UOBKayHian

Country Daily | Singapore

Friday, 20 November 2026



Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	49097.1	(2.2)	(6.1)	(5.5)	2.2
S&P 500	7175.8	(2.0)	(5.5)	(6.7)	4.8
FTSE 100	10452.7	(0.9)	(3.8)	(2.9)	5.2
AS30	8836.6	(1.1)	(4.7)	(1.2)	(2.0)
CSI 300	3984.8	0.0	(1.5)	(4.0)	(13.9)
FSSTI	5079.5	0.5	(3.8)	(6.0)	9.3
HSCEI	7690.3	(1.9)	(4.5)	(4.2)	(13.7)
HSI	22841.6	(1.9)	(4.9)	(5.6)	(10.9)
JCI	5194.1	(1.0)	(1.1)	(1.6)	(39.9)
KLCI	1566.2	(0.0)	(1.2)	(2.1)	(6.8)
KOSPI	5137.9	1.4	(3.8)	(7.5)	21.9
Nikkei 225	59444.2	0.7	(2.3)	(7.2)	18.1
SET	1472.6	0.0	(1.8)	(5.3)	16.9
TWSE	38426.9	(4.4)	(10.8)	(17.0)	32.7
BDI	2901	(0.4)	(3.9)	13.9	54.6
CPO (RM/mt)	4125	(1.3)	0.1	(7.4)	4.9
Brent Crude (US$/bbl)	93	0.8	(3.2)	(15.4)	52.4

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
Corporate Roadshow with NTT DC REIT (NTTDCR SP)	Bangkok	23 Nov	23 Nov
Corporate Roadshow with NTT DC REIT (NTTDCR SP)	Kuala Lumpur	25 Nov	25 Nov
Virtual Analyst Presentation by Jonathan Koh on S-REITs Results Wrap	Singapore	25 Nov	25 Nov
Regional 1H2027 Strategy Conference	Malaysia	02 Dec	02 Dec

Corporate and Macro Calendar

Economic Indicator/Event	Date
Core Inflation Rate YoY OCT	23 Nov
Inflation Rate MoM OCT	23 Nov
Inflation Rate YoY OCT	23 Nov
MAS 12-Week Bill Auction	24 Nov

Top Stories

Company Results | Frencken Group (FRKN SP/**BUY**/S$1.70/Target: S$2.15)

Page 2 →

- Frencken's 9M26 revenue and PATMI rose 3.6% and 8.1% yoy to S$666m and S$32m respectively, meeting 72% of our 2026 forecasts and broadly in line with expectations. Growth was driven by stronger semiconductor and medical demand, with positive momentum expected in 2H26 and 2027. Maintain BUY with a 35% lower target price of S$2.15, pegged to 21x 2027F PE, implying 26.5% upside.

Company Update | Seatrium (STM SP/**HOLD**/S$1.71/Target: S$1.80)

Page 5 →

- Seatrium reported a steady operating performance in 3Q26, maintaining its revenue run rate and sustaining the improvement in gross margins. However, orderbook on hand weakened further qoq to S$12.2b, equivalent to less than 1.5 years of revenue burn. Order win momentum picked up slightly in recent months, but remained weak, with 2026 ytd order wins of S$1.7b implying an annualised book-to-bill ratio of less than 0.3x. Maintain HOLD with a lower target price of S$1.80, reflecting the weakened orderbook.

Market Spotlight

Page 8 →

- US stocks were lower on Thursday. All indices fell as the consumer discretionary, communication services and health care sectors slid. There were more decliners than advancers on both NYSE and NASDAQ.
- The FSSTI rose 24.60 points to 5,079.49, on the back of strength in DBS, Singtel and OCBC Bank, with both mid- and small-cap indices falling with a broad market decline on a S$1.72b turnover.

Technical Analysis

DFI Retail Group Holdings (DFI SP)

Page 9 →

- Trading Buy Range: S$3.52-3.53

Singapore Telecommunications (ST SP)

Page 9 →

- Trading Buy Range: S$4.14-4.15

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.

Frencken Group (FRKN SP)

3Q26: Strong Momentum; More Positive Growth Outlook

Highlights

- 9M26 revenue and PATMI rose to S$666m (+3.6% yoy) and S$32m (+8.1% yoy), and accounted for 71.6% and 71.5% of our full-year forecasts respectively, in line with expectations.
- 3Q26 revenue rose 12.8% yoy to S$239m, driven by semiconductor (+25.9% yoy) and medical (+26.1% yoy) growth.
- Frencken expects 2H26 revenue to improve yoy and hoh. The strong momentum is expected to continue into 2027. Maintain BUY. Target price: S$2.15.

3Q26/9M26 Results

Year to 31 Dec (S$m)	3Q26	2Q26	3Q25	qoq%	yoy%	9M26	yoy%
Revenue	238.5	225.8	211.5	5.6	12.8	666.3	3.6
Gross profit	37.9	35.5	31.3	7.0	21.1	101.9	10.9
Gross profit margin	15.9%	15.7%	14.8%	0.2ppt	1.1ppt	15.3%	1.0ppt
Net profit	13.0	11.3	9.9	15.5	31.3	32.3	8.1
Net profit margin	5.5%	5.0%	4.7%	0.4ppt	0.8ppt	4.8%	0.2ppt

Source: Frencken, UOB Kay Hian

Analysis

- **9M26 results broadly in line with expectations.** Frencken reported 3Q26 revenue of S$238.5m (+12.8% yoy, +5.6% qoq), driven by strong semiconductor sales in Asia and improving business activities in Europe. PATMI rose 31.3% yoy and 15.5% qoq to S$13.0m, supported by gross margin expanding 1.1ppt yoy to 15.9%. 9M26 revenue and PATMI increased 3.6% and 8.1% yoy to S$666.3m and S$32.3m respectively, representing 71.6% and 71.5% of our full-year forecasts.
- **Semiconductor and medical segments drove revenue growth.** The mechatronics division's 3Q26 revenue rose 13.4% yoy to S$214.3m, driven by semiconductor (+25.9% yoy to S$124.8m) and medical (+26.1% yoy to S$39.9m) sales. Semiconductor growth was supported by strong Asian sales and sequential improvements in Europe, while medical benefitted from higher European orders. Meanwhile, analytical life sciences (-8.6% yoy) and industrial automation (-39.9% yoy) declined due to softer European demand and lower orders from a major customer. Automotive revenue rose 10.0% yoy to S$17.2m on higher radar antenna sales.
- **Positive 2H26 outlook maintained; semiconductor remains key growth driver.** Management expects 2H26 and 2026 revenue and net profit to increase yoy, supported by strong customer demand. Semiconductor growth in Asia will be driven by additional customer programmes, while Europe continues to recover despite supply constraints.

Key Financials

Year to 31 Dec (S$m)	2024	2025	2026F	2027F	2028F
Net turnover	794	865	930	997	1,070
EBITDA	74	75	84	90	96
Operating profit	44	44	52	55	59
Net profit (rep./act.)	37	39	45	49	52
Net profit (adj.)	37	39	45	49	52
EPS (S$ cent)	8.7	9.2	10.2	10.3	11.0
PE (x)	19.6	18.6	16.7	16.6	15.5
P/B (x)	1.7	1.5	1.3	1.2	1.2
EV/EBITDA (x)	8.0	7.8	7.0	6.5	6.1
Dividend yield (%)	1.5	1.5	1.7	1.8	1.9
Net margin (%)	4.7	4.5	4.9	4.9	4.9
Net debt/(cash) to equity (%)	(16.7)	(29.4)	(35.9)	(36.5)	(38.4)
Interest cover (x)	13.6	18.5	19.2	19.2	19.2
ROE (%)	8.9	8.6	8.3	7.7	7.8
Consensus net profit (S$m)	-	-	45	55	64
UOBKH/Consensus (x)	-	-	1.00	0.88	0.82

Source: Frencken, Bloomberg, UOB Kay Hian

Analyst(s)

John Cheong
johncheong@uobkh.com
+65 6590 6623

BUY (Maintained)

Share Price	S$1.70
Target Price	S$2.15
Upside	26.5%
Previous TP	S$3.30

Stock Data

Sector	Information Technology
Bloomberg ticker	FRKN SP
Shares issued (m)	473.6
Market cap (S$m)	805.1
Market cap (US$m)	624.5
3-mth avg daily t'over (US$m)	9.9

Price Performance (%)

52-week high/low				S$3.54/S$1.31
1mth	3mth	6mth	1yr	YTD
(25.1)	(37.3)	(39.5)	17.2	23.2

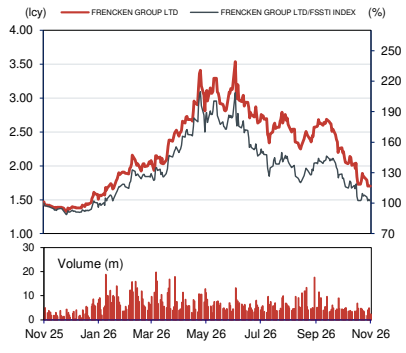
Major Shareholders (%)

Dato' Seri Gooi Soon Chai	23.77

Balance Sheet Metrics

FY26 NAV/Share (S$)	1.29
FY26 Net Cash/Share (S$)	0.46

Price Chart



Source: Bloomberg

Company Description

Frencken is a global integrated technology solutions company. The group provides ODM and OEM services for the automotive, healthcare, industrial, analytical & life sciences and semiconductor industries.

- Medical and automotive revenue are also expected to grow yoy in 2H26, although medical growth may moderate following the strong tender-driven 3Q26 performance. Meanwhile, analytical life sciences revenue should remain stable, while industrial automation revenue is expected to decline due to lower orders from a major data storage solutions provider.
- **Capacity expansion to support semiconductor growth into 2027.** Frencken expects continued growth in 2027, supported by favourable semiconductor industry conditions, a healthy order pipeline and improving customer demand. Frencken's European mechatronics operations are ramping activities for a major front-end equipment customer, with order inflows expected to increase in 2027. The group's new Singapore facility, scheduled to come on-stream in 2H27, will provide additional capacity to support production growth. However, geopolitical uncertainties, foreign exchange volatility and evolving trade policies remain potential risks.
- **Strategic investments and new business pillars to support S$1b revenue target.** Frencken remains confident of achieving S$1b in annual revenue by 2028 or earlier, supported by organic expansion, strategic investments and M&A. Following its Sep 26 share placement, which raised approximately S$97.1m in net proceeds, the group held net cash of S$166.8m, providing financial flexibility for expansion. Frencken is also exploring technology businesses with recurring revenue potential and developing plastic gearboxes for service robots and humanoids, although this remains at the prototype stage.

Long-term Historical PE Band



Source: UOB Kay Hian

Valuation/Recommendation

- **Maintain BUY with a 35% lower target price of S$2.15 (previously S$3.30),** implying 26.5% upside. Our target price is pegged to 21x 2027F PE (+1SD above historical mean), down from 29x (+3SD), reflecting the overall sector de-rating. The premium to historical mean remains supported by the semiconductor upcycle, Frencken's local-for-local manufacturing capabilities and diversified geographical presence.

Earnings Revision/Risk

- We maintain our financial estimates. Potential risks include ongoing supply chain constraints, rising operating costs and delays in customer programmes, although healthy semiconductor demand and ongoing capacity expansion should support growth.

Share Price Catalyst

- Higher-than-expected factory utilisation rates and better cost management.

Peer Comparison

		Trading	Price @	Market	---------- PE ----------		---------- P/B ----------		------ EV/EBITDA ----		ROE	Yield
Company	Ticker	Curr	19 Nov 26	Cap	2026	2027	2026	2027	2026	2027	2026	2026
		(lcy)	(lcy)	(US$m)	(x)	(x)	(x)	(x)	(x)	(x)	(%)	(%)
AEM	AEM SP	SGD	6.30	1,559	18.2	17.4	3.5	3.0	13.1	12.2	20.7	1.4
UMS	UMSH SP	SGD	1.73	1,263	21.2	17.5	2.7	2.5	13.7	11.6	15.0	2.9
Venture	VMS SP	SGD	14.46	3,219	16.9	15.9	1.5	1.5	10.3	9.8	8.8	5.5
Singapore average					**18.7**	**16.9**	**2.6**	**2.3**	**12.4**	**11.2**	**14.8**	**3.3**
Kulicke & Soffa	KLIC US	USD	66.99	3,506	19.2	12.1	3.6	n.a.	n.a.	6.7	20.2	1.2
ASML	ASML NA	EUR	1309.4	558,760	31.5	22.9	20.3	13.8	25.4	18.3	70.0	0.7
Applied Materials	AMAT US	USD	352.3	279,584	27.7	18.4	10.7	8.6	23.7	15.3	43.4	0.6
Lam Research	LRCX US	USD	211.67	264,412	36.6	21.9	21.2	14.8	30.2	17.6	65.1	0.5
KLA Corp	KLAC US	USD	144.88	189,069	39.4	25.0	29.8	20.5	31.1	20.4	87.5	4.1
Teradyne	TER US	USD	235.21	36,722	24.9	19.2	9.8	7.6	19.4	14.8	42.9	0.2
Global average					**29.9**	**19.9**	**15.9**	**13.1**	**26.0**	**15.5**	**54.8**	**1.2**
UWC	UWC MK	MYR	5.83	1,566	68.5	37.1	11.2	8.7	41.6	26.3	17.9	0.0
Sam Engineering	SEQB MK	MYR	3.46	570	28.8	20.4	1.7	1.6	12.8	10.4	5.6	0.7
Coraza Integrated	CORAZA MK	MYR	1.13	137	28.3	19.8	3.3	2.8	11.8	9.1	12.6	n.a.
Greatech	GREATEC MK	MYR	2.51	1,536	40.5	26.4	5.4	4.6	28.6	18.8	14.2	0.1
Inari Amertron	INRI MK	MYR	2.23	2,105	66.6	31.4	3.1	2.9	38.4	18.0	4.6	2.1
Northeast	NE MK	MYR	0.985	177	19.7	17.6	n.a.	n.a.	9.5	8.7	12.7	0.0
Oppstar	OPPSTAR MK	MYR	0.42	66	30.0	22.1	2.1	2.1	n.a.	n.a.	n.a.	n.a.
Pentamaster	PENT MK	MYR	4.95	857	50.0	31.7	4.1	3.7	22.9	16.9	8.1	0.3
Vitrox	VITRO MK	MYR	9.31	4,293	50.1	39.6	12.7	10.5	42.5	34.6	26.9	0.5
Malaysia average					**42.5**	**27.4**	**5.5**	**4.6**	**26.0**	**17.9**	**12.8**	**0.5**
Frencken	FRKN SP	SGD	1.70	624	16.1	14.9	1.4	1.3	8.2	7.6	9.1	1.9

Source: Bloomberg, UOB Kay Hian

Profit & loss

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Net turnover	**865.1**	**930.3**	**997.2**	**1,070.3**
EBITDA	75.2	83.9	90.1	96.3
Deprec. & amort.	30.8	32.4	34.7	37.0
EBIT	44.3	51.5	55.4	59.3
Total other non-operating income	9.1	9.3	10.0	10.7
Associate contributions	0.0	0.0	0.0	0.0
Net interest income/(expense)	(4.1)	(4.4)	(4.7)	(5.0)
Pre-tax profit	**49.4**	**56.4**	**60.7**	**65.0**
Tax	(10.1)	(11.3)	(12.1)	(13.0)
Minorities	(0.2)	0.0	0.0	0.0
Net profit	**39.1**	**45.2**	**48.6**	**52.0**
Net profit (adj.)	39.1	45.2	48.6	52.0

Balance Sheet

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Fixed assets	185.9	193.6	198.9	202.0
Other LT assets	30.0	30.5	31.3	32.1
Cash/ST investment	161.9	241.0	257.5	284.1
Other current assets	362.5	436.6	452.1	477.4
Total assets	**740.2**	**901.7**	**939.9**	**995.7**
ST debt	21.7	21.7	21.7	21.7
Other current liabilities	173.6	204.9	207.6	223.2
LT debt	0.6	0.6	0.6	0.6
Other LT liabilities	65.5	61.4	66.6	74.4
Shareholders' equity	475.3	609.6	644.6	682.0
Minority interest	3.6	3.6	3.6	3.6
Total liabilities & equity	**740.2**	**901.7**	**944.6**	**1,005.4**

Cash flow

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Operating	**103.5**	**27.7**	**75.5**	**87.0**
Pre-tax profit	49.4	56.4	60.7	65.0
Tax	(11.1)	(9.9)	(10.7)	(12.4)
Deprec. & amort.	30.8	32.4	34.7	37.0
Associates	0.0	0.0	0.0	0.0
Working capital changes	47.1	(51.2)	(9.2)	(2.6)
Non-cash items	(12.7)	0.0	0.0	0.0
Other operating cashflows	0.0	0.0	0.0	0.0
Investing	**(16.5)**	**(36.3)**	**(39.3)**	**(39.2)**
Capex (growth)	(13.1)	(40.0)	(40.0)	(40.0)
Investment	0.0	0.0	0.0	0.0
Proceeds from sale of assets	0.5	0.0	0.0	0.0
Others	(4.0)	3.7	0.7	0.8
Financing	**(42.6)**	**80.2**	**(19.7)**	**(21.2)**
Dividend payments	(11.1)	(11.1)	(13.5)	(14.6)
Proceeds from borrowings	0.0	0.0	0.0	0.0
Loan repayment	(64.4)	0.0	0.0	0.0
Others/interest paid	32.9	91.3	(6.2)	(6.6)
Net cash inflow (outflow)	**44.4**	**71.6**	**16.5**	**26.6**
Beginning cash & cash equivalent	**159.2**	**161.9**	**241.0**	**257.5**
Changes due to forex impact	(41.7)	7.5	0.0	0.0
Ending cash & cash equivalent	**161.9**	**241.0**	**257.5**	**284.1**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	8.7	9.0	9.0	9.0
Pre-tax margin	5.7	6.1	6.1	6.1
Net margin	4.5	4.9	4.9	4.9
ROA	5.3	5.5	5.3	5.4
ROE	8.6	8.3	7.7	7.8
Growth				
Turnover	8.9	7.5	7.2	7.3
EBITDA	1.3	11.6	7.4	6.9
Pre-tax profit	7.2	14.3	7.6	7.1
Net profit	5.4	15.4	7.6	7.1
Net profit (adj.)	5.4	15.4	7.6	7.1
EPS	5.4	11.0	0.8	7.1
Leverage				
Debt to total capital	4.4	3.5	3.3	3.1
Debt to equity	4.7	3.7	3.5	3.3
Net debt/(cash) to equity	(29.4)	(35.9)	(36.5)	(38.4)
Interest cover (x)	18.5	19.2	19.2	19.2

Seatrium (STM SP)

Steady Operational Performance in 3Q26 With Improving Margins; Weak Orderbook Remains A Concern

Highlights

- Seatrium reported a steady operating performance in 3Q26, maintaining its revenue run rate and sustaining the improvement in gross margins.
- Order win momentum picked up slightly in recent months, but remained weak, with 2026 ytd order wins of S$1.7b implying an annualised book-to-bill ratio of less than 0.3x. As a result, orderbook on hand weakened qoq to S$12.2b.
- Management continues to pursue a pipeline of opportunities, although the timing of clients' final investment decision remains uncertain.
- Maintain HOLD, with a lower target price of S$1.80 based on 0.82x 2026F P/B (1SD below historical mean P/B of 1.05x). Seatrium needs some sizeable contract wins in the next few months to bolster investor confidence.

Analysis

- **Operational performance remained steady in 3Q26.** Management sees revenue maintaining its run rate in 3Q26 and gross margin continuing to improve relative to 1H26. Management expects the margin expansion to continue for the rest of the year and to sustain into 2027, driven by improving project margin mix, continued cost discipline and progressive cost savings associated with ongoing non-core divestments.
- **Maintaining guidance for a strong closing to 2026.** Given the near-term revenue visibility and margin improvement expectations, Seatrium has maintained the guidance that its underlying 2026 net profit is expected to be materially higher than 2025's. This is reflected in our 2H26 core earnings forecast of S$234m (+56% yoy, +13% hoh).
- **Weak orderbook remains a key issue.** Orderbook weakened further to S$12.2b, from S$13.3b as of end-1H26, or S$17.8b as of end-25. The current orderbook, equivalent to less than 1.5 years' burn, provides very limited revenue/earnings visibility. In addition, over 70% of the net orderbook value comes from projects with delivery dates 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.

Key Financials

Year to 31 Dec (S$m)	2024	2025	2026F	2027F	2028F
Net turnover	9,231	11,472	10,919	10,000	10,000
EBITDA	627	862	1,167	979	980
Operating profit	212	514	895	707	708
Net profit (rep./act.)	157	324	606	433	454
Net profit (adj.)	101	303	440	433	454
EPS (S$ cents)	3.0	8.9	12.9	12.7	13.3
PE (x)	57.7	19.3	13.3	13.5	12.9
P/B (x)	0.9	0.8	0.8	0.8	0.7
EV/EBITDA (x)	9.4	6.9	5.1	6.0	6.0
Dividend yield (%)	0.9	1.8	2.3	2.4	2.5
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 (%)	4.9	4.9	8.5	5.7	5.8
Consensus net profit	-	-	556	500	536
UOBKH/Consensus (x)	-	-	0.79	0.87	0.85

Source: Seatrium, Bloomberg, UOB Kay Hian

Analyst(s)

Roy Chen, CFA
roychen@uobkh.com
+65 6590 6627

HOLD (Maintained)

Share Price	S$1.71
Target Price	S$1.80
Upside	5.2%
Previous TP	S$2.30

Stock Data

Sector	Industrials
Bloomberg ticker	STM SP
Shares issued (m)	3,372.0
Market cap (S$m)	5,766.1
Market cap (US$m)	4,473.0
3-mth avg daily t'over (US$m)	23.4

Price Performance (%)

52-week high/low				S$2.51/S$1.67
1mth	3mth	6mth	1yr	YTD
(7.6)	(20.8)	(24.0)	(19.7)	(20.8)

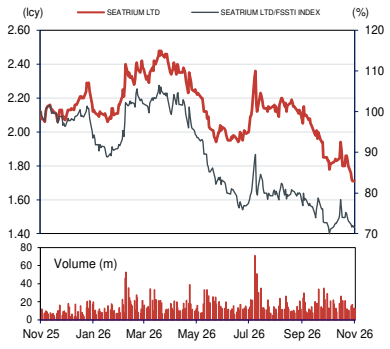
Major Shareholders (%)

Temasek Hldgs	36.0

Balance Sheet Metrics

FY26 NAV/Share (S$)	2.19
FY26 Net Debt/(Cash)/Share (S$)	0.04

Price Chart



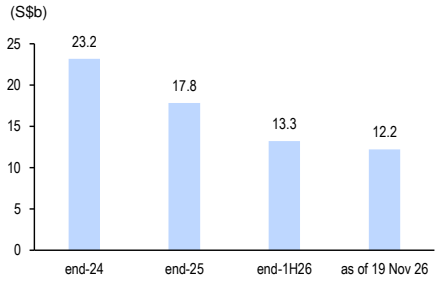
Source: Bloomberg

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.

- **Order win momentum picked up slightly in recent months…** Seatrium has secured S$1.7b of new orders ytd, with about S$940m won in Oct-Nov 26, by our estimate. Key awards included: a) three FSRU conversion projects for Karpowership and Excelerate Energy; b) FPSO integration projects for SBM Offshore and MODEC; and c) the major conversion and integration of five next-generation Whale Class Powerships for Karpowership. In addition, Seatrium announced it will complete four offshore rigs for RigCo (worth over S$500m, but likely with limited margins as the projects are on a cost-recovery basis.
- **…but remains slow.** Even though order win momentum has somewhat picked up in recent months, the ytd order win, implying an annualised book-to-bill ratio of less than 0.3x by our estimate, is far from enough to cover Seatrium's orderbook burn rate at S$9b-10b per annum.
- **Maintaining a pipeline of opportunities.** Management shared that Seatrium continues to pursue most of its S$32b pipeline opportunities (as identified in its 1H26 results briefing) over the next 24 months, but we note that this pipeline figure has yet to reflect the latest tender status for Petrobras P-88 FPSO, where Seatrium and its consortium partners were reported to be the third lowest bidder; this implies a low chance of Seatrium winning the previously targeted full EPC scope. Having said that, we understand that Seatrium is now in talks with the leading bidder Yinson for a smaller scope helping Yinson to fulfil the Brazil local project content requirements.
- Looking ahead, a most promising contract win in the near term would be the potential crystallisation of a third FLNG conversion project from Golar (worth over S$2b, a letter of intent was signed in Aug 26).
- Other key watches include: a) the discussions with SBM Offshore and Yinson for the respective local construction contents related to Petrobras FPSO P-81, P-87, and P-88 (each win could be worth a few hundred millions in SGD), and b) the opening of Petrobras FPSO P-91 tender (scheduled in Mar 27).

Orderbook Trend (S$b)



Source: Seatrium

Orderbook By Year Of Project Delivery

Delivery year	No. of projects	---- Contract value in S$m ---- Gross	Net
2026	2	333	25
2027	11	14,067	1,230
2028	8	6,260	2,147
2029	7	7,921	2,682
2030 onwards	7	11,358	6,164
Total	**35**	**39,939**	**12,248**

Source: Seatrium

Valuation

		2025	2026F	2027F
BVPS		S$2.04	**S$2.19**	S$2.28
P/B peg		---------- Target price ----------		
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
-1.0SD	**0.82x**	S$1.68	**S$1.80**	S$1.87
-1.5SD	0.71x	S$1.45	S$1.55	S$1.61
-2.0SD	0.60x	S$1.21	S$1.30	S$1.36

Source: UOB Kay Hian

Earnings Revision/Risk

- **No changes to our earnings forecasts.**
- **Key risks include** a prolonged period of slow order wins and depleting orderbook.

Valuation/Recommendation

- **Maintain HOLD with a lower target price of S$1.80.** Our updated target price of S$1.80 is now based on a lower 2026F P/B peg of 0.82x, at 1SD below Seatrium's five-year historical mean P/B of 1.05x. The lower P/B peg reflects poorer earnings visibility from Seatrium's further weakened orderbook. Seatrium currently trades at 0.78x 2026F P/B, or 1.2SD below its historical mean P/B.
- **What will turn us more bullish will be:** a) orderbook being restored to S$15b-18b levels, equivalent to 1.5 years of Seatrium's target annual revenue (S$10b-12b); and b) confidence in Seatrium being able to sustain an order win momentum of at least S$9b for an extended period.

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 Metric

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 (% yoy)				
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)

Market News

US stocks were lower on Thursday, as the consumer discretionary, communication services and health care sectors led shares lower. At the close of the NYSE, the Dow Jones fell 2.19 % while the S&P 500 Index was down 2.02% and the NASDAQ Composite Index slid 2.25%. Falling stocks outnumbered advancing ones on the NYSE by 2,232 to 488 and 67 ended unchanged; on the Nasdaq Stock Exchange, 3,827 declined and 1,113 advanced, while 155 ended unchanged.

During the last trading session, the FSSTI Index rose 24.60pt to 5,079.49. Among the top active stocks were OCBC Bank (+0.1%), DBS (+0.6%), UMS (-0.6%), SIA (+0.6%) and Singtel (+4.0%). The FTSE ST Mid Cap Index fell 0.4%, while the FTSE ST Small Cap Index slid 0.1%. The broader market had 230 gainers and 312 losers with a total trading value of S$1.72b.

Technical Analysis

Analyst(s)

Wong Shueh Ting CFTe
shuehting@uobkh.com
+65 6590 6616



DFI Retail Group Holdings (DFI SP)

Trading buy range:	US$3.52-3.53
Last price:	US$3.89
Target price:	US$3.92
Protective stop:	US$3.41

The price rebounded from its resistance-turned-support zone with a bullish engulfing candlestick pattern. The RSI has turned bullish and is rising. If the price remains supported above the bullish engulfing pattern low, we see continued upward progression toward higher overhead resistance targets.

The potential upside target is US$3.92. Stop-loss could be placed at US$3.41.

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$5.20.



Singapore Telecommunications (ST SP)

Trading buy range:	S$4.14-4.15
Last price:	S$4.20
Target price:	S$4.56
Protective stop:	S$3.95

The price could be bottoming at the S$3.95 level during a recent downward probing. The RSI is flashing a potential bullish divergence signal against recent price lows. If the price remains supported above the S$3.95 floor, we see a sustained rebound toward higher overhead resistance levels.

The potential upside target is S$4.56. Stop-loss could be placed at S$3.95.

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$5.50.

IMPORTANT NOTICE - DISCLOSURES AND DISCLAIMERS

This report is provided subject to various disclosures and disclaimers (the "Disclosures / Disclaimers") which form an integral part of this report and are available at this link or by scanning the QR code below:

The Disclosures / Disclaimers contain important information, including without limitation, (a) exclusions of liability, (b) confidentiality obligations, (c) restrictions on publication, circulation, reproduction, distribution and use of the report, (d) potential conflicts of interest, and (e) disclosures and requirements specific to recipients in the United States and other applicable jurisdictions.

Specifically, this report is intended for general circulation and informational purposes only and does not take into account the specific investment objectives, financial situation, or particular needs of any individual person. It is not intended to constitute personal investment advice or a recommendation to buy or sell any investment product or security. You should independently evaluate the information and, where necessary, seek advice from a qualified financial adviser regarding the suitability of any investment, taking into account your specific objectives, financial situation and needs, before making any investment decision. Analyst certifications required under applicable regulations, including SEC Regulation AC (where relevant), are included in this report.

Recipients of this report must carefully read, review and understand the full Disclosures / Disclaimers before using or relying on any information in this report. By accessing, receiving or using this report, you acknowledge and confirm that you have read, understood, accepted and agreed to be bound by the Disclosures / Disclaimers (as may be amended or updated from time to time) in full.