UOBKayHian

Country Daily Singapore

Monday, 03 August 2026

Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	52485.0	0.5	1.0	(0.8)	9.2
S&P 500	7489.7	0.7	1.0	0.1	9.4
FTSE 100	10868.1	(0.3)	1.2	1.8	9.4
AS30	9137.0	0.2	2.2	1.0	1.3
CSI 300	4588.2	0.8	(1.3)	(5.2)	(0.9)
FSSTI	5628.5	(0.8)	0.7	7.3	21.1
HSCEI	8612.2	(0.4)	4.1	11.8	(3.4)
HSI	25884.4	0.1	3.7	10.9	1.0
JCI	6236.1	0.8	0.6	6.1	(27.9)
KLCI	1724.9	0.3	1.4	2.7	2.7
KOSPI	6595.5	17.9	(1.4)	(18.5)	56.5
Nikkei 225	64362.0	4.0	(0.4)	(7.7)	27.9
SET	1623.6	1.6	(1.0)	0.8	28.9
TWSE	43119.8	8.0	(1.2)	(7.8)	48.9
BDI	2732	2.2	(0.4)	0.6	45.6
CPO (RM/mt)	4498	(0.4)	(1.0)	0.0	14.4
Brent Crude (US$/bbl)	84	(3.9)	(4.4)	17.1	38.8

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
Virtual Meeting with UOB-Kay Hian Holdings Ltd (UOBK SP)	Singapore	11 Aug	11 Aug
Hybrid Meeting with UltraGreen.ai Ltd (UGAI SP)	Singapore	13 Aug	13 Aug
Analyst Marketing by Julia Pan on Greater China Internet Sector	Singapore	07 Sep	08 Sep

Corporate and Macro Calendar

Economic Indicator/Event	Date
SIPMM Manufacturing PMI JUL	3 Aug
MAS 12-Week Bill Auction	4 Aug
MAS 36-Week Bill Auction	4 Aug
MAS 4-Week Bill Auction	4 Aug

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Top Stories

Sector Update | REITs Page 3

S-REITs are actively recycling assets, supported by advantageously low domestic interest rates. The sector is defensive and provides an attractive yield spread of 3.2%, which is in line with the long-term mean. Maintain OVERWEIGHT. The S-REIT sector is a major laggard. BUY blue-chips that are catching up with the broader market: CICT (Target: S$3.06), FLT (Target: S$1.33), MPACT (Target: S$1.75), NTTDCR (Target: US$1.43) and UIBREIT (Target: S$1.16).

Company Results | Seatrium (STM SP/**HOLD**/S$2.15/Target: S$2.30) Page 6

1H26 reported net profit of S$373m (+158% yoy) was boosted by one-off disposal gains. Core earnings (S$207m) rose 35% yoy, still a beat. 2H26 is likely stronger, driven by further GPM improvement and cost initiatives achieved from recent asset disposals. However, current weak orderbook on hand offers no good revenue visibility beyond 12 months. Seatrium needs some sizeable contract wins in 2H26 to bolster investor confidence. Downgrade to HOLD, with target price lowered to S$2.30, based on 1.05x 2026 P/B.

Company Update | Frasers Logistics & Commercial Trust (FLT SP/**BUY**/S$0.99/Target: S$1.33) Page 9

The logistics portfolio maintained near-full occupancy at 99.7% as of Jun 26. It generated positive rental reversion of 11.9% on an incoming-versus-outgoing basis (Sydney: 8.8%, Melbourne: 29% and Germany: 3%). The acquisition of four freehold logistics properties in Europe is expected to be 1.7% DPU accretive. Maintain BUY. Target price: S$1.33.

Market Spotlight

Page 12

- US stocks were higher on Friday, with all indices rising as consumer discretionary, communication services and industrials sectors rose. There were more decliners than advancers on both the NYSE and NASDAQ.
- The SSTI fell 45.08 points to 5,628.50, supported by weakness in Singtel and DBS, with both mid- and small-cap indices rising with a broad market decline on S$2.56b turnover.

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.*

Technical Analysis

Capitaland Investment | CLI SP Page 13

Trading Buy Range: S$2.64-2.65

Singapore Tech Engineering | STE SP Page 13

Trading Sell Range: S$10.27-10.28

REITs

S-REITs Monthly Update (Jul 26)

OVERWEIGHT
(Maintained)

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Highlights

- S-REITs are actively recycling assets, supported by advantageously low domestic interest rates. The sector is defensive and provides an attractive yield spread of 3.2%, which is in line with the long-term mean.
- **Maintain OVERWEIGHT.** The S-REIT sector is a major laggard. BUY blue-chips that are catching up with the broader market: CICT (Target: S$3.06), FLT (Target: S$1.33), MPACT (Target: S$1.75), NTTDCR (Target: US$1.43) and UIBREIT (Target: S$1.16).

Analysis

- **The FSTREI rose 3.0% in Jul 26, underperforming the STI's gain of 8.9%.** Yield for 10-year Singapore government bonds rose 31bp mom to 2.31%. US core PCE inflation eased 0.1ppt mom to 3.3% yoy in Jun 26.
- **CLAR has agreed to divest Kim Chuan Telecommunications Complex,** a 10-storey data centre located at 38 Kim Chuan Road, for S$200m to an unrelated third party. The sale price is double CLAR's original acquisition cost of S$100m in 2005 and represents a 32% premium to independent valuation of S$151.8m as of Jun 26. The divestment reflects CLAR's disciplined capital recycling strategy, enhancing financial flexibility and enabling reinvestment into higher-yielding opportunities. The estimated net proceeds of S$180m could be used to fund investments, repay debt, support working capital or potential distributions. It reduces pro forma aggregate leverage from 42.0% to 41.4%. The transaction is expected to complete in 2Q26.
- **Celine Tang was appointed Chairman and Non-Executive Director** of Suntec Trust Management, the manager of SUN, with effect from 10 Jul 26, following the completion of the Tang family's acquisition of the REIT manager through Acrophyte Asset Management. The board stated that her appointment would strengthen leadership and enhance the board's effectiveness given her extensive real estate experience. Celine previously served as Group Managing Director of SingHaiyi Group, Non-Executive Chairman of Chip Eng Seng Corporation (now Tang Organisation) and OKH Global. Her appointment is a significant milestone in the Tang family's stewardship of SUN and is expected to bring strategic direction and a stronger sponsor alignment.

Segmental Rating

S-REITs	OVERWEIGHT
Healthcare REITs	OVERWEIGHT
Hospitality REITs	OVERWEIGHT
Industrial REITs	OVERWEIGHT
Office REITs	OVERWEIGHT
Retail REITs	OVERWEIGHT

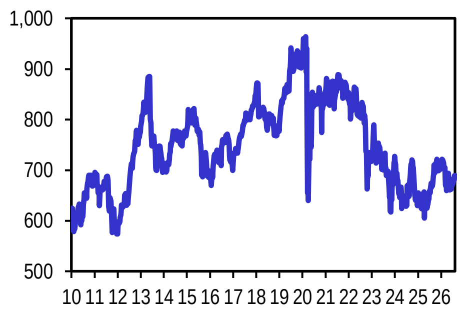
Source: UOB Kay Hian

Top S-REIT Picks

Company	Rec	Share Price (S$)	Target Price (S$)
CICT	BUY	2.49	3.06
FLT	BUY	0.99	1.33
MPACT	BUY	1.33	1.75
NTTDCR (US$)	BUY	0.92	1.43
UIBREIT	BUY	0.80	1.16

Source: UOB Kay Hian

FTSE ST All-Share REITS Index (FSTREI)



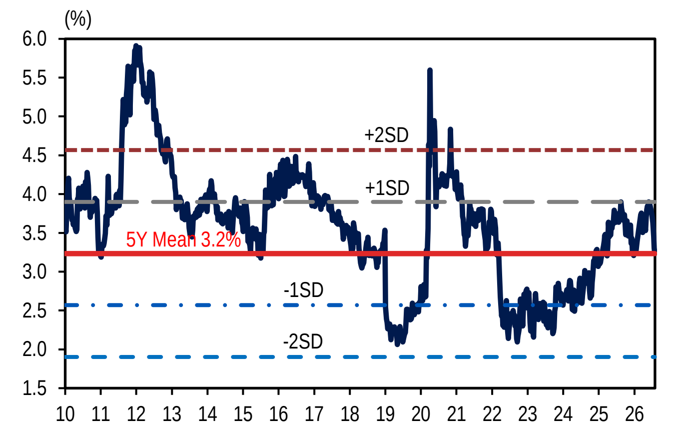
Source: Bloomberg

Top 20 S-REITS Ranked By Market Capitalisation – Vital Statistics

Name	Ticker	Rec	Curncy	Price 31 Jul 26	Target Price	Mkt Cap (US$m)	--- DPU ( ) --- Curr	Fwd	--- Yield (%) --- Curr	Fwd	---- Yield Spread* (%) ---- Curr	Fwd	Interest Coverage (x)	Aggregate Leverage (%)	WALE (years)
CapLand Int Comm Trust	CICT SP	BUY	S$	2.49	3.06	15,435	11.7	12.6	4.7	5.1	2.3	2.6	3.8	38.5	3.0
CapLand Ascendas	CLAR SP	BUY	S$	2.57	3.78	10,004	14.9	16.3	5.8	6.4	3.4	3.9	3.5	42.0	3.8
Mapletree Pan Asia	MPACT SP	BUY	S$	1.33	1.75	5,477	8.0	8.1	6.0	6.1	3.6	3.7	3.3	37.7	2.3
Mapletree Log Trust	MLT SP	HOLD	S$	1.24	1.29	4,948	6.9	6.9	5.6	5.6	3.1	3.2	2.9	40.5	2.5
Mapletree Ind Trust	MINT SP	HOLD	S$	1.93	2.07	4,294	11.5	11.7	5.9	6.1	3.5	3.7	4.0	37.5	4.5
Keppel DC REIT	KDCREIT SP	BUY	S$	2.23	2.95	4,251	11.3	11.3	5.1	5.1	2.6	2.7	6.9	34.0	6.7
Frasers Centrepoint	FCT SP	BUY	S$	2.27	2.99	3,608	12.7	13.2	5.6	5.8	3.2	3.4	3.7	40.4	1.7
Keppel REIT	KREIT SP	BUY	S$	0.92	1.13	3,561	5.4	5.3	5.9	5.8	3.5	3.4	2.7	40.0	4.5
Suntec REIT	SUN SP	BUY	S$	1.48	1.75	3,416	7.6	7.9	5.1	5.3	2.7	2.9	2.2	43.0	2.4
Frasers L&C Trust	FLT SP	BUY	S$	0.99	1.33	2,933	6.0	5.9	6.0	6.0	3.6	3.5	4.6	35.4	4.9
CapLand Ascott	CLAS SP	BUY	S$	0.905	1.42	2,716	6.2	6.3	6.8	7.0	4.4	4.6	2.9	37.7	n.a.
PLife REIT	PREIT SP	BUY	S$	4.22	5.45	2,146	17.9	18.3	4.2	4.3	1.8	1.9	8.4	34.2	15.0
ESR-REIT	EREIT SP	NR	S$	2.62	n.a.	1,650	22.0	22.0	8.4	8.4	6.0	6.0	2.6	41.4	4.8
OUE REIT	OUEREIT SP	NR	S$	0.355	n.a.	1,531	2.4	2.5	6.8	7.0	4.4	4.6	2.8	41.5	2.2
Lendlease REIT	LREIT SP	BUY	S$	0.59	0.78	1,454	3.7	3.7	6.3	6.2	3.9	3.8	1.8	38.7	4.7
AIMS APAC REIT	AAREIT SP	NR	S$	1.60	n.a.	1,027	10.0	10.7	6.2	6.7	3.8	4.2	2.7	24.9	3.6
Stoneweg EU Trust EUR	SERT SP	NR	€	1.59	n.a.	1,016	13.3	13.7	8.4	8.6	5.2	5.5	3.1	42.7	5.0
Starhill Global	SGREIT SP	NR	S$	0.555	n.a.	1,004	3.8	3.8	6.8	6.9	4.4	4.5	3.1	35.8	7.2
NTT DC REIT USD	NTTDCR SP	BUY	US$	0.92	1.43	951	7.9	8.2	8.6	8.9	3.9	4.2	4.2	29.2	4.5
Far East HTrust	FEHT SP	BUY	S$	0.575	0.81	923	3.5	3.7	6.1	6.5	3.7	4.0	4.3	32.8	n.a.

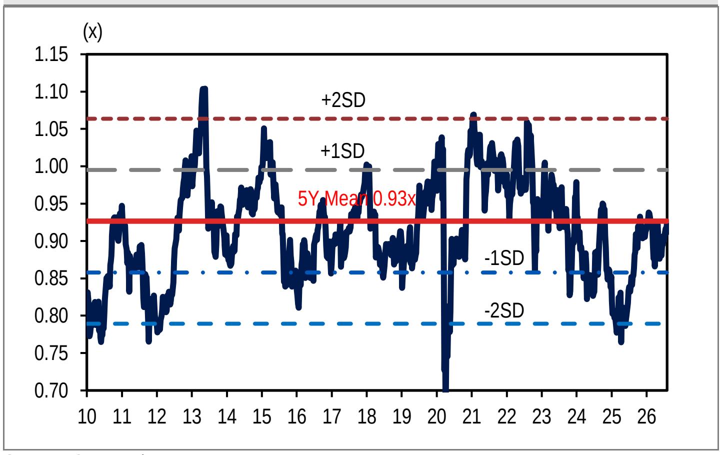
** Yield spread above 10-year government bond yield*
Source: Bloomberg, UOB Kay Hian

S-REIT Yield Spread



Source: UOB Kay Hian

S-REIT P/NAV



Source: UOB Kay Hian

Peer Comparison

Name	BBG Ticker	Trading Code	Rec	Curr	Price 31 Jul 26	Target Price	Mkt Cap (US$m)	Yield (%) Hist	Yield (%) Curr	Yield (%) Fwd 1Y	Yield (%) Fwd 2Y	Debt to Equity (%)	Debt to Assets (%)	P/NAV (x)
HEALTHCARE														
First REIT	FIRT SP	AW9U	NR	S$	0.23	n.a.	380	9.4	9.1	8.7	n.a.	96.3	45.7	1.00
PLife REIT	PREIT SP	C2PU	BUY	S$	4.22	5.45	2,146	3.6	4.2	4.3	4.4	52.9	33.3	1.65
HOSPITALITY														
CapLand Ascott	CLAS SP	HMN	BUY	S$	0.905	1.42	2,716	6.7	6.8	7.0	7.0	71.4	37.7	0.79
CDL HTrust	CDREIT SP	J85	BUY	S$	0.795	1.11	793	6.0	7.0	6.9	7.0	66.4	35.3	0.58
Far East HTrust	FEHT SP	Q5T	BUY	S$	0.575	0.81	923	6.4	6.1	6.5	6.6	42.6	32.8	0.66
INDUSTRIAL														
AIMS APAC REIT	AAREIT SP	O5RU	NR	S$	1.60	n.a.	1,027	6.2	6.2	6.7	6.9	54.5	24.9	1.25
CapLand Ascendas	CLAR SP	A17U	BUY	S$	2.57	3.78	10,004	5.8	5.8	6.4	6.7	71.7	42.0	1.12
Daiwa Hse Log Trust	DHLT SP	DHLU	NR	S$	0.485	n.a.	265	8.9	8.7	8.7	8.7	79.7	40.6	0.77
Digi Core REIT USD	DCREIT SP	DCRU	BUY	US$	0.49	0.93	635	7.3	7.0	8.3	8.4	67.9	39.2	0.62
ESR-REIT	EREIT SP	9A4U	NR	S$	2.62	n.a.	1,650	8.4	8.4	8.4	8.6	99.2	41.4	1.05
Keppel DC REIT	KDCREIT SP	AJBU	BUY	S$	2.23	2.95	4,251	4.7	5.1	5.1	5.2	54.3	34.0	1.29
Mapletree Ind Trust	MINT SP	ME8U	HOLD	S$	1.93	2.07	4,294	6.6	5.9	6.1	6.4	66.3	37.5	1.19
Mapletree Log Trust	MLT SP	M44U	HOLD	S$	1.24	1.29	4,948	5.9	5.6	5.6	5.6	85.2	40.5	0.98
NTT DC REIT USD	NTTDCR SP	NTDU	BUY	US$	0.92	1.43	951	8.5	8.6	8.9	9.1	43.8	29.2	0.81
UIBREIT	UIBREIT SP	UIBU	BUY	S$	0.80	1.16	853	n.a.	8.8	8.6	9.0	65.9	36.4	0.94
OFFICE														
Keppel REIT	KREIT SP	K71U	BUY	S$	0.92	1.13	3,561	5.7	5.9	5.8	5.7	78.2	40.0	0.74
RETAIL														
Frasers Centrepoint	FCT SP	J69U	BUY	S$	2.27	2.99	3,608	5.3	5.6	5.8	5.9	58.3	40.4	1.01
Lendlease REIT	LREIT SP	JYEU	BUY	S$	0.59	0.78	1,454	6.1	6.3	6.2	6.3	82.7	38.7	0.83
Starhill Global	SGREIT SP	P40U	NR	S$	0.555	n.a.	1,004	6.6	6.8	6.9	7.0	61.6	35.8	0.78
DIVERSIFIED														
CapLand China Trust	CLCT SP	AU8U	NR	S$	0.66	n.a.	904	7.3	7.0	7.2	7.3	96.7	41.4	0.64
CapLand Int Comm Trust	CICT SP	C38U	BUY	S$	2.49	3.06	15,435	4.7	4.7	5.1	5.2	66.0	38.5	1.16
Frasers L&C Trust	FLT SP	BUOU	BUY	S$	0.99	1.33	2,933	6.0	6.0	6.0	6.0	58.7	35.4	0.88
Mapletree Pan Asia	MPACT SP	N2IU	BUY	S$	1.33	1.75	5,477	6.0	6.0	6.1	6.1	63.8	37.7	0.77
OUE REIT	OUEREIT SP	TS0U	NR	S$	0.355	n.a.	1,531	6.3	6.8	7.0	7.2	79.1	41.5	0.64
Suntec REIT	SUN SP	T82U	BUY	S$	1.48	1.75	3,416	4.8	5.1	5.3	5.3	70.8	43.0	0.73
INTERNATIONAL (US / EUROPE)														
Stoneweg EU Trust EUR	SERT SP	SEB	NR	€	1.59	n.a.	1,016	8.4	8.4	8.6	9.2	90.7	44.8	0.80
Elite UK REIT GBP	ELITE SP	MXNU	BUY	£	0.31	0.39	262	9.8	9.7	9.6	10.1	62.9	37.7	0.69
IREIT Global	IREIT SP	UD1U	NR	S$	0.184	n.a.	193	8.7	8.0	8.0	16.1	91.1	44.7	0.37
KORE REIT USD	KORE SP	CMOU	BUY	US$	0.179	0.25	187	1.4	4.0	7.8	10.8	82.9	43.3	0.26
Prime US REIT USD	PRIME SP	OXMU	BUY	US$	0.157	0.21	226	3.9	10.5	11.7	11.4	87.0	45.2	0.30
Utd Hampshire REIT USD	UHU SP	ODBU	BUY	US$	0.525	0.72	319	8.4	9.3	9.8	9.9	68.9	41.1	0.72

Source: Bloomberg, UOB Kay Hian

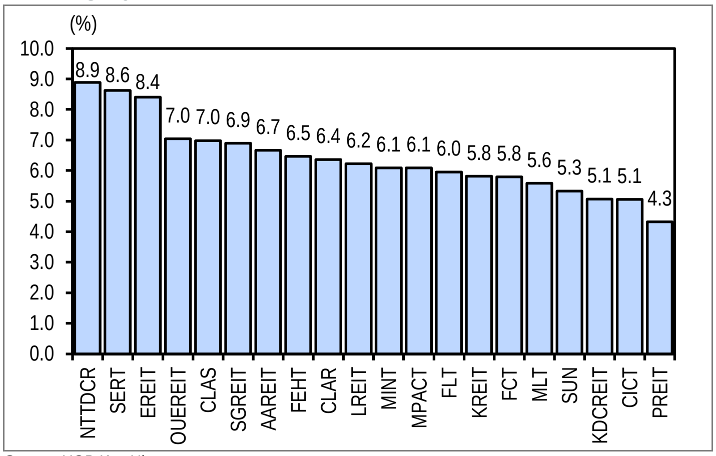
Top 10 Outperformers And Top 10 Underperformers Ranked By Monthly Share Price Performance

TOP OUTPERFORMERS (%)						TOP UNDERPERFORMERS (%)					
NAME	**1MTH**	**3MTH**	**6MTH**	**1Y**	**YTD**	**NAME**	**1MTH**	**3MTH**	**6MTH**	**1Y**	**YTD**
ESR-REIT	12.0	8.3	-4.0	-5.1	-3.3	IREIT Global	-10.2	-21.7	-37.6	-37.6	-36.6
Keppel REIT	7.0	2.8	-6.6	-3.0	-5.6	Digi Core REIT USD	-3.0	-4.9	-9.3	-6.7	-3.9
CapLand Int Comm Trust	5.1	5.5	4.2	13.2	4.2	Prime US REIT USD	-2.5	-14.2	-30.2	-13.7	-20.3
PLife REIT	4.2	5.0	3.4	4.7	3.4	NTT DC REIT USD	-2.1	-6.1	-9.8	-2.1	-9.8
Stoneweg EU Trust EUR	3.9	2.6	0.0	0.6	-2.5	KORE REIT USD	-1.6	-10.5	-26.9	-14.8	-23.8
Lendlease REIT	3.5	3.5	-7.5	7.6	-4.5	Elite UK REIT GBP	-1.6	-8.8	-13.9	-10.1	-13.9
CapLand Ascendas	3.2	3.2	-9.7	-7.8	-9.1	Keppel DC REIT	-0.4	-5.1	-2.2	-5.5	-0.9
Mapletree Pan Asia	3.1	3.1	-8.9	3.1	-9.5	OUE REIT	0.0	-2.7	-5.3	20.3	-1.4
Frasers L&C Trust	2.6	3.1	-2.0	12.5	-0.5	AIMS AMP REIT	0.0	6.0	6.7	15.1	6.7
CDL HTrust	2.6	-1.9	-8.1	-0.6	-4.8	UIBREIT	0.0	-4.8	-9.1	-9.1	-9.1

Source: Bloomberg, UOB Kay Hian

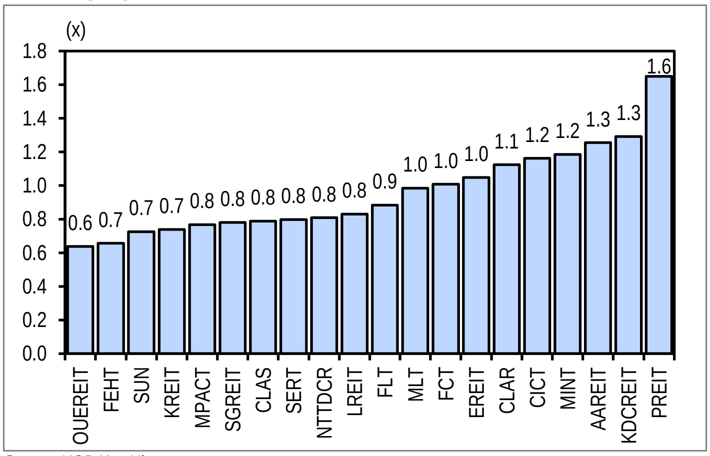
- **AAREIT has agreed to acquire a 9.15-hectare freehold industrial site in Hazelmere, Perth** for A$42.7m (S$38.4m). The property is fully leased to Swan Materials under a 10-year triple-net lease with annual rental escalations of 3.25% and two additional 10-year renewal options, providing strong long-term income visibility. The acquisition offers an attractive first year NPI yield of 5.3% and is expected to be immediately DPU-accretive by 0.3%, rising to an average of 0.6% over the next decade. Strategically located near Perth Airport and key transport corridors, the land-rich asset also presents significant redevelopment potential for logistics facilities or data centres due to its proximity to a major 550MVA power substation.
- **Leadership renewal at AAREIT.** AAREIT has announced that CEO Russell Ng is stepping down on 30 Sep 26 after nearly five years leading the REIT. He will be succeeded by Lim Joo Lee, currently the CFO, who has been appointed CEO-designate and is expected to assume the CEO role on 1 Oct 26, subject to regulatory approval. The board highlighted Ms Lim's extensive involvement in the REIT's financial management, capital markets activities, investor relations and strategic growth initiatives since joining as CFO in 2021, positioning her well to ensure continuity in execution and strategy. Mr Ng is working closely with Ms Lim to facilitate a smooth handover.
- **Top outperformers.** Industrial & logistics REITs EREIT, CLAR and FLT gained 12%, 3.2% and 2.6% respectively. Commercial REITs KREIT, CICT, LREIT and MPACT gained 7%, 5.1%, 3.5% and 3.1% respectively.
- **Top underperformers.** REITs with overseas exposure IREIT, PRIME, KORE and ELITE dropped 10.2%, 2.5%, 1.6% and 1.6% respectively. Data centre REITs DCREIT, NTTDCR and KDCREIT dropped 3.0%, 2.1% and 0.4% respectively.

Ranking By Distribution Yield (Forward)



Source: UOB Kay Hian

Ranking By P/NAV (Current)



Source: UOB Kay Hian

Seatrium (STM SP)

1H26: Core Earnings Beat On Margins, But Orderbook On Hand Low; Focus On New Order Wins In 2H26

Highlights

- 1H26 reported net profit of S$373m (+158% yoy) was boosted by sizeable one-off disposal gains. Core earnings (S$207m) rose 35% yoy, still a beat.
- 2H26 is expected to be even stronger, driven by further gross profit margin improvement and cost initiatives achieved from recent non-core asset disposals.
- However, after a quiet 1H26 in terms of contract wins, orderbook weakened to S$13.3b, offering no good revenue visibility beyond 12 months.
- Downgrade to HOLD, with target price lowered to S$2.30 based on 1.05x 2026 P/B. Seatrium needs some sizeable contract wins in 2H26 to bolster investor confidence. Watch out for Petrobras P-88 tender outcome.

1H26 Results

Year to 31 Dec (S$m)	1H26	1H25	yoy chg %	Remarks
Revenue	**5,619**	**5,367**	***+4.7***	Higher O&G shipbuilding revenue, lower offshore wind revenue
Gross profit	**482**	**395**	***+22.1***	Sequentially improving margins
Operating profit	515	239	*+115.6*	1H26 figure boosted by disposal gains
Core EBIT	**350**	**260**	***+34.6***	Excl. one-off items such as disposal gains, FX gains, etc
Finance income	33	36	*-8.2*	
Finance costs	-76	-90	*-15.4*	
PATMI	373	144	*+158.3*	1H26 figure boosted by disposal gains
Core PATMI	**207**	**153**	***+35.1***	**Beat our expectations, at 55% of our full-year forecast**
GPM	8.6%	7.4%	1.2ppt	Better project margin mix, operating leverage & cost efficiency
Core OPM	6.2%	4.8%	1.4ppt	
Core NPM	3.7%	2.8%	0.8ppt	
Orderbook on hand	S$13.3b	S$18.6b	-S$5.3b	Quiet 1H26 in terms of new order wins

Source: Seatrium, UOB Kay Hian

Analysis

- **Core earnings beat expectations on improving gross profit margin.** Seatrium's 1H26 reported net profit of S$373m (+158% yoy) was boosted by sizeable one-off disposal gains. Excluding one-off items, core earnings of S$207m (+35% yoy) still beat our expectations, at 55% of our full-year forecast. The beat was mainly due to better-than-expected gross profit margins, up 1.2ppt yoy, driven by better project margin mix, operating leverage and cost efficiency. 1H26 gross profit margin was still impacted by a close-out provision (quantum not disclosed) for wind turbine installation vessel Maersk Viridis, excluding which, Seatrium's 1H26 gross profit margin would have been even better.

Key Financials

Year to 31 Dec (S$m)	2024	2025	2026F	2027F	2028F
Net turnover	9,231	11,472	10,919	10,000	10,000
EBITDA	627	862	1,167	979	980
Operating profit	212	514	895	707	708
Net profit (rep./act.)	157	324	606	433	454
Net profit (adj.)	101	303	440	433	454
EPS (S$ cent)	4.6	9.5	17.7	12.7	13.3
PE (x)	46.9	22.7	12.1	17.0	16.2
P/B (x)	1.1	1.1	1.0	0.9	0.9
EV/EBITDA (x)	11.8	8.6	6.4	7.6	7.6
Dividend yield (%)	0.7	1.4	1.9	1.9	2.0
Net margin (%)	1.7	2.8	5.6	4.3	4.5
Net debt/(cash) to equity (%)	10.9	9.8	2.0	(2.3)	(6.4)
ROE (%)	2.4	4.9	8.5	5.7	5.8
Consensus net profit (S$m)	-	-	477	518	551
UOBKH/Consensus (x)	-	-	1.27	0.84	0.82

Source: Seatrium, Bloomberg, UOB Kay Hian

HOLD (Downgraded)

Share Price	S$2.15
Target Price	S$2.30
Upside	+7.0%
Previous TP	S$3.15

Analyst(s)
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Stock Data

GICS sector	Industrials
Bloomberg ticker	STM SP
Shares issued (m)	3,383.8
Market cap (S$m)	7,275.1
Market cap (US$m)	5,670.0
3-mth avg daily t'over (US$m)	28.3

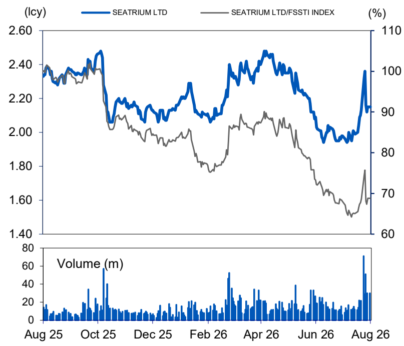
Price Performance (%)

52-week high/low: S$2.51/S$1.92

1mth	3mth	6mth	1yr	YTD
9.1	(8.5)	1.9	(5.3)	(0.5)

Major Shareholders	**%**
Temasek Hldgs	36.0

Price Chart



Source: Bloomberg

Company Description

Seatrium is an offshore & marine company specialising in the construction of rigs & floaters, offshore platforms and specialised shipbuilding. It also repairs & upgrades various types of seagoing vessels, It owns shipyards in Singapore, Brazil, Indonesia and the United Kingdom.

- Revenue rose 4.7% yoy to S$5.6b, backed by higher offshore & gas (O&G) shipbuilding revenue (S$4.2b), partly offset by lower offshore wind platform revenue (S$0.9b). Repair & upgrade revenue (S$0.4b) was largely flat yoy.
- **Balance sheet remained robust.** Seatrium's net debt level stood at $678m as of end-1H26, implying a benign net gearing of 9.2% (end-25: 9.8%); this offers ample scope to support working capital needs of new projects.
- **Weakened orderbook on hand, following a quiet 1H26.** Seatrium secured two projects in 1H26, including: a) a floating storage regasification unit (FSRU) conversion project for Karpowership, and b) a floating production storage and offloading unit (FPSO) upgrade project for a FPSO operator. We note that such contracts are relatively small in size, ranging from tens of millions to a hundred million in Singapore dollars, and are far from enough to offset Seatrium orderbook burn rate at S$2b-3b per quarter. As a result, Seatrium's net orderbook on hand declined to S$13.3b as at end-1H26, from S$17.8b as at end-25.
- **Expecting strong 2H26 earnings performance, but…** We understand that the current orderbook on hand is still good to sustain a S$2b-3b quarterly burn rate for 2-3 quarters; this still provides revenue visibility in 2H26. This, together with improving underlying project gross profit margins, as well as cost saving initiatives (over S$50m per annum cost savings run rate achieved from recent non-core asset disposals), should drive a strong 2H26 core earnings, which we forecast at S$234m (+56% yoy, +13% hoh).
- **…orderbook top-up is more important than just good 2H26 earnings.** We think the pace of order wins in 2H26 is more important than just good earnings, as the current S$13.3b net orderbook does not provided good revenue visibility beyond one year. Note that 70% of the net orderbook value comes from projects with deliveries extending beyond 2029, and hence a sizeable portion of the orderbook value from these projects is unlikely to be billed to customers in the next two years. As such, Seatrium urgently needs some sizeable order wins in the next six months to sustain investor confidence, in our view.
- **Pursuing over S$32b worth of orders in pipeline.** We are glad to hear from management that Seatrium is actively engaged across all major energy markets, pursuing a pipeline of over S$32b worth of orders globally in the next 24 months (expanded from a S$28b pipeline in 1Q26). Management expects oil majors/asset owners' final investment decisions to accelerate in the next few quarters, backed by heightened energy security priorities and supply diversification imperatives. A key near-term watch is the outcome of Petrobras' PFSO P-88 tender, of which Seatrium is pursuing the full engineering, procurement, construction and commissioning (EPCC) scope of work, with a contract size in the scale of US$3b-4b. In addition, management has also seen stronger demand momentum in FSRU/FLNG conversion projects.

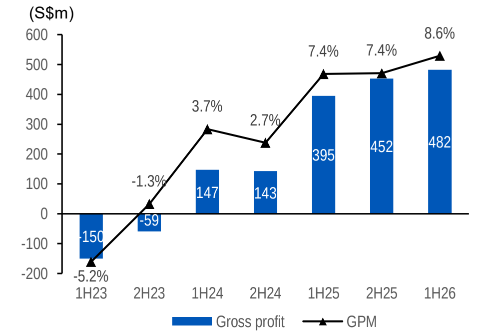
Valuation/Recommendation

- **Downgrade to HOLD with a lower target price of S$2.30.** Despite the 1H26 results beat and the likely even stronger 2H26 core earnings, we downgrade Seatrium to HOLD in a cautious move, due to poor revenue visibility beyond 2026. Our updated target price of S$2.30 is now based on 1.05x 2026F P/B, pegged to Seatrium's five-year historical mean.
- **What will turn us more bullish:** a) orderbook restored to at least S$15b-18b levels, equivalent to 1.5 years of Seatrium's target annual revenue (S$10b-12b); and b) on top of a), confidence in Seatrium being able to sustain an order win momentum of at least S$9b for an extended period.

Earnings Revision/Risk

- We raise our 2026F core earnings forecast by 16% as we lift our gross profit margin projections, while cutting 2027-28F figures by 5-6% as we moderate revenue projections to reflect Seatrium's weak orderbook on hand.

Improving Gross Margin A Key Driver Of Earnings



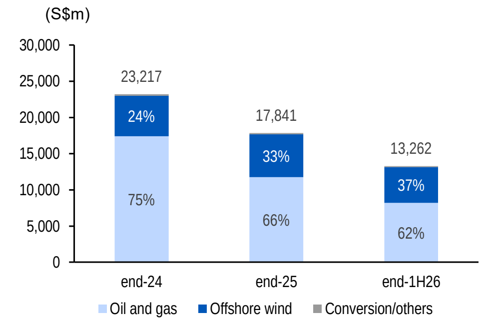
Source: Seatrium

Orderbook On Hand

Delivery year	No. of projects	------ Contract value (S$m) ------ Gross	Net
2026	6	4,352	122
2027	9	10,633	1,806
2028	3	5,786	1,992
2029	2	7,076	2,438
2030 onwards	4	11,088	6,904
Total	**24**	**38,935**	**13,262**

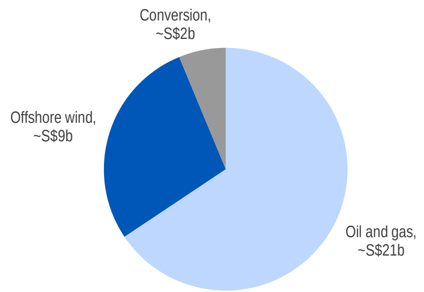
Source: Seatrium

Orderbook Trend



Source: Seatrium

Pursuing Over S$32b Worth Of Orders In The Next 24 Months



Source: Seatrium

Seatrium Valuation

		2025	2026F	2027F
BVPS		S$2.04	**S$2.19**	S$2.28
PB peg		---------------- Target price ----------------		
+1.0SD	1.28x	S$2.60	S$2.79	S$2.90
+0.5SD	1.16x	S$2.37	S$2.54	S$2.65
Mean	**1.05x**	S$2.14	**S$2.30**	S$2.39
-0.5SD	0.94x	S$1.91	S$2.05	S$2.13
11.0SD	0.82x	S$1.68	S$1.80	S$1.87

Source: Seatrium

Profit & Loss

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Net turnover	**11,472**	**10,919**	**10,000**	**10,000**
EBITDA	862	1,167	979	980
Deprec. & amort.	349	272	272	272
EBIT	514	895	707	708
Total other non-operating income	14	0	0	0
Associate contributions	31	15	15	15
Net interest income/(expense)	(102)	(82)	(63)	(43)
Pre-tax profit	**456**	**828**	**659**	**680**
Tax	(136)	(225)	(230)	(230)
Minorities	4	4	4	4
Net profit	**324**	**606**	**433**	**454**
Net profit (adj.)	303	440	433	454

Balance Sheet

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Fixed assets	3,946	3,930	3,915	3,902
Other LT assets	4,986	4,972	4,958	4,944
Cash/ST investment	1,808	1,901	1,974	1,913
Other current assets	7,360	7,360	7,360	7,360
Total assets	**18,100**	**18,163**	**18,207**	**18,118**
ST debt	1	1	1	1
Other current liabilities	7,482	7,482	7,482	7,482
LT debt	2,487	2,049	1,799	1,399
Other LT liabilities	1,223	1,223	1,223	1,223
Shareholders' equity	6,907	7,412	7,710	8,025
Minority interest	0	(4)	(8)	(12)
Total liabilities & equity	**18,100**	**18,163**	**18,207**	**18,118**

Cash Flow

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Operating	**142**	**860**	**687**	**707**
Pre-tax profit	456	828	659	680
Tax	(136)	(225)	(230)	(230)
Deprec. & amort.	349	272	272	272
Associates	(31)	(15)	(15)	(15)
Working capital changes	(98)	0	0	0
Non-cash items	0	0	0	0
Other operating cashflows	(398)	0	0	(0)
Investing	**2**	**(180)**	**(180)**	**(180)**
Capex	(123)	(180)	(180)	(180)
Investments	(0)	0	0	0
Proceeds from sale of assets	100	0	0	0
Others	26	0	0	0
Financing	**(238)**	**(587)**	**(434)**	**(589)**
Dividend payments	(51)	(102)	(135)	(139)
Proceeds from borrowings	0	0	0	0
Loan repayment	(126)	(438)	(250)	(400)
Others/interest paid	(61)	(47)	(48)	(50)
Net cash inflow (outflow)	**(93)**	**93**	**73**	**(61)**
Beginning cash & cash equivalent	**1,942**	**1,808**	**1,901**	**1,974**
Changes due to forex impact	(40)	0	0	0
Ending cash & cash equivalent	**1,808**	**1,901**	**1,974**	**1,913**

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	7.5	10.7	9.8	9.8
Pre-tax margin	4.0	7.6	6.6	6.8
Net margin	2.8	5.6	4.3	4.5
ROA	1.8	3.3	2.4	2.5
ROE	4.9	8.5	5.7	5.8
Growth				
Turnover	24.3	(4.8)	(8.4)	0.0
EBITDA	37.5	35.4	(16.1)	0.1
Pre-tax profit	139.5	81.4	(20.4)	3.2
Net profit	106.3	87.4	(28.5)	4.7
Net profit (adj.)	106.3	87.4	(28.5)	4.7
EPS	106.5	87.4	(28.5)	4.7
Leverage				
Debt to total capital	26.5	21.7	18.9	14.9
Debt to equity	36.0	27.7	23.3	17.4
Net debt/(cash) to equity	9.8	2.0	(2.3)	(6.4)

Frasers Logistics & Commercial Trust (FLT SP)

Scaling Up In Europe By Tapping On Sponsor Pipeline

BUY (Maintained)	
Share Price	S$0.99
Target Price	S$1.33
Upside	+34.3%

Analyst(s)
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Highlights

- The logistics portfolio maintained near-full occupancy at 99.7% as of Jun 26. It generated positive rental reversion of 11.9% on an incoming-versus-outgoing basis (Sydney: 8.8%, Melbourne: 29% and Germany: 3%).
- The acquisition of four freehold logistics properties in Europe for €294.9m (S$441.5m) is expected to be 1.7% DPU accretive. The four properties are strategically located near major transport infrastructure.
- FLT's resiliency is reflected in near-full occupancies for its logistics properties in Australia and Europe. Maintain BUY. Target price: S$1.33.

Analysis

- Frasers Logistics & Commercial Trust (FLT) delivered resilient operating performance for its 3QFY26 business update.
- **Logistics: Sustained positive leasing momentum.** The logistics portfolio maintained near-full occupancy at 99.7% as of Jun 26. Europe and the UK maintained full occupancy while Singapore logistics occupancy improved 0.7ppt qoq to 95.0% in 3QFY27. FLT completed 13 logistics leases covering 132,489sqm and achieved rental reversion of 11.9% on an incoming-versus-outgoing basis (Singapore: 17.4%, Sydney: 8.8%, Melbourne: 29%, Germany: 3% and Netherlands: 10%) and 23.8% on an average-versus-average basis in 3QFY26. FLT benefits from supply chain resilience, e-commerce adoption and limited new supply in its core markets.
- **Commercial: Progressively backfilling vacant space.** Occupancy for the commercial portfolio was stable at 88.4% as of Jun 26. Occupancy at Alexandra Technopark (ATP) was stable at 85.3%, while occupancy at Central Park improved 1.2ppt qoq to 96.3%. FLT completed 17 commercial leases covering 14,120sqm, recording a modest negative reversion of 0.3% on an incoming-versus-outgoing basis but positive at 4.5% on an average-versus-average basis, largely due to leasing at Alexandra Technopark.
- **FLT's portfolio remains well diversified** across five developed markets with a WALE of 4.9 years (top 10 tenants: 5.8 years).

Key Financials

Year to 30 Sep (S$m)	2024	2025	2026F	2027F	2028F
Net turnover	447	471	490	524	530
EBITDA	279	295	305	329	334
Operating profit	279	295	305	329	334
Net profit (rep./act.)	148	205	184	190	193
Net profit (adj.)	188	170	184	190	193
EPU (S$ cent)	5.0	4.5	4.8	5.0	5.0
DPU (S$ cent)	6.8	6.0	6.0	5.9	5.9
PE (x)	19.7	22.0	20.5	20.0	19.8
P/B (x)	0.9	0.9	0.9	0.9	0.9
DPU yld (%)	6.9	6.0	6.0	6.0	6.0
Net margin (%)	33.0	43.5	37.6	36.3	36.4
Net debt/(cash) to equity (%)	53.4	56.1	69.0	70.5	72.1
Interest cover (x)	4.4	3.6	3.5	3.2	3.2
ROE (%)	3.4	4.9	4.4	4.6	4.7
Consensus DPU (S$ cent)	-	-	5.9	5.9	6.0
UOBKH/Consensus (x)	-	-	1.01	1.00	0.99

Source: Frasers Logistics & Commercial Trust, Bloomberg, UOB Kay Hian

Stock Data

GICS Sector	Real Estate
Bloomberg ticker	FLT SP
Shares issued (m)	3,801.3
Market cap (S$m)	3,763.2
Market cap (US$m)	2,932.7
3-mth avg daily t'over (US$m)	8.7

Price Performance (%)

52-week high/low S$1.05/S$0.86

1mth	3mthe	6mth	1yr	YTD
2.6	3.1	(2.0)	12.5	(0.5)

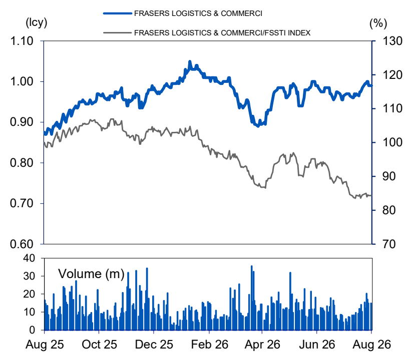
Major Shareholders

	%
Frasers Property Ltd	23.0

Balance Sheet Metrics

FY26 NAV/Share (S$)	1.08
FY26 Net Debt/Share (S$)	0.75

Price Chart



Source: Bloomberg

Company Description

FLT invests in income-producing properties used predominantly for logistics, commercial (CBD office space) or business park (non-CBD office and R&D space) purposes in the Asia Pacific region and Europe.

- **Expanding logistics exposure through acquisitions.** FLT has secured unitholder approval for the acquisition of four freehold logistics properties in Germany and the Netherlands for €294.9m (S$441.5m). The four properties are strategically located near major transport infrastructure. The Düsseldorf asset is located within one of Germany's top five logistics markets and near Düsseldorf Airport. The Duisburg property is near Port Duisburg at the confluence of Rhine River and Ruhr, one of the busiest inland ports. The two Dutch properties located in Breda are strategically positioned within the key logistics corridor between Rotterdam and Antwerp - Europe's two largest seaports. The assets are fully occupied, have a WALE of 5.7 years, and are expected to be 1.7% DPU accretive. Management believes the acquisition deepens FLT's exposure to resilient logistics markets in continental Europe and strengthens the portfolio's focus on high-quality logistics assets.
- **Active capital recycling.** FLT divested the vacant Juniper Building at Blythe Valley Business Park in the UK for £2.2m, representing a 37.5% premium to the latest valuation. The building was vacant since Jun 24. The buyer is a third-party owner-occupier. Management has started to see buying interest for its UK business park properties.
- **Conservative capital management.** Aggregate leverage rose 1.7ppt qoq to 35.4% in Jun 26 following acquisition-related funding preparations and increased by another 3.3ppt to 38.7% in Jul 26 after the completion of the acquisition of four freehold logistics properties in Europe. FLT's debt headroom before reaching 40% gearing is correspondingly reduced from S$547m to S$160m. The average debt maturity improved to 3.0 years, while interest coverage ratio increased to 4.6x. The average cost of debt was stable at 3.2% in 3QFY26. Management maintained guidance for cost of debt at 3.2-3.3% for FY26.

Valuation/Recommendation

- **Pivoting to logistics.** FLT intends to pursue strategic growth opportunities in the resilient logistics segment, while evaluating the potential divestment of non-core office assets. Management intends to increase the allocation for logistics properties to 85% (post-acquisition: 76.6%). FLT will scout for opportunities to acquire logistics properties in developed markets such as Singapore (cap rate: low- to high-6%) and Europe (cap rate: high-4% to low-5%), including Germany and the Netherlands, where yield spreads are positive. FLT plans to divest underperforming commercial properties and recycle the capital freed up for reinvestment in logistics properties.
- **Preserving debt headroom for acquisitions.** FLT will adopt a conservative approach to wean off capital distribution of past divestment gains. Management intends to cap capital distribution from divestment gains in FY26 at less than 2HFY25's S$9.8m (DPU of 0.26 S cents). Around 75% of management fees would be paid in units for FY26.
- **Maintain BUY.** Our target price of S$1.33 is based on DDM (cost of equity: 6.75%, terminal growth: 2.5%).

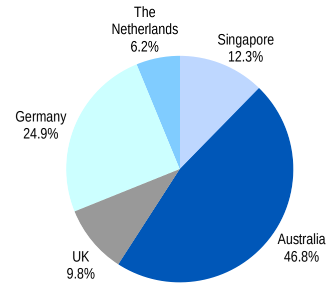
Earnings Revision/Risk

- We maintain our existing DPU forecasts.

Share Price Catalyst

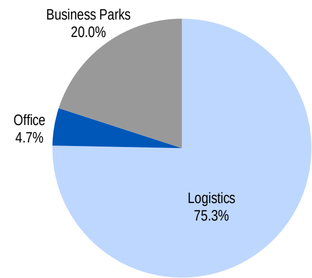
- a) Acquisitions in Singapore and Europe from sponsor pipeline; b) backfilling of vacant space at ATP in Singapore and business parks in the UK.

Portfolio Valuation By Country



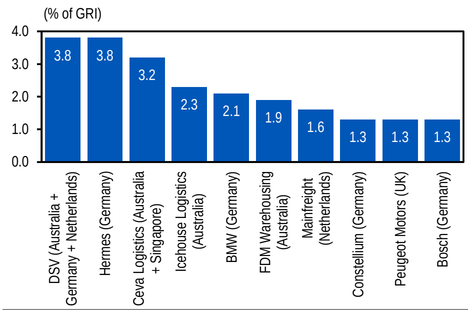
Source: FLT

Tenant Sector Breakdown For New Properties



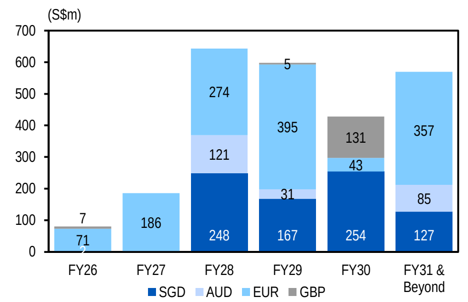
Source: FLT

Top 10 Logistics Tenants



Source: FLT

Debt Maturity Profile



Source: FLT

Profit & Loss

Year to 30 Sep (S$m)	2025	2026F	2027F	2028F
Net turnover	**471.5**	**489.8**	**524.0**	**530.5**
EBITDA	295.2	305.2	329.4	333.8
Deprec. & amort.	0.0	0.0	0.0	0.0
EBIT	295.2	305.2	329.4	333.8
Total other non-operating income	35.2	0.0	0.0	0.0
Associate contributions	0.0	0.0	0.0	0.0
Net interest income/(expense)	(81.9)	(87.6)	(104.3)	(105.5)
Pre-tax profit	**248.4**	**217.7**	**225.2**	**228.3**
Tax	(36.0)	(29.4)	(30.4)	(30.8)
Minorities	(7.3)	(4.4)	(4.5)	(4.6)
Perpetual Securities	0.0	0.0	0.0	0.0
Net profit	**205.1**	**183.9**	**190.3**	**192.9**
Net profit (adj.)	169.9	183.9	190.3	192.9

Balance Sheet

Year to 30 Sep (S$m)	2025	2026F	2027F	2028F
Fixed assets	6,993.9	7,514.4	7,529.4	7,544.4
Other LT assets	0.9	0.9	0.9	0.9
Cash/ST investment	299.1	167.9	168.3	169.7
Other current assets	46.4	48.5	50.9	51.3
Total assets	**7,340.4**	**7,731.8**	**7,749.6**	**7,766.3**
ST debt	475.6	475.6	475.6	475.6
Other current liabilities	133.0	138.1	145.5	147.7
LT debt	2,167.5	2,545.0	2,580.0	2,620.0
Other LT liabilities	295.9	302.2	308.9	314.9
Shareholders' equity	4,174.6	4,131.4	4,095.6	4,059.6
Minority interest	93.8	139.5	144.0	148.5
Total liabilities & equity	**7,340.4**	**7,731.8**	**7,749.6**	**7,766.3**

Cash Flow

Year to 30 Sep (S$m)	2025	2026F	2027F	2028F
Operating	**302.3**	**322.4**	**306.8**	**306.8**
Pre-tax profit	248.4	217.7	225.2	228.3
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	(2.4)	2.7	5.2	1.0
Non-cash items	(16.9)	27.1	28.9	29.0
Other operating cashflows	73.2	74.9	47.7	48.5
Investing	**(35.9)**	**(520.5)**	**(15.0)**	**(15.0)**
Capex (growth)	(147.2)	(505.5)	0.0	0.0
Capex (maintenance)	(50.6)	(15.0)	(15.0)	(15.0)
Proceeds from sale of assets	160.7	0.0	0.0	0.0
Others	1.1	0.0	0.0	0.0
Financing	**(104.2)**	**66.9**	**(291.4)**	**(290.4)**
Distribution to unitholders	(238.0)	(227.1)	(226.1)	(228.9)
Issue of shares	0.0	0.0	0.0	0.0
Proceeds from borrowings	190.9	377.5	35.0	40.0
Loan repayment	0.0	0.0	0.0	0.0
Others/interest paid	(57.1)	(83.6)	(100.3)	(101.5)
Net cash inflow (outflow)	**162.1**	**(131.2)**	**0.5**	**1.3**
Beginning cash & cash equivalent	**133.6**	**299.1**	**167.9**	**168.3**
Changes due to forex impact	3.4	0.0	0.0	0.0
Ending cash & cash equivalent	**299.1**	**167.9**	**168.3**	**169.7**

Key Metrics

Year to 30 Sep (S$m)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	62.6	62.3	62.9	62.9
Pre-tax margin	52.7	44.4	43.0	43.0
Net margin	43.5	37.6	36.3	36.4
ROA	2.8	2.4	2.5	2.5
ROE	4.9	4.4	4.6	4.7
Growth				
Turnover	5.6	3.9	7.0	1.2
EBITDA	5.8	3.4	7.9	1.3
Pre-tax profit	42.5	(12.4)	3.4	1.4
Net profit	39.0	(10.3)	3.4	1.4
Net profit (adj.)	(9.8)	8.3	3.4	1.4
EPU	(10.1)	7.2	2.6	0.6
Leverage				
Debt to total capital	38.2	41.4	41.9	42.4
Debt to equity	63.3	73.1	74.6	76.3
Net debt/(cash) to equity	56.1	69.0	70.5	72.1
Interest cover (x)	3.6	3.5	3.2	3.2

MARKET SPOTLIGHT

Market News

US stocks were higher on Friday, as consumer discretionary, communication services and industrials sectors led shares higher. At the close of the NYSE, the Dow Jones rose 0.53% while the S&P 500 index was up 0.70%, and the NASDAQ Composite index gained 1.00%. Falling stocks outnumbered advancing ones on the NYSE by 1,450 to 1,302 and 82 ended unchanged; on the Nasdaq Stock Exchange, 2,635 declined and 2,200 advanced, while 183 ended unchanged.

During the last trading session, the FSSTI index fell 45.08pt to 5,628.50. Among the top active stocks were Singtel (-3.1%), Seatrium +1.4%), DBS (-1.1%), SIA (+1.2%) and UMS (+5.1%). The FTSE ST Mid Cap index rose 0.1%, while the FTSE ST Small Cap Index gained 1.1%. The broader market had 306 gainers and 242 losers with a total trading value of S$2.56b.

Capitaland Investment (CLI SP)

Trading buy range: S$2.64-2.65
Last price: S$2.66
Target price: S$2.88
Protective stop: S$2.58

Price has successfully consolidated above the resistance-turned-support zone following a decisive breakout. The RSI is driving deep into overbought territory to reflect intense buy-side demand and powerful directional displacement. This projects a further mark-up toward overhead target zones as long as price maintains its footing above this support floor.

The potential upside target is S$2.88. Stop-loss could be placed at S$2.58.

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 S$3.93.

Singapore Tech Engineering (STE SP)

Trading sell range: S$10.27-10.28
Last price: S$10.08
Target price: S$9.01
Protective stop: S$10.82

Price delivered a decisive breakdown last Friday, breaking and closing below the strong support zone with an expansive bearish candle. The RSI is holding firmly below its neutral 50-midline and curling downward to reflect accelerating downside momentum. This points towards further downward progression as long as the broken support floor holds as new overhead resistance.

The potential downside target is S$9.01. Stop-loss could be placed at S$10.82.

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 S$11.75.

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