0	0.0
Associate contributions	0.0	0.0	0.0	0.0
Net interest income/(expense)	(33.6)	(45.3)	(42.7)	(44.1)
Pre-tax profit	466.5	318.0	322.3	327.2
Tax	(38.0)	(16.9)	(22.6)	(22.9)
Minorities	(6.9)	(2.0)	(2.0)	(2.0)
Perpetual Securities	0.0	0.0	0.0	0.0
Net profit	421.6	299.1	297.7	302.3
Net profit (adj.)	246.8	298.9	297.7	302.3

Balance Sheet

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Fixed assets	6,133.4	6,174.9	6,258.9	6,288.9
Other LT assets	85.3	167.0	167.0	167.0
Cash/ST investment	351.9	161.9	161.0	164.7
Other current assets	218.1	161.6	164.9	166.5
Total assets	6,788.7	6,665.4	6,751.8	6,787.1
ST debt	312.8	164.0	164.0	164.0
Other current liabilities	145.6	125.3	127.7	129.0
LT debt	2,077.5	2,010.0	2,075.0	2,090.0
Other LT liabilities	115.2	121.5	121.5	121.5
Shareholders' equity	4,168.5	4,233.9	4,252.9	4,272.0
Minority interest	61.7	10.7	10.7	10.7
Total liabilities & equity	6,881.2	6,665.4	6,751.8	6,787.1

Cash Flow

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Operating	262.8	350.4	356.0	362.4
Pre-tax profit	434.7	303.1	299.7	304.3
Tax	0.0	0.0	0.0	0.0
Deprec. & amort.	0.0	0.0	0.0	0.0
Associates	0.0	0.0	0.0	0.0
Working capital changes	(251.6)	50.8	(0.8)	(0.4)
Non-cash items	9.9	18.0	18.4	18.6
Other operating cashflows	69.9	(21.4)	38.7	40.0
Investing	(1,125.6)	13.4	(84.0)	(30.0)
Capex (growth)	(1,165.4)	(50.5)	0.0	0.0
Capex (maintenance)	(42.2)	(28.6)	(84.0)	(30.0)
Proceeds from sale of assets	65.5	92.5	0.0	0.0
Others	16.6	0.0	0.0	0.0
Financing	886.5	(553.8)	(272.9)	(328.7)
Distribution to unitholders	(204.0)	(276.6)	(278.8)	(283.1)
Issue of shares	489.5	0.0	0.0	0.0
Proceeds from borrowings	1,284.1	(216.3)	65.0	15.0
Loan repayment	(595.1)	0.0	0.0	0.0
Others/interest paid	(88.0)	(60.9)	(59.1)	(60.6)
Net cash inflow (outflow)	23.7	(190.0)	(0.9)	3.7
Beginning cash & cash equivalent	316.7	351.9	161.9	161.0
Changes due to forex impact	11.5	0.0	0.0	0.0
Ending cash & cash equivalent	351.9	161.9	161.0	164.7

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	74.8	75.5	74.8	74.9
Pre-tax margin	107.2	66.1	66.0	66.0
Net margin	96.9	62.2	61.0	61.0
ROA	6.8	4.4	4.4	4.5
ROE	11.2	7.1	7.0	7.1
Growth				
Turnover	42.4	10.6	1.4	1.6
EBITDA	51.9	11.6	0.5	1.7
Pre-tax profit	38.8	(31.8)	1.3	1.5
Net profit	42.4	(29.1)	(0.5)	1.5
Net profit (adj.)	94.7	21.1	(0.4)	1.5
EPU	64.6	15.1	(0.7)	1.2
Leverage				
Debt to total capital	36.1	33.9	34.4	34.5
Debt to equity	57.3	51.3	52.6	52.8
Net debt/(cash) to equity	48.9	47.5	48.9	48.9
Interest cover (x)	9.7	8.0	8.5	8.4

SIA Engineering (SIE SP)

1QFY27: Strong Fundamentals Masked By Expansion-Related Gestation Costs; BUY For Medium-Term Growth

BUY (Maintained)	
Share Price	S$3.27
Target Price	S$3.75
Upside	14.7%
Previous TP	S$3.85

Analyst(s)
Roy Chen, CFA
roychen@uobkh.com
+65 6590 6627

Highlights

- SIAEC's 1QFY27 net profit S$40.3m (-6.1% yoy) was impacted by expansion-related gestation costs at its engine JVs, excluding which, SIAEC's earnings would have grown about 10% yoy.
- Fundamentals of all major business lines remained healthy.
- We are positive on SIAEC's recent business developments, including its new engine JV with Safran and MOU signed with Air India.
- Investors should look beyond near-term earnings volatilities from gestation cost drags and stay invested for SIAEC's medium-term growth potential.
- Maintain BUY, with a slightly lower target price of S$3.75, still based on 21.2x FY28F PE (historical mean). SIAEC offers a fine 3.5-4.0% yield for FY27-28.

1QFY27 Results

Year to 31 Mar (S$m)	1QFY27	1QFY26	yoy % chg	4QFY26	yoy % chg	Prev. FY27F	1Q as % of FY27F
Revenue	327.6	358.4	-8.6	340.8	-3.9	1509.0	22%
Opex	314	353	-11.0	330	-4.8	1464.7	21%
EBIT	13.2	5.1	+158.8	10.4	+26.8	44.3	30%
JVs/asso. contribution	31.0	37.8	-18.0	35.2	-11.9	148.6	21%
Net Profit	40.3	42.9	-6.1	43.7	-7.8	182.0	22%
Margins (%)							
EBIT	4.0	1.4	+2.6ppt	3.1	+1.0ppt	2.9	
Net profit	12.3	12.0	+0.3ppt	12.8	-0.5ppt	12.1	

Source: SIAEC, UOB Kay Hian

Analysis

- **Strong 1QFY27 underlying performance masked by gestation costs related to capacity expansion.** SIA Engineering's (SIAEC) 1QFY27 net profit of S$40.3m (-6.1% yoy) was slightly behind our projection, at 22% of our full-year forecast. 1QFY27 saw yoy lower earnings contribution from engine JVs/associates (down S$7.0m or 19.2% yoy), as one of its key engine MRO JVs, Singapore Aero Engine Services, incurred gestation costs for capacity expansion works. Excluding the gestation costs, SIAEC's earnings would have risen about 10% yoy, by our estimate.

Key Financials

Year to 31 Mar (S$m)	2025	2026	2027F	2028F	2029F
Net turnover	1,245	1,423	1,376	1,438	1,504
EBITDA	78	96	118	133	144
Operating profit	15	29	49	61	70
Net profit (rep./act.)	140	169	169	198	220
Net profit (adj.)	141	177	169	198	220
EPS (S$ cent)	12.5	15.8	15.1	17.6	19.6
PE (x)	26.1	20.7	21.7	18.5	16.7
P/B (x)	2.1	2.1	2.0	2.0	1.9
EV/EBITDA (x)	30.1	24.5	19.9	17.8	16.4
Dividend yield (%)	2.8	3.4	3.5	4.0	4.4
Net margin (%)	11.2	11.9	12.3	13.8	14.6
Net debt/(cash) to equity (%)	(37.8)	(31.5)	(28.7)	(28.8)	(29.2)
ROE (%)	8.2	9.7	9.5	10.8	11.6
Consensus net profit (S$m)	-	-	191	203	220
UOBKH/Consensus (x)	-	-	0.89	0.98	1.00

Source: SIAEC, Bloomberg, UOB Kay Hian

Stock Data

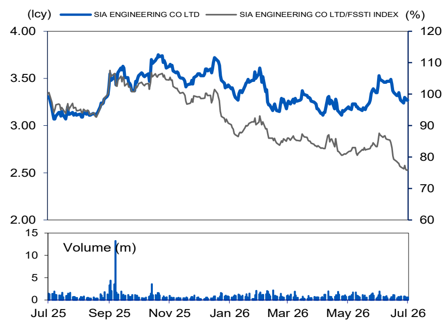
GICS sector	Industrials
Bloomberg ticker	SIE SP
Shares issued (m)	1,121.7
Market cap (S$m)	3,668.0
Market cap (US$m)	2,842.3
3-mth avg daily t'over (US$m)	2.2

Price Performance (%)

52-week high/low				S$3.81S$3.02
1mth	3mth	6mth	1yr	YTD
(2.4)	(2.8)	(4.7)	0.0	(9.2)

Major Shareholders	%
Singapore Airlines	77.7

Price Chart



Source: Bloomberg

Company Description

A leading regional aircraft maintenance, repair, and overhaul (MRO) operator controlled by Singapore Airlines, with an over 80% market share of line maintenance business at the Changi Airport.

- **Fundamentals remain healthy:**
  - Excluding the cost pass-through effects for raw materials, revenue rose 4.2% yoy in 1QFY27, driven by: a) stable MRO demand, and b) a 2.9% yoy growth in SIAEC's Singapore line maintenance business volume. This contrasts with yoy lower flight throughput at Changi Airport (down 1.6% yoy in Apr-May 26) due to regional carriers' flight cancellation amid the US-Iran war.
  - Base Maintenance Malaysia (BMM), which completed its first heavy check in Nov 25, officially opened in May 26. Its second hangar is on track to commence operations in 2HFY27, raising BMM's capacity to six concurrent aircraft checks.
  - Despite lower earnings contribution due to capacity expansion-related gestation costs, engine and component JVs recorded yoy higher work volume, with some areas benefitting from higher margin work and new capabilities driving revenue.
- **Strong balance sheet with sizeable net cash.** With almost no debt on its balance sheet, SIAEC's cash position expanded to S$628m as of end-1QFY27 (4QFY25: S$565m), forming about 17% of its market cap.
- **Overall sanguine outlook.** Management expressed confidence in the fundamentals of the Asia-Pacific MRO market, supported by rising passenger traffic and fleet expansion. SIAEC will remain focused on executing its strategic priorities, pushing growth through capacity, engineering capabilities and regional expansion.
- **Making positive progress in business development.** We are positive on the following business developments, seeing them as meaningful mid- to long-term growth drivers for SIA.
  - In Jun 26, SIAEC announced the formation of a new engine MRO JV with Safran to provide full MRO services for LEAP-1A and LEAP-1B engines. This positions SIAEC to capture rising MRO demand from the expanding global fleet of next-generation narrowbody aircraft. With its existing quick-turn operations to be integrated into the JV and close OEM support from Safran, we expect a shorter learning curve and faster ramp-up than a greenfield engine MRO workshop.
  - In Jul 26, SIAEC signed a non-binding MOU with Air India to explore collaboration opportunities, including the potential formation of an MRO JV in India. This brings SIAEC one step closer to entering the underserved and fast-growing Indian MRO market. With Air India as a strong prospective local partner, the proposed JV should benefit from improved market access and execution capabilities.

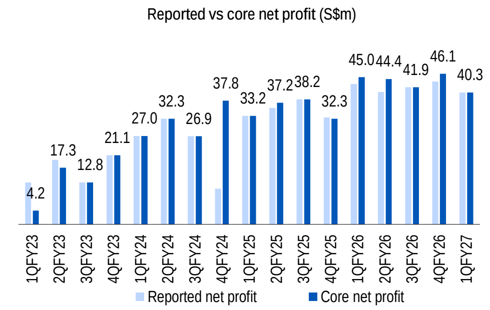
Valuation/Recommendation

- **Maintain BUY on SIAEC with a slightly lower target price of S$3.75.** Our updated target price remains based on 21.2x FY28F PE, pegged to SIAEC's historical mean. SIAEC currently trades at 18.4x FY28F PE (15.2x if excluding net cash), or 0.7SD below its historical mean, with a fine yield of 3.5-4.0% yield in FY27-28, assuming a 75% payout ratio.
- Current price of S$3.27 includes FY26 final dividend of 8.5 S cents (ex-dividend date: 29 Jul 26).

Earnings Revision/Risk

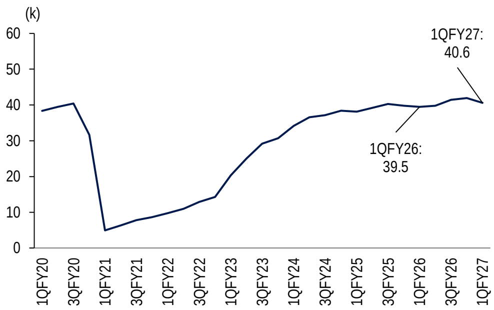
- **Trim our FY27/28 earnings forecasts by 7%/2% respectively** as we fine-tune our projection for capacity expansion-related gestation costs. FY29 earnings remain intact.
- **Key risks:** a) Margin pressure from labour and raw material cost inflation, and b) execution risks related to overseas expansion and investments.

Quarterly Profit Trend



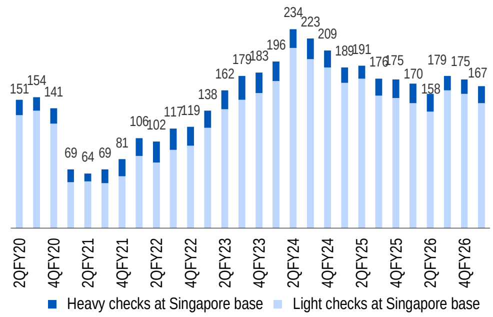
Source: SIAEC, UOB Kay Hian

Line Maintenance Business Volume At Changi Airport



Source: SIAEC

Base Maintenance Business Volume Performed In Singapore



Source: SIAEC

Historical PE Band

Source: Bloomberg

Profit & Loss

Year to 31 Mar (S$m)	2026	2027F	2028F	2029F
Net turnover	1,423	1,376	1,438	1,504
EBITDA	96	118	133	144
Deprec. & amort.	67	70	72	74
EBIT	29	49	61	70
Total other non-operating income	(2)	0	0	0
Associate contributions	145	134	153	168
Net interest income/(expense)	7	2	3	3
Pre-tax profit	179	185	217	241
Tax	(8)	(13)	(16)	(18)
Minorities	(3)	(3)	(3)	(3)
Net profit	169	169	198	220
Net profit (adj.)	177	169	198	220

Balance Sheet

Year to 31 Mar (S$m)	2026	2027F	2028F	2029F
Fixed assets	363	381	398	413
Other LT assets	943	965	990	1,018
Cash/ST investment	565	522	546	576
Other current assets	400	404	418	431
Total assets	2,271	2,272	2,352	2,438
ST debt	33	30	30	30
Other current liabilities	331	295	301	310
LT debt	129	126	126	126
Other LT liabilities	1	1	1	1
Shareholders' equity	1,755	1,796	1,866	1,940
Minority interest	23	25	28	31
Total liabilities & equity	2,271	2,272	2,352	2,438

Cash Flow

Year to 31 Mar (S$m)	2026	2027F	2028F	2029F
Operating	26	65	110	121
Pre-tax profit	179	185	217	241
Tax	(2)	(13)	(16)	(18)
Deprec. & amort.	67	70	72	74
Associates	(79)	(104)	(89)	(79)
Working capital changes	(79)	(40)	(6)	(5)
Non-cash items	11	(0)	(0)	0
Other operating cashflows	(71)	(32)	(67)	(93)
Investing	15	63	80	93
Capex	(48)	(60)	(60)	(60)
Investments	0	0	0	0
Proceeds from sale of assets	0	0	0	0
Others	63	123	140	153
Financing	(139)	(171)	(166)	(184)
Dividend payments	(107)	(129)	(129)	(145)
Proceeds from borrowings	2	0	0	0
Loan repayment	(1)	(5)	0	0
Others/interest paid	(34)	(37)	(37)	(38)
Net cash inflow (outflow)	(98)	(43)	24	30
Beginning cash & cash equivalent	663	565	522	546
Changes due to forex impact	(1)	0	0	0
Ending cash & cash equivalent	565	522	546	576

Key Metrics

Year to 31 Mar (%)	2026	2027F	2028F	2029F
Profitability				
EBITDA margin	6.8	8.6	9.2	9.6
Pre-tax margin	12.6	13.4	15.1	16.0
Net margin	11.9	12.3	13.8	14.6
ROA	7.7	7.4	8.6	9.2
ROE	9.7	9.5	10.8	11.6
Growth				
Turnover	14.3	(3.3)	4.5	4.5
EBITDA	23.1	22.8	12.1	8.5
Pre-tax profit	21.7	3.0	17.6	11.0
Net profit	21.0	0.2	17.2	10.9
Net profit (adj.)	25.9	(4.6)	17.2	10.9
EPS	26.0	(4.6)	17.2	10.9
Leverage				
Debt to total capital	8.3	7.9	7.6	7.3
Debt to equity	9.1	8.6	8.2	7.9
Net debt/(cash) to equity	(31.5)	(28.7)	(28.8)	(29.2)

MARKET SPOTLIGHT

Market News

US stocks were lower on Thursday, as the communication services, consumer discretionary and consumer staples sectors led shares lower. At the close of the NYSE, the Dow Jones fell 0.97% while the S&P 500 Index was down 1.21 %, and the NASDAQ Composite Index slid 2.15%. Falling stocks outnumbered advancing ones on the NYSE by 2,003 to 775 and 56 ended unchanged; on the Nasdaq Stock Exchange, 3,423 declined and 1,413 advanced, while 190 ended unchanged.

During the last trading session, the FSSTI Index fell 13.66pt to 5,581.76. Among the top active stocks were Singtel (+0.5%), Seatrium (+0.5%), DBS (-0.2%), SIA (-1.1%) and Riverstone (-0.6%). The FTSE ST Mid Cap Index fell 0.2%, while the FTSE ST Small Cap Index fell 0.03%. The broader market had 321 gainers and 247 losers with a total trading value of S$1.94b.

DFI Retail Group Holdings (DFI SP)

Trading sell range: US$3.49-3.50
Last price: US$3.40
Target price: US$2.93
Protective stop: US$3.71

The price breached its previous low support via yesterday's expansionary red candle to confirm growing downward momentum. The RSI dropped below its neutral level to signal expanding distribution. This shift favours short-side extension, projecting continued downward progression toward the next underlying support.

The potential downside target is US$2.93. Stop-loss could be placed at US$3.71.

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

Our institutional research has a fundamental BUY and target price of US$5.30.

Singapore Airlines (SIA SP)

Trading sell range: S$7.63-7.64
Last price: S$7.57
Target price: S$7.09
Protective stop: S$7.83

The price is displaying clear signs of exhaustion following the formation of a lower secondary peak. The RSI is sloping downward back toward its neutral midline to reflect diminishing upward momentum. This indicates an elevated risk of the price breaching its current horizontal support floor to resume a deeper downward correction.

The potential downside target is S$7.09. Stop-loss could be placed at S$7.83.

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

Our institutional research has a fundamental HOLD and target price of S$6.64.

Analyst(s)
Wong Shueh Ting, CFTe
+65 6590 6616
shuehting@uobkayhian.com