STRATEGY – SINGAPORE

Alpha Picks: Adding SSG, CENT; Removing CSSC, CSE, YZJSGD

Despite significant market volatility, our Alpha Picks portfolio outperformed in Apr 25, falling slightly by 0.8% mom on an equal-weighted basis and beating the STI by 2.7ppt. Furthermore, on a market cap-weighted basis, our portfolio dropped by 2.1% mom but still beat the STI by a respectable 1.4ppt. For May 25, we add SSG and CENT and remove CSSC, CSE and YZJSGD.

WHAT'S NEW

- **Market review.** Courtesy of an economic whiplash of US tariffs, Apr 25 saw significant market volatility, leading to downgrades of global economic growth forecasts and questions over the safe haven nature of US Treasuries. While the US corporate earnings season delivered strong numbers, coupled with cooling inflation data in the latter part of Apr 25, we note that earnings guidance has been nearly uniformly negative across multiple sectors.

- **Strong performance.** Our Alpha Picks portfolio outperformed in Apr 25, dropping slightly by 0.8% mom on an equal-weighted basis and beating the STI by 2.7ppt. Furthermore, on a market cap-weighted basis, our Alpha Picks portfolio fell by 2.1% mom but still beat the STI by a decent 1.4ppt. With seven stocks in our portfolio being non-index stocks, we believe we are well positioned for MAS' S$5b capital injection.

- **Broad-based outperformance.** The strong performance from our Alpha Picks portfolio picks was largely led by our new picks, primarily Oiltek (+19.7% mom) and DFI Retail (+5.9% mom). Sembcorp Industries (SCI, +6.8% mom) also outperformed in Apr 25, increasing 122% since its addition to our portfolio. Oiltek surged from an upcoming bonus issue and its upgrade to the SGX Mainboard while SCI and DFI Retail both benefitted from high market appreciation of their respective stable earnings streams. Both Marco Polo Marine (-12.5% mom) and Seatrium (-9.5% mom) underperformed, hurt by weak investor interest in O&G names, while Valuetronics (-7.9% mom) fell due to its negative tariff exposure to Vietnam and China.

ACTION

- **Several changes to our portfolio.** For May 25, our addition of Sheng Siong Group and Centurion is predicated on their defensive earnings exposure to Singapore. We take profit on China Sunsine as it has done well since its addition to our portfolio, and remove CSE Global as we see a lack of near-term share price catalysts. Although Yangzijiang Shipbuilding remains inexpensive, it has been removed as the newsflow from the US-China trade war could result in continued share price volatility in the stock.

ANALYSTS' ALPHA* PICKS

Analyst	Company	Rec	Performance#	Catalyst
Adrian Loh	Sembcorp Ind	BUY	122.2	Announcement of renewables acquisitions
Adrian Loh	Seatrium	BUY	25.2	Solid outlook for new order wins
Adrian Loh	PropNex	BUY	-1.9	Strong sequential earnings in 2025
Adrian Loh	DFI Retail	BUY	8.4	Earnings uplift from higher-margin businesses
Adrian Loh	Centurion	BUY	n.a.	Defensive earnings from workers and student accommodation assets
Roy Chen	SIA Engineering	BUY	-5.9	Core earnings recovery.
John Cheong	Valuetronics	BUY	-5.8	Better-than-expected results.
John Cheong	Sheng Siong Group	BUY	n.a.	Higher-than-expected new store openings and same-store sales growth.
Heidi Mo	Marco Polo Marine	BUY	-23.2	Higher ship charter rates and vessel utilisation
Heidi Mo	Oiltek International	BUY	23.3	Transfer to SGX mainboard; new recurring revenue.
Jonathan Koh	OCBC	BUY	30.7	Attractive dividend yield; less susceptible to NIM compression
Jonathan Koh	CapitaLand Integrated Commercial Trust	BUY	8.6	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 May	Target	Up/(down) to TP (%)
CapLand IntCom T	BUY	2.15	2.37	10.2
Centurion	BUY	1.23	1.48	20.3
DFIRG USD	BUY	2.58	2.80	8.5
MarcoPolo Marine	BUY	0.043	0.072	67.4
O C B C	BUY	16.17	16.9	4.5
Oiltek	BUY	1.43	1.44	0.7
PropNex	BUY	1.05	1.3	23.8
Seatrium	BUY	1.94	2.96	52.6
Sembcorp Ind	BUY	6.60	8.00	21.2
Sheng Siong	BUY	1.76	1.97	11.9
SIA Engineering	BUY	2.23	2.70	21.1
Valuetronics	BUY	0.655	0.78	19.1

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

CHANGE IN SHARE PRICE

Company	Rec	Apr-25 (%)	To date (%)
ChinaSunsine	BUY	0.0	12.2
CapLand IntCom T	BUY	2.4	8.6
CSE Global *	BUY	(5.2)	0.0
DFIRG USD	BUY	5.9	8.4
MarcoPolo Marine	BUY	(12.5)	(23.2)
O C B C *	BUY	(3.4)	30.7
Oiltek	BUY	19.7	23.3
PropNex *	BUY	(3.9)	(1.9)
Seatrium	BUY	(9.5)	25.2
Sembcorp Ind *	BUY	6.8	122.2
SIA Engineering	BUY	2.8	(5.9)
Valuetronics	BUY	(7.9)	(5.8)
YZJ ShipBldg SGD	BUY	(5.9)	(24.7)
FSSTI		(3.5)	
UOBKH Portfolio		(0.8)	

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

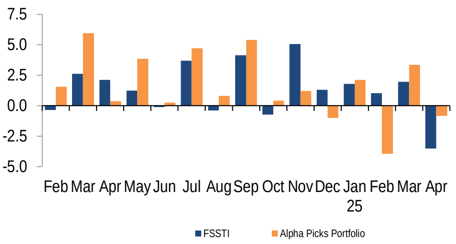
PORTFOLIO RETURNS (%)

	2024	4Q24	1Q25	Mar-25	Apr-25
FSSTI return	16.9	5.6	4.9	2.0	-3.5
Alpha Picks Return					
- Price-weighted	37.0	4.3	-2.5	1.8	-0.2
- Market cap-weighted	22.7	2.2	-0.3	1.5	-2.1
- Equal-weighted	15.3	-0.1	-0.2	3.4	-0.8

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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Centurion Corp – BUY (Adrian Loh)

- **A safe harbour.** We believe that Centurion Corp's (CENT) business model, with its exposure to both Purpose-Built Workers' Accommodation (PBWA) and Purpose-Built Students' Accommodation (PBSA), will insulate the company's revenues and profitability from exogenous shocks brought on by US President Trump's tariffs. Over the next 12-24 months, we expect construction spending in Singapore in both the public and private sectors to remain robust while education expenditure remains inelastic, impacting CENT's student accommodation assets in the Australian and UK markets.
- **Mega construction projects underpin demand for CENT's PBWA assets.** In 2024, CENT reported S$124m in revenue, of which nearly 70% came from Singapore and its PBWA assets. Construction activity in both public and private sectors remains high with key multi-year projects such as the Marina Bay Sands expansion (worth S$10.7b), Resorts World Sentosa expansion (S$6.8b), Changi Airport Terminal 5 (S$11.0b), and the 21.5km North-South Corridor linking Woodlands to the western end of the East Coast Parkway (S$7.5b).
- **Building a decent moat.** In the past few years, CENT has built a decent moat around its PWBA business, especially in its core market here in Singapore. As it takes 24 months or more for a potential competitor to tender for and build a PBWA facility, we do not foresee meaningful competition threatening CENT's core business in the near to medium term.
- **Maintain BUY with a PE-based target price of S$1.48.** Our target PE multiple of 10.6x is 1SD above the company's long-term average PE multiple of 6.9x (excluding 2019 which was affected by the COVID-19 pandemic).

SHARE PRICE CATALYSTS

- **Events:** a) Proposed REIT spin-off of PBWA and PBSA assets and subsequent dividend in-specie could enhance investor sentiment and increase demand for CENT shares; b) successful capital recycling efforts or capacity expansions involving JVs which could result in a more asset-light business model that requires less capital intensity.
- **Timeline:** 3 months.

PropNex – BUY (Adrian Loh)

- **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 did well, with The Orie in Toa Payoh and Lentor Central Residences in Ang Mo Kio selling 86% and 93% respectively on their opening sales weekends.
- **Look forward to 1H25 results.** Property sales were very strong in the latter half of 2H24, especially in 4Q24 with 3,420 units transacted for private new-home sales and triple that of the previous quarter, which should positively impact 1H25 earnings. In addition, 1Q25 saw 3,409 new homes transacted, a significant 192.8% yoy increase from the 1,164 units sold in 1Q24.
- **Special dividend declared.** At its 2024 results that was announced in Feb 25, 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). This was the highest dividend payout since its listing in 2017¸and we do not rule out the possibility of another special dividend from its 1H25 results, which we expect to be strong.
- **Maintain our BUY rating on PropNex** with a PE-based target price of S$1.30 which is based on a target PE multiple of 17.6x. This is 1.5SD above the company's average PE since 2021 and pegged to our 2025 EPS estimate.

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.

Sembcorp Industries – BUY (Adrian Loh)

- **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 around 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.
- **Pushing ahead with green strategies.** SCI announced a partnership with Bharat Petroleum Corporation Limited (BPCL) in Apr 25 to develop green hydrogen and renewable energy projects across India, including green ammonia production, port emissions reduction, and other green fuel technologies. Closer to home, the company announced a collaboration with PT PLN Nusantara Renewables to develop a 50MW solar farm with a 14.2MWh battery energy storage system. This will be Indonesia's first utility-scale integrated solar and energy storage project and marks Sembcorp's entry into large-scale solar development in Indonesia.
- **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)

- **A successful 2025 to date.** Over the course of 1Q25, Seatrium (STM) successfully won a number of contracts. These include: a) a MOU with BP for its second Floating Production Unit (FPU) for the Gulf of Mexico called Tiber, b) a contract with Penta-Ocean for a 5,000-tonne heavy lift vessel that is destined for Japan's offshore wind market, and c) a contract to supply equipment and licence for a LeTourneau Super 116E Class jack-up rig for the Middle East.
- **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) S$125m sale of its Singapore food business, which includes Cold Storage, CS Fresh, Jason's Deli and Giant, to Macrovalue is a positive in our view as it removes a low-margin business from the company's portfolio. We understand that this 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 furthermore has 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 detailed above, 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 a 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 delivers a higher prospective yield of 4.9% vs its peers' average yield of 3.0%.

SHARE PRICE CATALYSTS

- **Events:** a) Maintenance of 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 (SIAEC) is a laggard in the Singapore aviation space, but its core earnings have been on a 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 a 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 if 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/27F PE of 16.0x/15.0x respectively, or 12.8x/12.1x 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 respectively, leading to a 5.1%/5.6% yield, 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 a 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 FY25F. 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.

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

- **Short-term charter reflects strong market demand for MPM's CSOV.** Marco Polo Marine (MPM) deployed its first Commissioning Service Operation Vessel (CSOV) charter with Siemens for five months starting mid-Apr 25, alongside a three-year framework with Vestas. In our view, this is a positive development. MPM's ability to secure a short-term project with another charterer during the CSOV's availability underscores the strong demand for support vessels in the Asia Pacific region. Furthermore, short-term charters are typically priced at a premium relative to long-term agreements, which we believe will contribute favourably to MPM's top-line from mid-Apr 25 (2HFY25).
- **Offshore wind investments in Taiwan and Korea to drive growth.** MPM has deployed its CSOV and two new crew transfer vessels (CTV) in Taiwan this year, with a third new CTV scheduled to be deployed in early-May 25. We highlight that PKRO has secured an Asia-Pacific CTV framework agreement with Siemens for projects in Taiwan and Korea from 2024-26, with an option to extend till 2030. This demand is driven by offshore wind investments in Taiwan and Korea, as both countries pursue net-zero carbon emissions. As these markets scale up their offshore wind capacities, we expect MPM to secure additional projects, further adding to its established track record.
- **Tight vessel supply should keep rates elevated,** driven by supply constraints, limited shipyard capacity, scarce financing and few newbuilds. As of Dec 24, channel checks indicated that the global orderbook comprised just 40 anchor handlers and 30 platform supply vessels, with delivery timelines of around two years. This creates a strong market opportunity for vessel owners like MPM in the near to medium term, with its fleet of 14 offshore supply vessel averaging 10 years in age. Latest checks also show that day rates for 5,000bhp anchor handling tug supply vessels in Southeast Asia remain firm at US$8,395, up 5% from 2024 and 22% from 2023's average.
- **Maintain BUY with a target price of S$0.066.** 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. The stock currently trades at an attractive 6x FY25F PE.

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 had 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 enhance its image and would provide it with a wider platform and greater opportunities for future fund raising and 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 were approved at its 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 to 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.

Sheng Siong Group – BUY (Heidi Mo & John Cheong)

- **Robust network expansion in 2025.** SSG opened two new stores in 1Q25, bringing the total retail area across 77 stores in Singapore to 672,155sf (+2% yoy). The group has also secured six new locations, of which four are HDB tenders and the remaining two are private retail (Kinex and Cathay). These align with management's expansion strategy of seeking growth in areas without presence. We also note that the three HDB tenders won were given up by competitors, indicating SSG's growing market share. It expects to open the six new stores during the year, totalling around 48,500sf in area and exceeding its target of three store openings per year. This will bring SSG's total retail area up 9% yoy and drive revenue growth for 2025.
- **More to come as tendering opportunities arise.** SSG continues to actively tender for HDB retail spaces and is currently awaiting the outcome of four tenders. With over 50,000 BTO flats slated for launch between 2025-27, SSG is well-positioned to benefit from increased tendering opportunities for retail spaces. We have raised our 2025 store openings forecast

from five to nine, along with an upward revision to our earnings forecast.

- **Maintain BUY with a target price of S$1.97**, pegged to an unchanged 2025F PE of 20x or its five-year average mean PE. We like SSG as it continues to seek store network expansion in Singapore, backed by the HDB supply ramp-up, and its position as a defensive play amid market volatility.

SHARE PRICE CATALYSTS

- **Events:** a) Higher-than-expected new store openings and same-store sales growth, b) boosted demand arising from inflationary environment.
- **Timeline:** 3-6 months.

Oversea-Chinese Banking Corp – BUY (Jonathan Koh)

- **Capital management.** 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$16.90 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) its share buyback programme that could support the bank's share price.
- **Timeline:** 6-12 months.

Capitaland Integrated Commercial Trust – BUY (Jonathan Koh)

- **Resiliency of core focus on Singapore.** CICT clocked a positive rental reversion of 8.8% for retail and 11.1% for office in 2024. Occupancy at ION Orchard improved 2ppt to 98% in 4Q24. Downtown malls benefit from the continued recovery in tourism.
- **Positive contributions from AEIs.** Phases 3 and 4 of the 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 eased 0.2ppt qoq to 3.4% in 1Q25. Management expects cost of debt to remain stable at about 3.4% 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 the completion of AEIs at IMM Building and Gallileo.
- **Timeline:** 6-12 months.

VALUATION

Company	Ticker	Rec*	Price 2 May 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	2.15	2.37	10.2	12/24	19.7	18.8	18.4	5.1	5.4	15,725.3	1.0
Centurion	CENT SP	BUY	1.23	1.48	20.3	12/24	3.0	10.5	9.6	2.9	8.3	1,034.2	0.9
DFIRG USD	DFI SP	BUY	2.58	2.80	8.5	12/24	n.a.	15.0	14.0	4.0	34.2	4,544.7	5.7
MarcoPolo Marine	MPM SP	BUY	0.043	0.072	67.4	9/24	7.4	5.7	4.9	4.7	14.6	161.4	0.9
O C B C	OCBC SP	BUY	16.17	16.90	4.5	12/24	9.7	10.6	10.7	6.2	11.5	72,744.8	1.3
Oiltek	OTEK SP	BUY	1.43	1.44	0.7	12/24	23.6	19.7	17.8	2.2	36.2	204.5	8.0
PropNex	PROP SP	BUY	1.05	1.30	23.8	12/24	19.0	14.6	13.8	5.7	41.4	777.0	6.3
Seatrium	STM SP	BUY	1.94	2.96	52.6	12/24	42.1	22.9	17.2	1.3	4.5	6,568.0	1.0
Sembcorp Ind	SCI SP	BUY	6.60	8.00	21.2	12/24	11.6	10.5	10.8	3.9	20.4	11,740.7	2.2
Sheng Siong	SSG SP	BUY	1.76	1.97	11.9	12/24	19.2	17.6	16.9	4.0	27.0	2,646.2	4.9
SIA Engineering	SIE SP	BUY	2.23	2.70	21.1	3/24	17.5	15.9	15.0	5.4	9.0	2,492.8	1.5
Valuetronics	VALUE SP	BUY	0.655	0.78	19.1	3/24	9.5	8.9	8.5	7.3	12.1	265.7	1.1

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

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