UOBKayHian

Country Daily | Singapore

Friday, 30 October 2026

Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	52342.6	(0.3)	(1.0)	1.9	8.9
S&P 500	7720.4	(0.3)	0.7	0.6	12.8
FTSE 100	10722.1	0.3	(0.0)	0.8	8.0
AS30	9012.6	0.5	1.1	0.5	(0.1)
CSI 300	4041.8	(1.0)	0.1	(7.2)	(12.7)
FSSTI	5396.0	0.0	(0.5)	(4.9)	16.1
HSCEI	7755.7	(0.5)	0.9	(5.6)	(13.0)
HSI	22958.7	(0.6)	0.1	(6.4)	(10.4)
JCI	5098.1	(3.5)	(5.4)	(16.0)	(41.0)
KLCI	1611.2	(0.2)	0.2	(2.4)	(4.1)
KOSPI	5937.7	(1.2)	7.3	(13.2)	40.9
Nikkei 225	64659.5	1.1	2.8	(3.1)	28.4
SET	1544.6	(1.4)	(0.7)	(0.9)	22.6
TWSE	46368.3	(1.4)	0.2	(3.3)	60.1
BDI	2712	2.3	0.7	(14.7)	44.5
CPO (RM/mt)	4436	0.7	(0.3)	(0.8)	12.8
Brent Crude (US$/bbl)	115	(0.4)	1.5	12.0	88.8

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
TNFD Conference: Nature Means Business – Navigating Nature-Related Risks with TNFD	Malaysia	05 Nov	05 Nov
Virtual Meeting with UUE Holdings Berhad (UUE MK)	Malaysia	10 Nov	10 Nov
1HFY27 Post Results briefing with Valuetronics Holdings Ltd (VALUE SP)	Singapore	11 Nov	11 Nov
Analyst Marketing by Johnny Yum on GC AI Sector	Taipei	17 Nov	18 Nov
Regional 1H2027 Strategy Conference	Malaysia	02 Dec	02 Dec

Corporate and Macro Calendar

Economic Indicator/Event	Date
Bank Lending SEP	30 Oct
Unemployment Rate Prel Q3	30 Oct
Business Confidence Q3	30 Oct
SIPMM Manufacturing PMI OCT	2 Nov

Top Stories

Company Results | CapitaLand Integrated Commercial Trust (CICT SP/**BUY**/S$2.28/Target: S$3.11)

Page 3 →

- Office occupancy rose 1.0ppt qoq to 95.4% with broad-based improvements in Singapore, Germany and Australia. We estimate rental reversion for retail portfolio has improved from +3.5% in 2Q26 to 6.6% for 3Q26. Paragon, balance 55% of CapitaSpring and Gallileo's progressive handover to ECB would contribute fully for six months in 2H26. Maintain BUY. Target price: S$3.11.

Company Results | Nanofilm Technologies International (NANO SP/**BUY**/S$0.805/Target: S$1.090)

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- 3Q26 revenue grew 2% yoy to S$74m, with strong NFBU and IEBU growth offsetting weaker AMBU revenue. 9M26 revenue of S$187m (+4% yoy) is broadly in line with our estimate. Gross and EBITDA margins each improved 5ppt yoy on better cost control and operational optimisations. The flagship coating programme has reached full capacity, supporting 4Q26. Maintain BUY on Nanofilm with a lower target price of S$1.09.

Company Update | Keppel (KEP SP/**BUY**/S$10.24/Target: S$11.90)

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- Keppel's 3Q26 headline net profit rose 15% yoy, but 9M26 core earnings growth of over 10% lagged our 20% full-year forecast, reflecting weaker-than-expected integrated power earnings growth. Asset management fees increased 18% yoy, supported by expanding FUM. We lower our 2026-28 core earnings forecasts by 4-6% as we fine-tune our integrated power estimates. The outlook remains positive for Keppel, supported by secular growth in power demand and digital infrastructure investment. Maintain BUY with a lower target price of S$11.90.

Market Spotlight

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- US stocks were lower on Thursday. All indices fell as the communication services, information technology and consumer discretionary sectors fell. There were more advancers than decliners on NYSE and NASDAQ.
- The FSSTI fell 1.88 points to 5,397.91, on the back of weakness in DBS, UMS and SATS, with both mid- and small-cap indices falling with a broad market decline on a S$1.77b 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

AEM Holdings | AEM SP Page 13 →

- Trading Sell Range: S$8.15-8.16

DBS Group | DBS SP Page 13 →

- Trading Sell Range: S$73.80-73.85

CapitaLand Integrated Commercial Trust (CICT SP)

3Q26: Uptick For Office Occupancy; Firmer Reversion For Retail

Highlights

- Office occupancy rose 1.0ppt qoq to 95.4% with broad-based improvements in Singapore, Germany and Australia. We estimated rental reversion for retail portfolio improved from +3.5% in 2Q26 to +6.6% for 3Q26.
- Management targets mid-single-digit reversions for both office and retail in 2026. Paragon, balance 55% of CapitaSpring and Gallileo's progressive handover to ECB would contribute fully for six months in 2H26.
- Maintain BUY. Target price: S$3.11.

3Q26 Results

Year to 31 Dec (S$m)	3Q26	yoy % Chg	Remarks
Gross Revenue	464.5	+15.0	
- Retail	143.5	-5.4	Divestment of Bukit Panjang Plaza (completion: 27 Feb 26).
- Office	151.4	+15.3	Consolidation of CapitaSpring (completion: 25 Aug 25)
- Integrated Development	169.6	+40.3	Full three-month contribution from Paragon (completion: 1 Jul 26).
Net Property Income (NPI)	334.9	+13.8	
- Retail	99.6	-8.2	
- Office	111.8	+13.8	Handover to European Central Bank (ECB) at Gallileo in 1H26.
- Integrated Development	123.5	+40.8	

Source: CICT, UOB Kay Hian

Analysis

- CapitaLand Integrated Commercial Trust (CICT) report NPI of S$334.9m for 3Q26, up 13.8% yoy and quite in line with our expectation.
- **Financial performance strengthened in 3Q26.** Gross revenue and NPI rose 15.0% and 13.8% yoy respectively in 3Q26, driven by Paragon, Gallileo and CapitaSpring step-up acquisition, partly offset by the divestments of Bukit Panjang Plaza and Asia Square Tower 2 (AST2). NPI from integrated development grew 41% due to contribution from newly acquired Paragon.
- **Retail: Uptick in rent reversion.** Retail occupancy eased 0.4ppt qoq to 97.3% (suburban: 99.1% and downtown: 96.0%), excluding AEI space at Plaza Singapura and The Atrium @ Orchard. Retail rental reversion improved to +4.6% for 9M26 (suburban: +4.6% and downtown: +4.5%). Tenant retention was 83.6%. Tenant sales psf grew 2.1% yoy, supported by seasonal promotions and new openings, particularly in jewellery & watches and food & beverages. AEI for Tampines Mall was completed in 3Q26 and has added 16 new brands. Chanel, Dior and YSL, who were previously sub-tenants within Isetan, have setup standalone boutiques at Tampines Mall.

Key Financials

Year to 31 Dec (S$m)	2024	2025	2026F	2027F	2028F
Net turnover	1,586	1,619	1,706	1,845	1,874
EBITDA	1,039	1,073	1,129	1,226	1,246
Operating profit	1,039	1,073	1,129	1,226	1,246
Net profit (rep./act.)	934	937	1,171	1,019	1,042
Net profit (adj.)	748	869	932	1,019	1,042
EPU (S$ cent)	10.7	11.8	11.9	12.8	13.0
DPU (S$ cent)	10.9	11.6	11.8	12.8	13.0
PE (x)	21.4	19.4	19.2	17.8	17.5
P/B (x)	1.1	1.1	1.1	1.1	1.1
DPU yld (%)	4.8	5.1	5.2	5.6	5.7
Net margin (%)	58.9	57.9	68.7	55.2	55.6
Net debt/(cash) to equity (%)	56.6	60.4	56.0	55.9	56.0
Interest cover (x)	3.2	3.6	4.3	4.5	4.6
ROE (%)	6.3	5.9	7.0	5.9	6.0
Consensus DPU (S$ cent)	-	-	11.9	12.5	12.9
UOBKH/Consensus (x)	-	-	0.99	1.02	1.01

Source: CapitaLand Integrated Commercial Trust, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	S$2.28
Target Price	S$3.11
Upside	34.2%

Stock Data

Sector	Real Estate
Bloomberg ticker	CICT SP
Shares issued (m)	7,974.0
Market cap (S$m)	18,180.8
Market cap (US$m)	14,194.9
3-mth avg daily t'over (US$m)	56.7

Price Performance (%)

52-week high/low				S$2.57/S$2.20
1mth	3mth	6mth	1yr	YTD
2.7	(9.2)	(4.6)	(5.4)	(4.6)

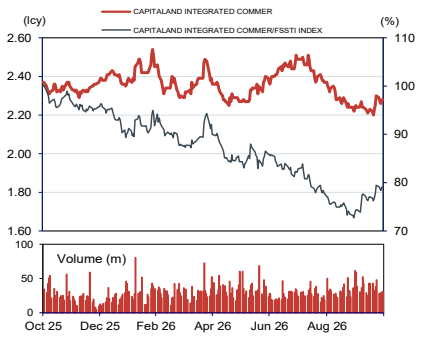
Major Shareholders (%)

Temasek Hldgs	21.0

Balance Sheet Metrics

FY26 NAV/Share (S$)	2.17
FY26 Net Debt/Share (S$)	1.22

Price Chart



Source: Bloomberg

Company Description

CICT is the first and largest S-REIT listed on the SGX. It was established as CapitaLand Mall Trust (CMT) in Jul 02 and was renamed CICT in Nov 20 following the merger with CapitaLand Commercial Trust (CCT).

- **Office: Occupancy and leasing momentum improved.** Office occupancy rose 1.0ppt qoq to 95.4% with improvement from Singapore (+1ppt qoq to 97.4%). Germany and Australia also saw upticks of 0.8ppt and 3.4ppt qoq respectively to 86.2% and 97.5%. Singapore office rental reversion was +7.1% for 9M26. Tenant retention was 79.1%. Major renewals and new leases in 3Q26 included Ericsson at CapitaSky, JustCo at Raffles City Tower and Mirae Asset Securities at Six Battery Road.
- **Aggregate leverage increased 2.3ppt qoq to 39.7%** as of Sep 26. Average cost of debt temporary fell 0.1ppt qoq to 2.8% in 3Q26 due to drawdown of bridging loan. Interest coverage was 3.8x. CICT issued S$400m of five-year green notes at 2.646% on 8 Sep 26. Fixed-rate borrowings accounted for 76%, and average debt maturity lengthened to 4.2 years. Management guided for cost of debt to inch slightly higher at about 3.0% in 2027.

Valuation/Recommendation

- **Growth supported by Paragon and phased AEIs.** Management targets mid-single-digit reversions for both office and retail in 2026. Paragon, balance 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. Singapore portfolio locked in electricity tariff at lower-cost formula till Jun 27.
- **Leasing momentum for office space gained traction.** Average Singapore office rent was S$10.98psf/month in 3Q26, down 0.5% qoq after excluding AST2 (divestment completed on 17 Sep 26), which is below Core CBD Grade A rents 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.
- **AEI for Plaza Singapura & The Atrium @ Orchard,** with an estimated capex of S$160m and a targeted ROI of 6-7%, is progressing from 3Q26 to 4Q28. The redevelopment is aligned with the URA's plans to pedestrianise the stretch of Orchard Road in front of Plaza Singapura and expand Istana Park. The project will transform the existing cinema space with experiential entertainment and thematic dinning concepts. The arrival area at Level 1 facing Orchard Road will be refreshed with all-day dining cafes. Sky bridges at Levels 3 and 5 will be transformed into floating gardens, anchored by new F&B concepts. Basement connection to Dhoby Ghaut MRT station would also be enhanced to improve circulation.
- **Management has initiated the process to divest Main Airport Center** near Frankfurt airport in Germany. Key tenants are Dell, IQVIA Commercial and Deutsche Lufthansa. It is in discussion with several potential buyers. There is no fixed timeline, but we should get some clarity come 1Q27. The property was valued at €234m (S$332m) as of Dec 25.
- **Keeping focus on home base Singapore.** CICT will continue to focus on expansion in Singapore via acquisitions. Singapore's positive outlook is grounded in continued population growth and investment in infrastructure.
- **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%).

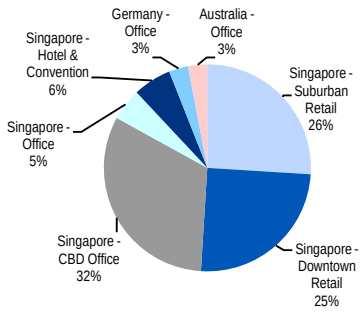
Earnings Revision/Risk

- We maintain our existing DPU forecast.

Share Price Catalyst

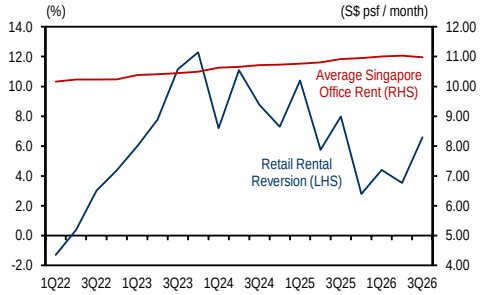
- Paragon, balance 55% of CapitaSpring and Gallileo's progressive handover to ECB would contribute fully for six months in 2H26.
- Asset enhancement and redevelopment of existing properties.

Gross Revenue By Asset Type (1H26)



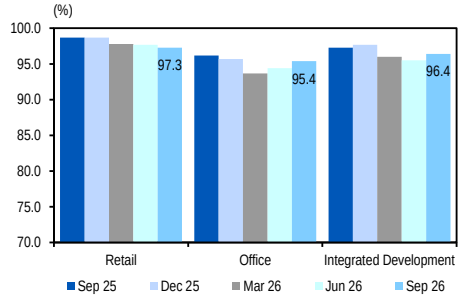
Source: CICT

Rental Reversion For Retail And Average Singapore Office Rent



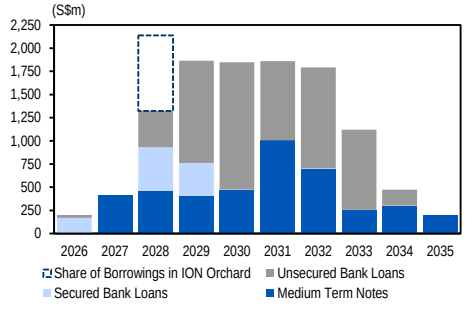
Source: CICT

Portfolio Occupancy



Source: CICT

Debt Maturity Profile



Source: CICT

Profit & loss

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Net turnover	1,619.2	1,705.8	1,845.1	1,874.3
EBITDA	1,072.5	1,129.3	1,225.9	1,246.2
Deprec. & amort.	0.0	0.0	0.0	0.0
EBIT	1,072.5	1,129.3	1,225.9	1,246.2
Total other non-operating income	68.1	238.9	0.0	0.0
Associate contributions	116.8	82.3	85.2	88.1
Net interest income/(expense)	(298.8)	(260.9)	(272.2)	(272.5)
Pre-tax profit	958.6	1,189.6	1,038.8	1,061.8
Tax	(7.2)	(14.3)	(15.6)	(15.9)
Minorities	(14.1)	(4.0)	(4.0)	(4.0)
Perpetual Securities	0.0	0.0	0.0	0.0
Net profit	937.3	1,171.4	1,019.2	1,041.8
Net profit (adj.)	869.1	932.5	1,019.2	1,041.8

Balance Sheet

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Fixed assets	25,606.6	26,895.6	26,925.6	26,955.6
Other LT assets	1,180.9	1,180.9	1,180.9	1,180.9
Cash/ST investment	149.5	256.1	291.7	283.6
Other current assets	486.1	70.9	76.6	77.8
Total assets	27,423.1	28,403.4	28,474.8	28,497.9
ST debt	654.6	654.6	654.6	654.6
Other current liabilities	494.5	544.2	588.1	597.3
LT debt	9,334.9	9,280.0	9,290.0	9,300.0
Other LT liabilities	448.7	443.3	460.5	464.1
Shareholders' equity	16,292.1	17,283.0	17,283.3	17,283.6
Minority interest	198.3	198.3	198.3	198.3
Total liabilities & equity	27,423.1	28,403.4	28,474.8	28,497.9

Cash Flow

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Operating	1,097.0	1,584.8	1,302.8	1,282.0
Pre-tax profit	890.5	950.7	1,038.8	1,061.8
Tax	0.0	0.0	0.0	0.0
Deprec. & amort.	0.0	0.0	0.0	0.0
Associates	(116.8)	(82.3)	(85.2)	(88.1)
Working capital changes	(46.9)	68.7	28.6	6.0
Non-cash items	0.0	0.0	0.0	0.0
Other operating cashflows	370.1	647.6	320.6	302.3
Investing	(653.8)	(966.0)	30.0	30.0
Capex (growth)	(462.1)	(3,900.0)	0.0	0.0
Capex (maintenance)	(285.0)	(30.0)	(30.0)	(30.0)
Proceeds from sale of assets	0.0	2,904.0	0.0	0.0
Others	93.3	60.0	60.0	60.0
Financing	(450.0)	(512.2)	(1,297.2)	(1,320.1)
Distribution to unitholders	(750.1)	(930.4)	(1,018.9)	(1,041.5)
Issue of shares	600.0	750.0	0.0	0.0
Proceeds from borrowings	31.5	(54.9)	10.0	10.0
Loan repayment	0.0	0.0	0.0	0.0
Others/interest paid	(331.4)	(276.9)	(288.2)	(288.5)
Net cash inflow (outflow)	(6.9)	106.6	35.7	(8.1)
Beginning cash & cash equivalent	156.4	149.5	256.1	291.7
Changes due to forex impact	0.0	0.0	0.0	0.0
Ending cash & cash equivalent	149.5	256.1	291.7	283.6

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	66.2	66.2	66.4	66.5
Pre-tax margin	59.2	69.7	56.3	56.6
Net margin	57.9	68.7	55.2	55.6
ROA	3.5	4.2	3.6	3.7
ROE	5.9	7.0	5.9	6.0
Growth				
Turnover	2.1	5.4	8.2	1.6
EBITDA	3.2	5.3	8.6	1.7
Pre-tax profit	2.5	24.1	(12.7)	2.2
Net profit	0.4	25.0	(13.0)	2.2
Net profit (adj.)	16.2	7.3	9.3	2.2
EPU	10.4	0.7	7.8	1.9
Leverage				
Debt to total capital	37.7	36.2	36.3	36.3
Debt to equity	61.3	57.5	57.5	57.6
Net debt/(cash) to equity	60.4	56.0	55.9	56.0
Interest cover (x)	3.6	4.3	4.5	4.6

Nanofilm Technologies International (NANO SP)

3Q26: Margin Expansion Cushions Softer AMBU Revenue

Hightlights

- 3Q26 revenue grew 2% yoy to S$74m, bringing 9M26 revenue to S$187m (+4% yoy), or 68% of our full-year forecast, which we deem in line given a delayed production ramp-up which will see fulfilment in 4Q26.
- Gross and EBITDA margins each rose 5ppt yoy to 45% and 32% respectively. Strong NFBU and IEBU growth offset weaker AMBU sales.
- The flagship coating programme is now at full capacity, supporting 4Q26. Maintain BUY with a 27% lower target price of S$1.09 (24x 2027F EPS).

3Q26 / 9M26 Results

Year to 31 Dec (S$m)	3Q26	yoy chg	9M26	yoy chg
Revenue (S$m)	74	2%	187	4%
- AMBU (Advanced Material Business Unit)	55	-13%	153	1%.
- IEBU (Industrial Equipment Business Unit)	7	66%	13	4%.
- NFBU (Nanofabrication Business Unit)	12	120%	21	63%
Gross margin (%)	45	5ppt	41	5ppt
EBITDA margin (%)	32	5ppt	29	5ppt

Source: Nanofilm

Analysis

- **Margins improved despite modest revenue growth.** Nanofilm Technologies International (Nanofilm) reported a 3Q26 revenue of S$74m (+2% yoy). Gross and EBITDA margins rose 5ppt yoy to 45% and 32% respectively, supported by automation and operational optimisation. For 9M26, revenue rose 4% yoy to S$187m, while gross and EBITDA margins improved to 41% and 29%. Management indicated improved profitability, although PATMI was not disclosed.
- **AMBU weakness partly offset by industrial growth; expect catching up in 4Q26.** AMBU accounted for 82% of 9M26 revenue. The consumer subsegment's revenue fell 19% yoy to S$39m in 3Q26 amid smartphone substrate changes and a supply-chain-related delay in a flagship programme ramp-up until late-3Q26. The industrial subsegment's revenue grew 8% yoy to S$16m, driven by Europe. The flagship functional coating project has now reached full capacity, supporting a stronger contribution in 4Q26.

Key Financials

Year to 31 Dec (S$m)	2024	2025	2026F	2027F	2028F
Net turnover	204	245	275	311	350
EBITDA	50	62	57	71	81
Operating profit	10	18	27	39	47
Net profit (rep./act.)	8	12	20	30	36
Net profit (adj.)	8	12	20	30	36
EPS (S$ cent)	1.2	1.8	3.1	4.5	5.5
PE (x)	68.1	44.7	26.0	17.7	14.7
P/B (x)	1.4	1.2	1.2	1.1	1.0
EV/EBITDA (x)	10.7	8.7	9.4	7.5	6.6
Dividend yield (%)	0.8	1.5	0.8	1.1	1.4
Net margin (%)	3.8	4.8	7.3	9.5	10.2
Net debt/(cash) to equity (%)	(6.5)	1.8	(3.8)	(2.7)	(3.1)
Interest cover (x)	116.8	49.2	45.6	56.8	64.4
ROE (%)	2.0	2.9	4.5	6.4	7.3
Consensus net profit (S$m)	-	-	20	29	38
UOBKH/Consensus (x)	-	-	0.99	1.02	0.94

Source: Nanofilm, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	S$0.805
Target Price	S$1.090
Upside	35.4%
Previous TP	S$1.680

Stock Data

Sector	Materials
Bloomberg ticker	NANO SP
Shares issued (m)	648.8
Market cap (S$m)	522.3
Market cap (US$m)	407.8
3-mth avg t'over (US$m)	3.2

Price Performance (%)

52-week high/low				S$1.68/S$0.530
1mth	3mth	6mth	1yr	YTD
(5.8)	(23.3)	(44.5)	12.6	37.6

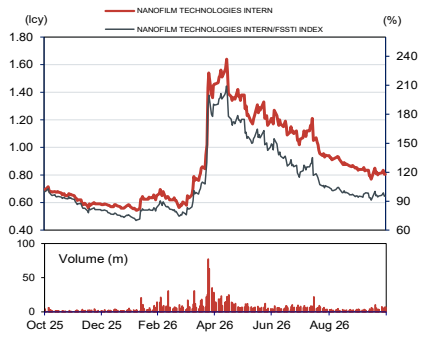
Major Shareholders (%)

Dr Shi Xu	44.86

Balance Sheet Metrics

FY26 NAV/Share (S$)	0.70
FY26 Net Cash/ Share (S$)	0.03

Price Chart



Source: Bloomberg

Company Description

Nanofilm Technologies International provides nanotechnology solutions. The company specialises in advanced materials and nanoproducts. Nanofilm Technologies International serves customers in Asia.

- **NFBU and IEBU delivered strong growth.** NFBU revenue surged 120% yoy to S$12m in 3Q26, driven by micro lens array sensor demand for a new smartwatch series, for which Nanofilm is a key supplier. IEBU revenue grew 66% yoy to S$7m on deliveries of AI PCB drill bit coating equipment. Rising AI demand provides opportunities for further equipment orders, while NFBU is building on its smartphone and smartwatch capabilities.
- **New projects support recovery, with execution risks.** Nanofilm has started engineering development on new substrates for a major customer component, targeting mass production in 2027. Industrial opportunities span semiconductor, PCB micro-tools, medical and life science applications. Sydrogen revenue fell 7% yoy to S$0.3m as non-coating production delays affected deliveries to a Chinese automotive OEM. Yield and capacity improvements remain priorities; titanium electrode coating deliveries to an industrial customer have started in 4Q26.

Valuation/Recommendation

- **Maintain BUY with a 27% lower target price of S$1.09.** We reduce our valuation peg to 24x 2027 EPS based on 0.5SD below PE mean, down from 37x, or 0.5SD above the long-term forward PE mean previously. This is to reflect the general sector derating in the small-mid-cap space. Margin improvement, the completed flagship ramp-up and new substrate development support the recovery outlook. Stronger programme execution and additional equipment orders could provide upside to earnings.

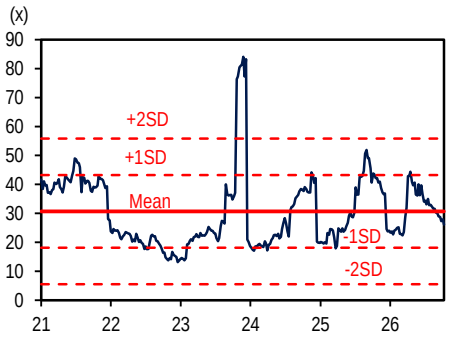
Earnings Revision/Risk

- **We maintain our financial estimates.** 9M26 revenue met 68% of our 2026 forecast of S$275.5m, implying about S$89m in 4Q26, or a 20% growth qoq. Key risks are a slower Consumer recovery, delayed equipment orders and continued Sydrogen production issues.

Share Price Catalyst

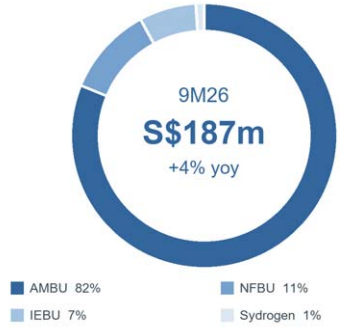
- A stronger 4Q26 programme contribution and successful commercialisation of new substrate coatings in 2027.

Long-Term Forward PE Band



Source: UOB Kay Hian, 14 Aug 26

9M26 Revenue



Source: Nanofilm. Mix totals 101% due to rounding.

Peer Comparison

Company	Ticker	Price @ 29 Oct 26 (lcy)	Market Cap (US$m)	PE 2025 (x)	PE 2026 (x)	PE 2027 (x)	3-yr EPS CAGR (%)	P/B 2026 (x)	Yield 2026 (%)	ROE 2026 (%)	Net Gearing (%)
3M Co	MMM US	172.80	89,291	28.6	18.9	17.4	9.5	21.8	1.8	88.9	203.4
PPG Industries	PPG US	118.44	26,329	17.0	14.8	13.7	21.9	3.1	2.4	20.9	68.3
EMS-Chemie	EMSN SW	839.00	23,708	42.0	38.9	36.3	5.5	10.2	2.3	26.5	(35.7)
OC Oerlikon	OERL SW	5.60	2,299	n.a.	11.1	19.1	13.6	1.6	3.2	33.8	62.0
Rogers Corp	ROG US	140.79	2,505	n.a.	34.7	29.9	49.8	n.a.	n.a.	n.a.	(17.6)
Red Avenue	603650 CH	44.59	4,902	47.4	39.5	31.4	18.2	6.1	1.4	15.5	8.9
Bodycote	BOY LN	916.00	2,075	29.5	18.4	16.4	73.1	5.0	2.6	11.0	31.1
Average				32.9	25.2	23.5		8.0	2.3	32.7	45.8
AEM	AEM SP	8.15	2,030	150.9	29.7	26.0	104.1	4.7	0.8	16.7	(10.4)
Aztech Global	AZTECH SP	0.38	229	7.3	14.7	10.0	(25.2)	1.2	5.3	7.5	(20.5)
Frencken	FRKN SP	2.12	784	23.1	20.1	18.6	9.4	1.8	1.5	9.1	(1.0)
UMS	UMSH SP	2.18	1,602	37.3	26.9	23.0	27.4	4.2	2.3	16.2	(6.3)
VAL	VALUE SP	0.96	306	20.2	15.1	13.9	0.7	1.6	6.6	10.8	(82.6)
Venture Corp	VMS SP	15.15	3,397	19.2	17.8	17.0	1.7	1.5	5.3	8.7	(40.7)
Average				43.0	20.7	18.1		2.5	3.6	11.5	(26.9)
Nanofilm Tech	NANO SP	0.805	408	44.7	26.0	17.7	56.7	1.2	0.8	4.5	3.1

Source: Bloomberg, UOB Kay Hian

Profit & loss

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Net turnover	244.6	275.5	310.5	350.2
EBITDA	61.9	57.4	71.4	81.0
Deprec. & amort.	44.0	30.6	32.6	34.3
EBIT	17.9	26.8	38.8	46.7
Total other non-operating income	(3.3)	0.0	0.0	(0.0)
Associate contributions	(0.1)	0.0	0.0	0.0
Net interest income/(expense)	(1.3)	(1.3)	(1.3)	(1.3)
Pre-tax profit	13.2	25.5	37.6	45.4
Tax	(1.3)	(5.6)	(8.3)	(10.0)
Minorities	(0.1)	0.3	0.3	0.3
Net profit	11.8	20.2	29.6	35.7
Net profit (adj.)	11.8	20.2	29.6	35.7

Balance Sheet

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Fixed assets	306.3	325.7	343.1	358.8
Other LT assets	86.1	86.1	86.1	86.1
Cash/ST investment	84.6	109.5	105.4	107.9
Other current assets	163.8	157.1	174.4	194.0
Total assets	640.7	678.3	709.0	746.8
ST debt	10.7	10.7	10.7	10.7
Other current liabilities	62.7	84.5	91.8	101.3
LT debt	81.8	81.8	81.8	81.8
Other LT liabilities	15.7	15.7	15.7	15.7
Shareholders' equity	437.7	453.9	477.6	506.1
Minority interest	32.1	31.8	31.5	31.2
Total liabilities & equity	640.7	678.3	709.0	746.8

Cash flow

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Operating	48.6	80.2	53.1	60.9
Pre-tax profit	13.2	25.5	37.6	45.4
Tax	(1.3)	(5.6)	(8.3)	(10.0)
Deprec. & amort.	44.0	30.6	32.6	34.3
Associates	(0.1)	0.0	0.0	0.0
Working capital changes	(8.7)	28.5	(10.0)	(10.1)
Non-cash items	0.0	0.0	0.0	0.0
Other operating cashflows	1.5	1.3	1.3	1.3
Investing	(67.8)	(49.8)	(49.8)	(49.8)
Capex (growth)	(46.9)	(50.0)	(50.0)	(50.0)
Investment	(5.3)	0.0	0.0	0.0
Proceeds from sale of assets	0.6	0.0	0.0	0.0
Others	(16.2)	0.2	0.2	0.2
Financing	(6.2)	(6.7)	(8.6)	(9.8)
Dividend payments	(4.3)	(4.0)	(5.9)	(7.1)
Proceeds from borrowings	18.4	0.0	0.0	0.0
Loan repayment	(15.3)	0.0	0.0	0.0
Others/interest paid	(5.0)	(2.7)	(2.7)	(2.7)
Net cash inflow (outflow)	(25.3)	23.7	(5.3)	1.3
Beginning cash & cash equivalent	110.2	85.7	110.7	106.6
Changes due to forex impact	(0.3)	0.0	0.0	0.0
Ending cash & cash equivalent	84.5	109.5	105.4	107.9

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	25.3	20.8	23.0	23.1
Pre-tax margin	5.4	9.3	12.1	13.0
Net margin	4.8	7.3	9.5	10.2
ROA	1.9	3.1	4.3	4.9
ROE	2.9	4.5	6.4	7.3
Growth				
Turnover	19.7	12.6	12.7	12.8
EBITDA	23.2	(7.2)	24.4	13.4
Pre-tax profit	37.3	92.6	47.4	20.8
Net profit	52.4	71.1	46.7	20.6
Net profit (adj.)	52.4	71.1	46.7	20.6
EPS	52.4	71.8	46.7	20.6
Leverage				
Debt to total capital	16.4	16.0	15.4	14.7
Debt to equity	21.1	20.4	19.4	18.3
Net debt/(cash) to equity	1.8	(3.8)	(2.7)	(3.1)
Interest cover (x)	49.2	45.6	56.8	64.4

Keppel (KEP SP)

Decent Headline Earnings Growth But Slower-than-expected Core Earnings Growth In 3Q26

Highlights

- 3Q26 headline net profit of new Keppel rose 15% yoy; however, 9M26 core earnings growth of over 10% yoy came in behind our 20% full-year growth projection, due to weaker-than-expected integrated power contribution.
- Asset management fees rose 18% yoy in 9M26, driven by expanding FUM, having surpassed S$100b.
- We lower our core earnings forecast for Keppel by 4-6%, as we fine-tune our estimates for the integrated power business.
- Keppel continues to ride favourable secular trends of rising power demand and AI-driven digital infrastructure investments, while scaling up its fund management business towards its 2030 goals.
- Maintain BUY, with a lower target price of S$11.90, which values Keppel at 17x 2027F core earnings, adjusted for assets for divestments and net debt.

Analysis

- **New Keppel's headline net profit rose 15% yoy.** Keppel reported that the headline net profit of the new Keppel rose 15% yoy in 3Q26 and over 20% yoy in 9M26, driven by strong connectivity earnings and steady infrastructure contributions. Including the divestment portfolio and discontinued operations, Keppel's 3Q26 overall net profit grew 20% yoy in 3Q26, though the 9M26 figure was 40% lower yoy due to the sizeable impairment losses recorded in 1H26 on the non-core portfolio for divestment.
- **Core earnings growth weaker than expected.** Excluding one-time items such as revaluation/disposal gains/(losses), recurring net profit of the new Keppel rose over 10% yoy in 9M26, trailing behind our projected 20% yoy growth for 2026. The shortfall was mainly from the integrated power business, whose EBITDA rose only 7% yoy in 9M26, although the Keppel Sakra Cogen Plant (which commenced commercial operations in May 26) has expanded Keppel's generation capacity by 45%. The weaker-than-expected integrated power contribution may be explained by: a) some downtime related to the planned maintenance of a power generating unit at the Keppel Merlimau Cogen Plant, and b) likely yoy weaker overall spark spread across the broader portfolio, by our estimate.

Key Financials

Year to 31 Dec (S$m)	2024	2025	2026F	2027F	2028F
Net turnover	5,784	5,983	7,779	8,246	8,481
EBITDA	1,231	1,293	940	1,161	1,193
Operating profit	1,146	1,123	510	700	718
Net profit (rep./act.)	940	789	544	776	856
Net profit (adj.)	638	790	891	972	1,022
EPS (x)	35.1	43.2	49.0	53.5	56.3
PE (x)	29.2	23.7	20.9	19.1	18.2
P/B (x)	1.7	1.8	1.8	1.8	1.8
EV/EBITDA (x)	22.7	21.7	29.8	24.1	23.5
Dividend yield (%)	3.3	4.4	4.5	4.7	4.7
Net margin (%)	16.3	13.2	7.0	9.4	10.1
Net debt/(cash) to equity (%)	87.6	84.0	87.2	89.9	91.6
ROE (%)	8.6	7.2	5.0	7.2	8.0
Consensus net profit (S$m)	-	-	824	1,066	1,252
UOBKH/Consensus (x)	-	-	1.08	0.91	0.86

Source: Keppel, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	S$10.24
Target Price	S$11.90
Upside	+16.2%
Previous TP	S$13.26

Stock Data

Sector	Industrials
Bloomberg ticker	KEP SP
Shares issued (m)	1,787.9
Market cap (S$m)	18,307.8
Market cap (US$m)	14,294.0
3-mth avg daily t'over (US$m)	34.0

Price Performance (%)

52-week high/low				S$13.13/S$9.72
1mth	3mth	6mth	1yr	YTD
(10.7)	(14.7)	(5.2)	4.4	(0.2)

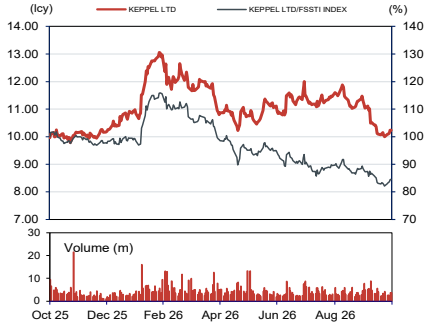
Major Shareholders (%)

Temasek Hldgs	21.0
BlackRock	5.4

Balance Sheet Metrics

FY26 NAV/Share (S$)	5.75
FY26 Net Debt/Share (S$)	5.21

Price Chart



Source: Bloomberg

Company Description

Keppel is an asset manager and operator with four core businesses: Infrastructure, real estate, connectivity and asset management. It divested its offshore & marine arm to Seatrium in 2023.

- **Strong asset management fee growth.** Asset management fees grew 18% yoy to S$354m in 9M26, driven by: a) strong fund under management (FUM) growth (Keppel's total FUM surpassed 2026 year-end target of S$100b ahead of schedule, with S$19.5b of new FUM added in 9M26), and b) a boost from the acquisition advisory fees related to the set-up of the Keppel Offshore Fund (recognised in the infrastructure division). With a S$23b deal flow pipeline, we expect Keppel to sustain a good growth momentum in asset management fees in the medium term, as Keppel scales its fund management business towards its 2030 goals of S$200b FUM.
- **S$3.7b of asset monetisation transactions announced in 9M26,** already exceeding its S$2b-3b full-year target. Key transactions include the proposed disposal of a 51% stake in Keppel South Central to Keppel REIT and the transfer of six operational legacy rigs from RigCo to the Keppel Offshore Fund, with Apollo as co-investor. Around S$940m has been completed and realised ytd, with a further S$600m targeted for completion by end-26. Management expects to sustain an annual asset-monetisation pace of S$2b-3b in the next few years through 2030, supporting capital recycling, debt reduction and shareholder returns.
- **The Indonesian gas supply cut has no direct operational impact on Keppel...** Indonesia announced a reduction in pipeline gas exports to Singapore from 24 Oct 26, comprising lower supplies from the Natuna and Sumatra fields. Singapore authorities have indicated that the disruption is relatively modest, with sufficient replacement LNG available to meet demand. Keppel's diversified gas portfolio comprises LNG and piped natural gas, with its piped gas sourced from Malaysia; hence, we see no direct impact on its gas supply or power-generation operations.
- **…but may provide further support to spark spreads.** We believe the disruption could provide support to spark spreads, which management noted had already rebounded over the past two quarters. Keppel also has a meaningful contract-renewal opportunity, with 8% of generation capacity due for renewal within one year and a further 49% within 1-3 years. The current tighter supply-demand environment could allow Keppel to lock in more favourable spreads as these contracts roll over, placing it in a relatively favourable position vs peers and reinforcing its role as a cornerstone of Singapore's energy security.
- **No update on the M1 deal.** Management noted that discussions with StarHub are ongoing, but there is no assurance that a definitive agreement will materialise. Any transaction could be complex and require both shareholder and regulatory approvals. Keppel is monitoring the evolving market situation but did not provide a timeline for completion.

Earnings Revision/Risk

- **Cut 2026-28 core earnings by 4-6%** as we fine-tune our estimates for the integrated power business.
- **Key risks:** a) industry-wide power-generation capacity growth outpacing demand growth, leading to downward pressure on spark spreads; and b) slower-than-expected monetisation of non-core assets.

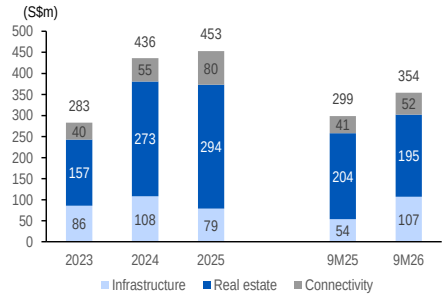
Valuation/Recommendation

- **Maintain BUY with a lower target price of S$11.90.** Our updated target price is based on 17x 2027F core earnings of new Keppel (in line with global asset managers/operators' peer average), adding the book value of its non-core portfolio for divestment (S$13.7b), and netting off Keppel's net debt position (S$9.2b). Keppel offers a 4.5-4.7% yield in 2026-28, by our estimate.

Share Price Catalyst

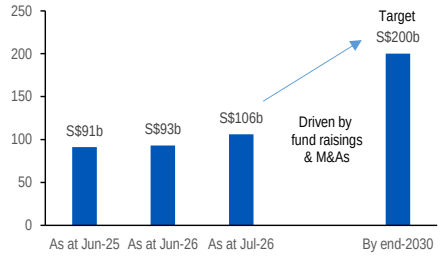
- **Key catalysts** include: a) strong organic growth of Keppel' infrastructure and connectivity divisions, b) fast-growing fee income driven by expanding fund under management, and c) monetisation of non-core assets.

Asset Management Fees



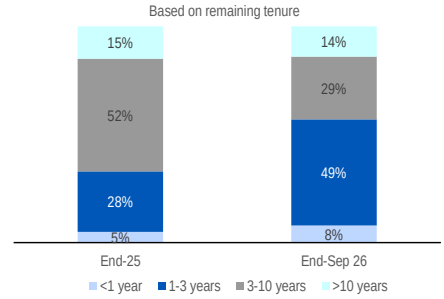
Source: Keppel

Fund Under Management



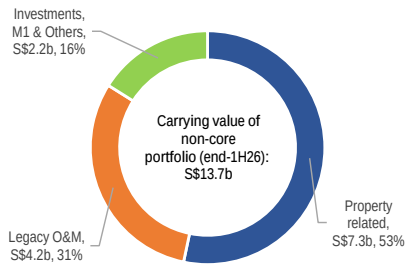
Source: Keppel

Power Capacity Contracting Profile



Source: Keppel

Non-core Portfolio For Divestment



Source: Keppel

Valuation

	S$m	S$
New Keppel @ 17x adj. core earnings	17,004	9.44
Carrying value of non-core assets	13,700	7.60
Sub-total	30,704	17.04
Less: net debt	-9,267	-5.14
Equity value	21,437	11.90

Source: UOB Kay Hian

Profit & Loss

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Net turnover	5,983	7,779	8,246	8,481
EBITDA	1,293	940	1,161	1,193
Deprec. & amort.	170	430	462	475
EBIT	1,123	510	700	718
Total other non-operating income	(199)	32	32	32
Associate contributions	458	551	603	668
Net interest income/(expense)	(303)	(283)	(283)	(283)
Pre-tax profit	1,078	811	1,052	1,136
Tax	(306)	(288)	(298)	(301)
Minorities	16	22	22	22
Net profit	789	544	776	856
Net profit (adj.)	790	891	972	1,022

Balance Sheet

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Fixed assets	8,549	8,628	8,714	8,801
Other LT assets	10,776	10,831	10,891	10,958
Cash/ST investment	2,309	2,049	1,820	1,637
Other current assets	5,453	5,453	5,453	5,453
Total assets	27,088	26,961	26,878	26,850
ST debt	1,919	1,919	1,919	1,919
Other current liabilities	3,860	3,860	3,860	3,860
LT debt	9,517	9,517	9,517	9,517
Other LT liabilities	606	606	606	606
Shareholders' equity	10,864	10,760	10,698	10,692
Minority interest	322	300	278	256
Total liabilities & equity	27,088	26,961	26,878	26,850

Cash Flow

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Operating	662	369	580	609
Pre-tax profit	1,317	822	1,064	1,147
Tax	(306)	(288)	(298)	(301)
Deprec. & amort.	244	430	462	475
Associates	(458)	(551)	(603)	(668)
Working capital changes	282	0	0	0
Non-cash items	0	0	0	0
Other operating cashflows	(419)	(44)	(44)	(44)
Investing	(286)	66	76	119
Capex	(514)	(474)	(511)	(526)
Investments	(1,058)	0	0	0
Proceeds from sale of assets	874	0	0	0
Others	412	540	587	645
Financing	(326)	(695)	(885)	(911)
Dividend payments	(617)	(649)	(838)	(863)
Proceeds from borrowings	302	0	0	0
Loan repayment	0	0	0	0
Others/interest paid	(11)	(47)	(47)	(48)
Net cash inflow (outflow)	49	(261)	(229)	(183)
Beginning cash & cash equiv.	2,291	2,317	2,056	1,827
Changes due to forex impact	(23)	0	0	0
Ending cash & cash equiv.	2,317	2,056	1,827	1,645

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	21.6	12.1	14.1	14.1
Pre-tax margin	18.0	10.4	12.8	13.4
Net margin	13.2	7.0	9.4	10.1
ROA	2.9	2.0	2.9	3.2
ROE	7.2	5.0	7.2	8.0
Growth				
Turnover	3.4	30.0	6.0	2.9
EBITDA	5.0	(27.3)	23.5	2.7
Pre-tax profit	(9.1)	(24.8)	29.8	7.9
Net profit	(16.1)	(31.0)	42.6	10.3
Net profit (adj.)	23.8	12.8	9.1	5.2
EPS	23.0	13.5	9.1	5.2
Leverage				
Debt to total capital	50.6	50.8	51.0	51.1
Debt to equity	105.3	106.3	106.9	107.0
Net debt/(cash) to equity	84.0	87.2	89.9	91.6

Market News

US stocks were lower on Thursday, as the communication services, information technology and consumer discretionary sectors led shares lower. At the close of the NYSE, the Dow Jones fell 0.25% while the S&P 500 Index was down 0.30% and the NASDAQ Composite Index slid 1.38%. Advancing stocks outnumbered falling ones on the NYSE by 1,914 to 782 and 74 ended unchanged; on the Nasdaq Stock Exchange, 2,481 advanced and 2,316 declined, while 165 ended unchanged.

During the last trading session, the FSSTI Index fell 1.88pt to 5,396.03. Among the top active stocks were OCBC Bank (+1.1%), DBS (-0.3%), UMS (-3.5%), SATS (-2.2%) and Singtel (+1.0%). The FTSE ST Mid Cap Index fell 0.4%, while the FTSE ST Small Cap Index slid 0.7%. The broader market had 250 gainers and 304 losers with a total trading value of S$1.77b.

Technical Analysis

Analyst(s)

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AEM Holdings (AEM SP)

Trading Sell Range:	S$8.15-8.16
Last Price:	S$8.15
Target Price:	S$6.21
Protective Stop:	S$8.87

The price was capped by its support-turned-resistance zone with a Bearish Engulfing candlestick pattern. The RSI is anchored in bearish territory and continues to slope downward with negative velocity. As long as the price remains capped beneath this defended resistance, we see continued downward expansion toward lower demand targets.

The potential downside target is S$6.21. Stop-loss could be placed at S$8.87.

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$12.99.

DBS Group (DBS SP)

Trading Sell Range:	S$73.80-73.85
Last Price:	S$73.80
Target Price:	S$66.84
Protective Stop:	S$75.64

The price remains locked in a tight bearish flag consolidation structure following a prior sharp downward impulsive wave. The RSI is anchored in bearish territory and continues to slope downward with negative velocity. Once the price breaks through the lower flag boundary, we could see it triggering a renewed mark-down wave toward the lower support.

The potential downside target is S$66.84. Stop-loss could be placed at S$75.64.

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$80.00.

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