STRATEGY – SINGAPORE

Alpha Picks: Adding OTEK, VALUE, DFI; Removing CD, CENT, RSTON, UMS.

Driven by our small-mid cap picks, our Alpha Picks portfolio outperformed in Mar 25, increasing 3.4% mom on an equal-weighted basis and beating the STI by 1.4ppt. For 1Q25, our portfolio did not do as well as it underperformed the STI by 5.1ppt on an equal-weighted basis, due largely to the banking sector which reported strong 2024 results.

WHAT'S NEW

- **Market review.** Global markets were yet again lower in Mar 25 as a flurry of tariffs announcements from the US coupled with mounting concerns over slowing global economic growth and rising recession fears dampened global investor sentiment. Despite higher near-term inflationary expectations and uncertainty over the US Fed rate policy, the banks outperformed in Mar 25, pushing the STI higher by 2.0% mom.

- **Strong beat.** Our Alpha Picks portfolio outperformed in Mar 25, increasing by 3.4% mom on an equal-weighted basis and beating the STI by 1.4ppts. However, on a market cap-weighted basis, our Alpha Picks portfolio was bested by the STI by 0.4ppt but still rose by a respectable 1.6% mom. For 1Q25, the STI rose by 4.9% qoq, beating our Alpha Picks portfolio by 5.1ppt on an equal-weighted basis.

- **Broad-based outperformance from our small-mid cap picks.** Our small-mid cap picks outperformed, led by Centurion (+26.3% mom), China Sunsine (+14.7% mom) and UMS Integration (+8.8% mom). Stronger-than-expected 2024 results and higher dividends positively impacted Centurion's and China Sunsine's share prices while UMS Integration rose on the back of better-than-expected outlook for 2025. Our underperformers were SIA Engineering (-8.8% mom) which was hurt by weak investor interest, while Marco Polo Marine (-5.9% mom) was impacted by shaky oil price sentiment and Riverstone (-5.5% mom) from the glove industry's fragile outlook.

ACTION

- **Rejigging our portfolio.** We add Oiltek due to its upcoming transfer to the SGX mainboard and new recurring revenue from its new partnership with Pertamina and also add Valuetronics for its new customer contributions and potentially better-than-expected results. We also add DFI Retail on the back of the recent sale of its Singapore food business to concentrate on its higher-margin business segments. We take profit on ComfortDelGro, Centurion and UMS integration as they have done well since their addition to our Alpha Picks portfolio, and remove Riverstone from our portfolio as we see a lack of near-term share price catalysts.

ANALYSTS' ALPHA* PICKS

Analyst	Company	Rec	Performance#	Catalyst
Adrian Loh	Sembcorp Ind	BUY	121.5	Announcement of renewables acquisitions
Adrian Loh	Seatrium	BUY	32.3	Solid outlook for new order wins
Adrian Loh	Yangzijiang Shipbuilding	BUY	-21.4	Higher margins and order wins
Adrian Loh	PropNex	BUY	6.5	Strong sequential earnings in 2025
Adrian Loh	DFI Retail	BUY	n.a.	Earnings uplift from higher margin businesses
Roy Chen	SIA Engineering	BUY	-6.8	Core earnings recovery.
John Cheong	Valuetronics	BUY	n.a.	Better-than-expected results.
John Cheong	China Sunsine Chemical	BUY	11.2	Higher ASPs for rubber chemicals and utilisation rates
John Cheong	CSE Global	BUY	5.8	Higher earnings from record-high orderbook
Heidi Mo	Marco Polo Marine	BUY	-12.5	Higher ship charter rates and vessel utilisation
Heidi Mo	Oiltek International	BUY	n.a.	Transfer to SGX mainboard; new recurring revenue.
Jonathan Koh	OCBC	BUY	39.2	Attractive dividend yield; less susceptible to NIM compression
Jonathan Koh	CapitaLand Integrated Commercial Trust	BUY	6.1	Proxy to Singapore's continued tourism recovery.

** Denotes a timeframe of 1-3 months and not UOB Kay Hian's usual 12-month investment horizon for stock recommendation*
 # Share price change since stock was selected as Alpha Pick
Source: UOB Kay Hian

KEY RECOMMENDATIONS

Company	Rec*	Price (S$) 2 Apr	Price (S$) Target	Up/(down) to TP (%)
CapLand IntCom T	BUY	2.10	2.37	12.9
ChinaSunsine	BUY	0.545	0.63	15.6
CSE Global	BUY	0.46	0.61	34.1
DFIRG USD	BUY	2.38	2.80	17.6
MarcoPolo Marine	BUY	0.049	0.072	46.9
O C B C	BUY	17.22	21.10	22.5
Oiltek	BUY	1.16	1.44	24.1
PropNex	BUY	1.14	1.30	14.0
Seatrium	BUY	2.05	2.96	44.4
Sembcorp Ind	BUY	6.58	8.00	21.6
SIA Engineering	BUY	2.21	2.70	22.2
Valuetronics	BUY	0.695	0.78	12.2
YZJ ShipBldg SGD	BUY	2.35	3.50	48.9

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

CHANGE IN SHARE PRICE

Company	Rec	Mar-25 (%)	To date (%)
Centurian	BUY	26.3	29.8
ChinaSunsine	BUY	14.7	11.2
CapLand IntCom T	BUY	6.6	6.1
ComfortDelGro	BUY	5.0	5.7
CSE Global	BUY	0.0	5.8
MarcoPolo Marine	BUY	(5.9)	(12.5)
O C B C	BUY	0.5	39.2
PropNex	BUY	2.7	6.5
Riverstone *	BUY	(6.7)	(8.1)
Seatrium	BUY	0.0	32.3
Sembcorp Ind	BUY	4.1	121.5
SIA Engineering	BUY	(8.8)	(6.8)
UMS	BUY	8.8	0.9
YZJ ShipBldg SGD	BUY	(0.4)	(21.4)
FSSTI		2.0	
UOBKH Portfolio		3.4	

** Adjusted for DPS for the monthly performance*
Source: UOB Kay Hian

PORTFOLIO RETURNS (%)

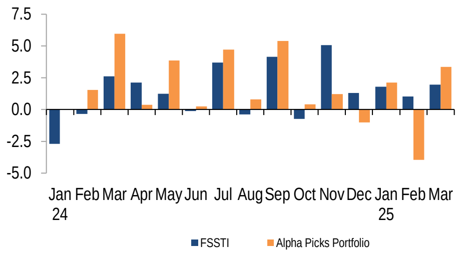
	2024	4Q24	1Q25	Feb-25	Mar-25
FSSTI return	16.9	5.6	4.9	1.0	2.0
Alpha Picks Return					
- Price-weighted	37.0	4.3	-2.5	-1.8	1.8
- Market cap-weighted	22.7	2.2	-0.3	-3.6	1.5
- Equal-weighted	15.3	-0.1	-0.2	-3.9	3.4

Assumptions for the 3 methodologies:
1) *Price-weighted: Assuming same number of shares for each stock; a higher share price will have a higher weighting.*
2) *Market cap-weighted: Weighting based on the market cap at inception date; higher market cap = higher weighting.*
3) *Equal-weighted: Assuming same investment amount for each stock; every stock will have the same weighting.*

Source: UOB Kay Hian

PORTFOLIO RETURNS IN THE PAST 15 MONTHS

(WE OUTPERFORMED THE FSSTI 11 OUT OF 15 MONTHS)



Source: Bloomberg, UOB Kay Hian

ANALYST(S)

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PropNex – BUY (Adrian Loh)

- **Missed estimates but investors should focus on 2025.** PropNex reported 2024 net profit of S$40.9m (-14% yoy) on revenue of S$783m (-7% yoy), missing our and consensus estimates. The revenue decline was due to the timing of revenue recognition as property sales were very strong in the latter half of 2H24. The 3,420 units transacted for private new-home sales in 4Q24 (triple that of the previous quarter) should positively impact 1H25 earnings.
- **Special dividend declared.** PropNex proposed a final dividend of S$0.03/share and a special dividend of S$0.025/share, bringing the total 2024 dividend to S$0.0775/share (or a 140% payout ratio) and the highest since its listing in 2017. We do not rule out the possibility of another special dividend from its 1H25 results, which we expect to be strong.
- **Bright outlook in 2025.** In our view, PropNex faces a favourable property market outlook in 2025 given the volume of new launches which will total around 13,000 units. This is nearly double the number seen in 2024. We note that recent new launches in 1Q25 such as The Orie in Toa Payoh and Lentor Central Residences in Ang Mo Kio sold 86% and 93% respectively on their opening sales weekends.

SHARE PRICE CATALYSTS

- **Events:** a) Continued strong sell-through of new property launches in 1H25 which would impact 2H25 earnings; b) higher-than-expected price increments for private residential and HDB resale flats; and c) potential special dividend for 1H25 indicating the company's willingness to return cash to shareholders.
- **Timeline:** 3 months.

Yangzijiang Shipbuilding – BUY (Adrian Loh)

- **Unconcerned about the USTR's proposal.** The United States Trade Representative (USTR) has proposed the imposition of port fees of up to US$1.5m for Chinese-built vessels that enter US ports, negatively impacting Yangzijiang Shipbuilding's (YZJ) share price in the past month. During its 2024 results call, management highlighted that its shipowner clients have taken a wait-and-see approach and that it has not received any order cancellations or deferrals. Importantly, its clients calculate that the port fees amount to US$100 per container and thus could be easily passed on. In our view, the 30% decline in YZJ's share price since its peak in mid-Feb 25 is overdone and we point to the company's inexpensive 2025F PE valuation of 6.4x and our forecast ROE for the company of nearly 25%.
- **We expect the company to maintain its robust shipbuilding margins in 2025.** YZJ's 2024 results were strong with a 62% yoy increase in PATMI to Rmb6.6b (+62% yoy) driven by strong performance in both its shipbuilding and shipping segments. The highlight of the results was its 2H24 shipbuilding margin which rose 3.8ppt sequentially to 29.7% (2024: 27.9%). In our view, this industry-leading shipbuilding margin underscores YZJSH's ability to manage costs effectively while capitalising on favourable market conditions and we do not expect this to falter in 2025 despite Trump's tariff threats.
- **We have a BUY recommendation on the stock with a PE-based target price of S$3.50.** We use a target PE multiple of 9.5x which is 1SD above the company's 10-year average of 6.8x.

SHARE PRICE CATALYSTS

- **Events:** a) Maintaining shipbuilding margins in excess of 25%; and b) exercising of options for containerships in 1H24.
- **Timeline:** 3-6 months.

Sembcorp Industries – BUY (Adrian Loh)

- **Better-than-expected 2024 results.** Sembcorp Industries (SCI) reported revenue of S$6.4b (-9% yoy), EBITDA of S$1.7b (-3% yoy) and net profit before exceptionals of S$1.02b, reflecting the resilience of its business model. The results beat our and consensus estimates despite a maintenance shutdown at its Sakra plant in 1H24. During its 2024 results call, management emphasised that its higher 40% dividend payout ratio for 2024 is sustainable in the foreseeable future and underscores its belief in the strong cash generation ability of all of its business segments.
- **Additional stake in Senoko Energy.** On 2 Apr 25, SCI announced that it had purchased an additional 40% stake in Senoko Energy for S$144m, subject to the exercising of pre-emption rights by Marubeni Corporation. As a result, the total price paid by SCI for its potential 70% stake is S$240m (S$96m for the initial 30% stake) which we understand implies a P/B valuation of 0.15-0.20x, and a total enterprise value of S$343m. This acquisition will be funded through the company's internal cash resources and/or external borrowings, with completion in 2Q25.
- **Maintain BUY with a target price of S$8.00** using a target PE multiple of 12.6x which is 1.5SD above the company's 2018-25 average PE of 8.2x (excluding 2020 where the company reported impairment-related losses).

SHARE PRICE CATALYSTS

- **Events:** a) Value-accretive acquisitions in the green energy space; and b) potential to increase targets for its gross renewables capacity.
- **Timeline:** 6+ months.

Seatrium – BUY (Adrian Loh)

- **Still a strong contender in Brazil.** In 2024, Seatrium (STM) demonstrated its strong competitive position in Brazil by winning Petrobras' P-84 and P-85 FPSO newbuilds, as well as the topsides fabrication and/or integration work for the Errea Wittu and Jaguar FPSOs. Petrobras' challenges in some of its other tenders due to high bid prices, insufficient local content and limited bidder participation could put STM in a strong position to win more orders in the medium term given Petrobras' desire to deploy its substantial exploration and production capex plan of US$77b over the 2025-29 period. We forecast US$6b in new order wins for STM in 2025.
- **Growing its MRO business.** Given STM's and Keppel Offshore Marine's long operating history resulting in two-thirds of the world's jack-ups being its own designs, the company believes that its maintenance, repair and overhaul (MRO) business has significant upside albeit off a low base. The attraction of this segment, like that of the real estate fund management industry, is its steady recurring revenue and lower volatility in earnings. The MRO sub-segment is a new initiative and thus it is too early for STM to disclose revenue; however, note that the R&U segment generated S$1.1b in revenue in 2024 (+7% yoy).
- **Maintain BUY with a P/B-based target price of S$2.96**. Our target P/B multiple is 1.5x which is 1.5SD above the company's five-year average. In our view, this P/B multiple appears reasonable considering the company's strong competitive position globally, its increasing revenue visibility out to 2031 and potential for more order wins in 2025. In the near term, the key re-rating catalyst is the completion of the investigation by the MAS/CAD.

SHARE PRICE CATALYSTS

- **Events:** a) New orders for oil & gas production assets and renewables infrastructure; and b) removal of overhang from the MAS/CAD investigations.
- **Timeline:** 6-12 months.

DFI Retail – BUY (Adrian Loh)

- **Jettisoning an underperforming business.** DFI Retail Group Holdings (DFI) announced that it will sell its Singapore food business, which includes Cold Storage, CS Fresh, Jason's Deli and Giant, for S$125m to Macrovalue, the company that bought DFI's Malaysia food business in 2023. We understand that the transaction will close in 2H25, subject to regulatory approvals, and will lead to DFI booking a reasonably meaningful transaction gain.
- **Positioned for growth in 2025.** Recall that DFI has guided for 2% revenue growth in 2025 and has also projected an underlying profit of US$230m-270m, implying yoy earnings growth of 14-34%. These targets have not changed as a result of the transaction given that the Singapore food business broke even on a full-year basis in 2024. Furthermore, we note that DFI had stated that its growth in 2025 will be generated from the health & beauty (H&B) and convenience segments as well as optimising its product mix to improve margins.
- **We maintain our BUY rating with PE-based target price of US$2.80** using a target PE multiple of 16.3x which is 1SD below DFI's average PE multiple over 2019 to present (excluding the COVID-19 years of 2021-23). We highlight that DFI's 2025F PE of 12.6x is a 37% discount to its regional peers, but it delivers a higher prospective yield of 4.9% vs its peers' average yield of 3.0%.

SHARE PRICE CATALYSTS

- **Events:** a) Maintaining the sales momentum for the convenience segment and introduction of higher-margin ready-to-eat products; b) acquisitions that are accretive to ROCE; c) monetising its in-house media platform and data from its "yuu" platform.
- **Timeline:** 6 months.

SIA Engineering – BUY (Roy Chen)

- **Earnings recovery continues.** SIA Engineering is a laggard in the Singapore aviation space, but its core earnings has been on steadily improving trajectory. With a lion's 85% share of the Changi Airport line maintenance business volume, SIAEC is a good proxy to ride the Changi Airport flight activity recovery/growth. Demand for its MRO services remains healthy though MRO project deliveries can be temporarily affected by shortage of spare parts due to the industry-wide supply chain issues. Investors may expect some acceleration in SIAEC's quarterly MRO service revenue recognition if the supply chain issues alleviates or SIAEC manages to secure relevant spare parts that hindered project deliveries. We forecast SIAEC's 4QFY25 net profit at S$37m, a significant improvement from 4QFY24's low base of S$11m.
- **Undemanding valuation with decent dividend yields.** SIAEC currently trades at FY26F/FY27F PE of 15.9x/15.0x respectively, or 12.8x/12.0x if excluding its sizeable net cash position of S$490m as at end-3QFY25. We forecast an 8.5 S cents final dividend for FY25, leading to a full-year payout of 10.5 S cents and a decent FY25 yield of 4.7%. We expect SIAEC's dividend to increase further to 11.5/12.5 S cents in FY26/27, leading to a 5.2%/5.6% yield respectively, as the company's profitability continues to recover.

SHARE PRICE CATALYSTS

- **Events:** a) Organic earnings recovery, b) dividend growth, c) possible M&As.
- **Timeline:** 3-6 months.

Valuetronics – BUY (John Cheong & Heidi Mo)

- **Capturing the AI boom with new JV in Hong Kong.** Valuetronics (VALUE) has entered into a 55-45 JV called Trio AI with Hong Kong graphics processing unit (GPU) and artificial intelligence (AI) solutions provider SinnetCloud Group. In essence, Trio AI will provide GPU and AI-related cloud services in Hong Kong to tap on the rising computational needs and growing AI demand. VALUE will also enjoy additional income from leasing GPU servers and hardware to Trio AI over 60 months, at a rate that will cover the acquisition cost (~HK$60m). Management guides for Trio AI to start making positive contribution to revenue and profitability from FY26.

- **Room for expansion with Vietnam plant.** VALUE's Vietnam campus strategically positions it to meet changing customer needs, as customers may wish to de-risk from China given the potentially higher US trade tariffs under Trump's presidency. As of end-1HFY25, the Vietnam plant was operating at c.40% utilisation rate. This excess capacity allows room for production ramp-up, whether for existing customers or to add more new customers.
- **Strong free cash flow to support shareholder return.** VALUE has maintained robust free cash flow of HK$53m in 1HFY25, while net cash improved to HK$1.1b (or S$200m) that is equivalent to around 77% of its market cap. While its formal dividend policy dictates a 30-50% payout ratio, recall that FY23 and FY24 payout ratios were 68% and 64% respectively.
- **Maintain BUY with a PE-based target price of S$0.78,** pegged to 10.8x PE for FY25. This is based on 1SD above VALUE's historical PE mean. VALUE is currently trading at only 2x FY24 ex-cash PE and offers an attractive FY25 dividend yield of 7%.

SHARE PRICE CATALYSTS

- **Events:** a) Higher-than-expected dividends and potential M&As, b) proactive management amid market challenges
- **Timeline:** 3-6 months.

China Sunsine Chemical – BUY (Heidi Mo & John Cheong)

- **Expect volumes to maintain an upward trajectory.** In 2024, China Sunsine Chemical (Sunsine) achieved a record sales volume of 214,094 tonnes (+3% yoy), driven by an 11% yoy increase in international sales volume on robust demand from Southeast Asia-based tyre manufacturers. However, domestic sales volume saw a slight 1% yoy decline. Looking ahead, we expect domestic sales to improve, supported by China's targeted stimulus measures to aid consumption recovery. Note that China's automobile sales grew 5% yoy to 31.4m units, demonstrating strong domestic demand.
- **Chinese tyre makers continue to offshore production for better access to natural rubber, cost savings, and trade advantages.** As the world's largest tyre producer accounting for >40% of global output, China's rubber tyre exports grew 3.3% yoy to 1.38m tonnes in Jan-Feb 25 according to China's tyre industry data service provider Tireworld, suggesting continued growth in international sales volume for Sunsine. In addition, increased adoption of electric vehicles could boost new vehicle sales.
- **Attractive dividend yield of around 6% backed by strong balance sheet.** Sunsine provided an attractive yield of around 6%, supported by its strong cash position of Rmb2,074m (+23% yoy) as of end-24. This translates to Rmb2.18/share (S$0.40/share) or around 77% of its market cap. This provides ample room for Sunsine to potentially raise its dividend and continue to perform share buybacks.
- **Maintain BUY with a target price of S$0.63,** pegged to a PE multiple of 7.5x 2025F earnings, or 1SD above the mean PE. The stock trades at an attractive valuation of 1.4x ex-cash 2025F PE.

SHARE PRICE CATALYSTS

- **Events:** a) Production commencement for new capacities, b) higher ASPs for rubber chemicals, and c) higher-than-expected utilisation rates.
- **Timeline:** 3-6 months.

CSE Global – BUY (John Cheong and Heidi Mo)

- **Healthy order win momentum supports revenue growth.** In its recent 2024 results, we observe continued revenue growth across all segments. 4Q24 order wins came in 22% lower yoy but 26% higher qoq at S$235m, largely due to the absence of some major electrification contracts secured in 4Q23. Excluding the major contracts secured in 4Q24 and 4Q23, new orders rose 19% yoy. As of end-4Q24, orderbook stood at S$672.6m (-8% yoy, +6% qoq).
- **Divestment of US facility to pave way for further expansion.** CSE Global (CSE) has sold a US industrial property for US$29.25m, primarily to monetise the asset and unlock capital for the acquisition of a larger facility in the US for further expansion. Management believes that this strategic disposal allows the company to realise the value of the property and reallocate resources to enhance asset utilisation. We expect a post-tax gain of US$9m from the sale, which will be used to fund the new property purchase. CSE will also continue leasing the divested facility, with the lease terms yet to be finalised. This signals management's positive outlook for its electrification business and its commitment to capitalising on the anticipated growth in the US market.
- **Positioned for growth.** In 2024, CSE expanded floor space to meet new electrification contract needs, and continued to pursue opportunities in renewables, energy storage, and data centres in the US and Australia & New Zealand (ANZ) to tap on the electrification megatrend. For the communications segment, CSE is optimising its acquired businesses in ANZ/the UK and pursuing new acquisitions in the US, focusing on critical communications and security solutions. As for the automation segment, CSE expects stable revenue with a focus on infrastructure-related projects.
- **Maintain BUY.** Our target price of S$0.61 is pegged to 11x 2025F PE (based on its long-term historical mean).

SHARE PRICE CATALYSTS

- **Events:** a) Large infrastructure project wins; and b) accretive acquisitions.
- **Timeline:** 3-6 months.

Marco Polo Marine – BUY (Heidi Mo & John Cheong)

- **Beneficiary of higher charter rates and limited vessel supply.** According to Clarksons Research, global offshore support vessel (OSV) utilisation stood at 73%, while dayrates hold steady after rising 16% yoy in 2024. On top of this, OSV supply remains constrained with limited bank financing and high newbuild pricing. With notable projects across both the traditional O&G and the renewable sectors in Marco Polo Marine's (MPM) operating markets like Taiwan and Korea, MPM stands to benefit from higher demand for OSVs and sustained higher charter rates.
- **Ship chartering: New vessels to contribute in 2HFY25.** MPM''s new commissioning service operation vessel (CSOV) and three crew transfer vessels (CTVs) are expected to contribute in 2HFY25. We estimate that a CSOV and CTV may generate around US$13m (~S$17m) and US$2m (~S$3m) in revenue respectively over a full year of operations.
- **Shipyard: Higher ship repair activity from new dry dock in 2HFY25.** MPM has received more ship repair projects, leading to a higher yard utilisation rate of 83% (+4ppt yoy). The consistently robust yard utilisation rate underscores the effectiveness of MPM's new fourth dry dock, which is expected to complete construction by end-1H25. This will boost ship repair capacity by up to 25% and start contributing in 2HFY25.
- **Potential second CSOV on the horizon.** Management has shared that another CSOV may be in the pipeline, to be constructed in collaboration with Norwegian vessel designer Salt Ship Design. The expected cost is between US$60m-70m (S$80m-94m). We are of the view that securing financing will be easier given that MPM has successfully completed its first CSOV and established its ability to deliver.

- **Maintain BUY with a target price of S$0.072.** We value MPM at 9.5x FY25F PE, based on +1SD above its historical three-year average PE range on the back of rising charter rates and vessel utilisation rates.

SHARE PRICE CATALYSTS

- **Events:** a) Higher-than-expected ship charter rates and vessel utilisation, b) award of new ship chartering contracts, and c) higher value of repair projects during the year.
- **Timeline:** 3-6 months.

Oiltek International – BUY (John Cheong & Heidi Mo)

- **Transfer of listing to SGX mainboard to enhance image and provide a wider platform of potential investors.** Oiltek International (Oiltek) on 17 Feb 25 announced that it has submitted an application to the SGX to transfer its listing from the Catalist Board of the SGX-ST to the Mainboard of the SGX-ST. Oiltek believes that this could: a) enhance its image, b) provide it with a wider platform and greater opportunities for future fund raising, and c) give it access to a larger and more diverse investor market, including institutional and overseas investors.
- **Proposed 2-for-1 bonus shares issue to enhance trading liquidity.** On 3 Mar 25, Oiltek proposed a bonus issue of two bonus shares for every one existing share, which will increase the number of shares from 143m to 429m shares. This could improve the accessibility of investing in Oiltek to more investors, thereby encouraging trading liquidity and greater participation by investors and broadening the shareholder base. Both the transfer of listing and bonus issue will be tabled for approval in AGM on 25 Apr 25.
- **Partnership with Pertamina enables Oiltek to enter into a new business model with recurring revenue.** On 26 Feb 25, Oiltek announced a head of agreement with Pertamina develop a Pre-Treatment Unit (PTU) and supply feedstock for the PTU. This partnership aims to explore alternative feedstocks to replace crude palm oil for sustainable aviation fuel (SAF) and hydrotreated vegetable oils (HVO). We think that this provides Oiltek with: a) construction revenue in the initial stage; b) ownership of a substantial stake in the completed plant; and c) feedstock supply revenue of the PTU. We expect construction revenue to begin in 2026, with the plant contributing from 2027 onwards. We have not incorporated these additional earnings into our forecasts as we await further details from the upcoming partnership agreement.
- **Orderbook remains near record high.** Oiltek secured RM207m in new orders in 2024, bringing its orderbook to RM355m as of 12 Feb 25 (vs RM361m as of 7 Feb 24). This is expected to be fulfilled in the next 18 to 24 months.
- **Maintain BUY with a target price of S$1.44,** based on 20x 2025F PE, pegged to 0.8x PEG. We have ascribed a 20% discount to 1.0x PEG.

SHARE PRICE CATALYSTS

- **Events:** a) Higher-than-expected order wins, b) better-than-expected gross margins from better economies of scale.
- **Timeline:** 6-12 months.

Oversea-Chinese Banking Corp – BUY (Jonathan Koh)

- **Capital management.** Oversea-Chinese Banking Corp (OCBC) has announced a comprehensive package to return S$2.5b of excess capital to shareholders over two years: a) special dividends amounting to 10% of net profit for 2024 and 2025 (total dividend payout for 2024 and 2025 would amount to 60% of net profit annually), and b) share buybacks over two years in 2025 and 2026. The Board has proposed a final dividend of 41 S cents and a special dividend of 16 S cents for 2H24, bring total dividend to 101 S cents for 2024.

- **Strategic initiatives to deliver incremental S$3b revenue.** Management aims to deliver incremental revenue of S$3b cumulatively over 2023-25, driven by four growth pillars: a) cross-border trade and investment flows; b) Asian wealth; c) new economy; and d) sustainable financing.
- **Most well-capitalised bank in Singapore.** Fully phased-in CET-1 CAR was 15.3% as of 4Q24, the highest among Singapore banks. OCBC has the potential to deploy surplus capital to generate inorganic growth.
- **Maintain BUY.** Our target price of S$21.10 is based on 1.57x 2025F P/B, derived from the Gordon Growth Model (ROE: 12.5%, COE: 8.5%, growth: 1.5%).

SHARE PRICE CATALYSTS

- **Events:** a) Attractive 2025 dividend yield of 5.8%; and b) share buyback programme could support the bank's share price.
- **Timeline:** 6-12 months.

Capitaland Integrated Commercial Trust – BUY (Jonathan Koh)

- **Resiliency of core focus on Singapore.** Capitaland Integrated Commercial Trust **(**CICT) clocked a positive rental reversion of 8.8% for retail and 11.1% for office in 2024. Occupancy at ION Orchard has improved 2ppt to 98% in 4Q24. Downtown malls benefit from continued tourism recovery.
- **Positive contributions from AEIs.** Phases 3 and 4 of AEI for IMM Building should complete in 3Q25 while Gallileo would be handed over to tenant ECB starting 2H25. CICT is evaluating plans to enhance Plaza Singapura and The Atrium at Dhoby Ghaut MRT station.
- **Stable cost of debt.** Average cost of debt was stable at 3.6% in 4Q24. Management expects cost of debt to remain below 4% in 2025.
- **Maintain BUY.** Our target price of S$2.37 is based on the dividend discount model (cost of equity: 6.75% (previous: 6.5%), terminal growth: 2.2%)

SHARE PRICE CATALYSTS

- **Events:** a) Resiliency and growth from Singapore portfolio; and b) Positive contributions from completion of AEIs at IMM Building and Gallileo.
- **Timeline:** 6-12 months.

VALUATION

Company	Ticker	Rec*	Price 2 Apr 25 (S$)	Target Price (S$)	Upside To TP (%)	Last Year End	PE 2024A (x)	PE 2025E (x)	PE 2026E (x)	Yield 2025E (%)	ROE 2025E (%)	Market Cap. (S$m)	Price/ NAV ps (x)
CapLand IntCom T	CICT SP	BUY	2.10	2.37	12.9	12/24	19.3	18.4	18.0	5.2	5.4	15,359.6	1.0
ChinaSunsine	CSSC SP	BUY	0.545	0.63	15.6	12/24	6.6	6.4	6.2	5.5	10.0	519.6	0.7
CSE Global	CSE SP	BUY	0.46	0.61	34.1	12/24	11.6	10.5	9.3	6.0	11.4	321.5	1.3
DFIRG USD	DFI SP	BUY	2.38	2.80	17.6	12/24	n.a.	13.8	12.9	4.3	34.7	4,327.4	5.4
MarcoPolo Marine	MPM SP	BUY	0.049	0.072	46.9	9/24	8.4	6.4	5.5	4.1	14.6	183.9	1.0
O C B C	OCBC SP	BUY	17.22	21.10	22.5	12/24	10.3	10.5	10.0	5.8	12.3	77,376.2	1.3
Oiltek	OTEK SP	BUY	1.16	1.44	24.1	12/24	19.2	16.2	14.6	2.7	36.1	165.9	6.5
PropNex	PROP SP	BUY	1.14	1.30	14.0	12/24	20.6	15.8	15.0	5.3	41.4	843.6	6.8
Seatrium	STM SP	BUY	2.05	2.96	44.4	12/24	44.5	24.2	18.1	1.3	4.5	6,939.0	1.1
Sembcorp Ind	SCI SP	BUY	6.58	8.00	21.6	12/24	11.6	10.5	10.7	3.9	20.4	11,718.2	2.2
SIA Engineering	SIE SP	BUY	2.21	2.70	22.2	3/24	17.3	15.8	14.8	5.4	9.0	2,470.4	1.5
Valuetronics	VALUE SP	BUY	0.695	0.78	12.2	3/24	9.8	9.2	8.7	7.1	12.1	284.8	1.2
YZJ ShipBldg SGD	YZJSGD SP	BUY	2.35	3.50	48.9	12/24	7.5	6.4	6.0	4.6	25.4	9,283.9	1.9

** Fundamental rating and not related to the relatively shorter term Alpha Picks recommendation*
Source: UOB Kay Hian

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