Singapore
August 29, 2025

Strategy Note

Ample fuel in the tank

- The Singapore market is expected to continue riding on the liquidity wave and positive newsflow on the EMDP and sustained market earnings growth, as we head into the rest of 2025F. In addition, a declining interest rate environment could continue to stoke investors' risk appetite. The Singapore market is trading at forward P/E of 14.8x, still below the long-term mean of 16.7x and offers a projected dividend yield of 4.2%.
- After the 19.1% rise in the SIMSCI YTD, we advocate investors to hunt for alpha within the laggards. We see REITs as a laggard sector that could benefit from liquidity inflows on the back of further Fed rate cuts and earnings uplift from interest cost savings. With the macro environment remaining challenging, we think the market would focus on companies that offer robust earnings growth or can deliver catalysts from M&A activities, for outperformance.
- We lift our SIMSCI target to 463.8 pts. Our top big-cap picks are SATS, SCI, KEP, YZJSGD, CLAR, CICT; within the small mid-cap space, we like BRC, CSE, CAO, FEH, FRKN, UMS, LHN, LREIT. Downside risks are increased geopolitical and global trade tensions, and slower-than-anticipated interest rate cuts.

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1H25 results season wrap

Hits kept pace with misses in 2QCY25 on a 1:1 basis, while those within expectations made up about 50% of the companies that reported financials. Reasons for the misses were weaker operating conditions that impacted revenue and GPM, compressed NIMs or lower trading gains.

Key recommendation changes in this reporting season were upgrades of SGX, VMS, ISDN, UMS and RSTON to Add and lifting AZTECH and AEM to Hold, while downgrades were on STE, DELFI, UOB, CDREIT, SSG, SIA and SIE.

Despite the ongoing uncertainties over the impact of the US tariff hikes, most companies maintained their 2025 outlook guidance and reiterated that greater clarity could only be obtained towards 2H25F.

Above expectations

Sector	Company name	Remarks	Sector	Company name	Remarks
Capital Goods	China Aviation Oil	Lower opex and tax	*Others*	Food Empire Holdings	All regions saw double-digit growth
Capital Goods	Hong Leong Asia	Strong engine sales	*Others*	HRnetGroup Limited	Front-loaded government grants
Capital Goods	SIA Engineering	Strong rise in associate and JV profits	*Property*	APAC Realty	Rev from increased vol of new home sales
Capital Goods	Yangzijiang Shipbuilding	GPM up from lower steel costs	*Property*	Propnex	Marketing contributions
Construction	Pan-United Corp	Economies of scale for cement	*Property*	UOL Group	Development and rental segments
Manufacturing	Aztech Global Ltd	Orders and profit down due to marco factors	*REITs (Industrial)*	ESR-REIT	Interest cost savings, positive reversions
Manufacturing	Frencken Group	Above, but GPM down	*REITs (Specialised)*	Keppel DC REIT	Stronger rental reversion
Manufacturing	Venture Corporation	Higher rev from major segments	*Manufacturing*	ISDN Holdings	Below on unrealized Fx; lower margin Construction. Rev up across all segments
Others	Centurion Corporation	Stronger JV contributions, lower tax rate			

Below expectations

Sector	Company name	Remarks	Sector	Company name	Remarks
Capital Goods	Keppel Corporation	Lower gains in real estate and MTM valuation gains in	*Property*	City Developments	PBT below, due to fx conversion losses
Capital Goods	Seatrium	Lower GPM	*REITs (Hospitality)*	CDL Hospitality Trust	Weaker SG, NZ, IT & UK; mitigated by acquisitions
Capital Goods	Sembcorp Industries	Weaker Gas and Related Services	*REITs (Hospitality)*	Far East Hospitality Trust	Slightly below. Weaker perf and higher opex from SG
Commodities	Oiltek International	Forex impact	*REITs (Retail)*	Lendlease Global Commercial	Below, despite positive rental reversions, lower cost of debt
Finance	United Overseas Bank	NIM compression	*Telco*	Starhub	Mobile and Entertainment declined
Gaming	Genting Singapore	Weaker gaming; on-going renovation works	*Transport*	Singapore Airlines	Air India losses
Others	Riverstone Holdings	GPM down	*Capital Goods*	CSE Global	Softer revenue and higher opex
Property	CapitaLand Investment	De-consolidation of CLAS	*Construction*	Isoteam Ltd	Delay in rev recognition

In line

Sector	Company name	Sector	Company name	Sector	Company name	Sector	Company name
Capital Goods	ST Engineering	*Finance*	Singapore Exchange	*REITs (Hospitality)*	CapitaLand Ascott Trust	*REITs (Retail)*	Mapletree Pan AsiaCommercial Trust
Commodities	Wilmar International	*Healthcare*	Q&M Dental Group	*REITs (Hospitality)*	Far East Hospitality Trust	*REITs (Retail)*	Sasseur REIT
Construction	Wee Hur Holdings	*Healthcare*	Raffles Medical Group	*REITs (Industrial)*	CapitaLand Ascendas REIT	*REITs (Retail)*	Starhill Global REIT
Consumer	Dairy Farm Int'l	*Manufacturing*	Nanofilm Technologies	*REITs (Industrial)*	Keppel Infrastructure Trust	*Telco*	Netlink NBN Trust
Consumer	Delfi Ltd	*Others*	Grab	*REITs (Industrial)*	Mapletree Industrial Trust	*Telco*	SingTel
Consumer	Sheng Siong Group	*Others*	SEA Ltd	*REITs (Industrial)*	Mapletree Logistics Trust	*Transport*	ComfortDelGro
Finance	DBS Group	*REITs (Diversified)*	OUE REIT	*REITs (Office)*	Elite UK REIT	*Others*	Hyphens Pharma International
Finance	iFAST Corporation	*REITs (Diversified)*	Suntec REIT	*REITs (Office)*	Keppel REIT	*Construction*	BRC Asia
Finance	OCBC	*REITs (Healthcare)*	Parkway Life REIT	*REITs (Retail)*	CapitaLand Integrated Comm	*Transport*	SATS

SOURCES: CGSI RESEARCH, COMPANY REPORTS

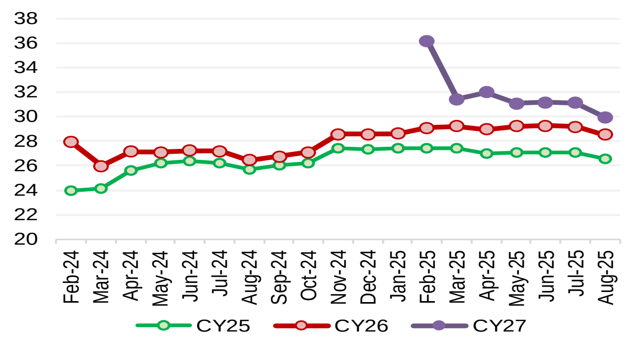
Earnings forecast changes, by sector

We trim our CY25F/CY26F core net profit projections by 1.3%/2.4% vs. our projections last quarter, dragged mainly by commodities, gaming, Internet services and transport, partly offset by uplifts in property, construction and others.

Our projection of core net profit growth for CY25F/CY26F stands at +4.6%/+7.2%. The Singapore market is trading at 14.8x 12M forward P/E and offers 4.2% dividend yield. We raise our SIMSCI target to 463.8 pts, over the next 6 to 12 months.

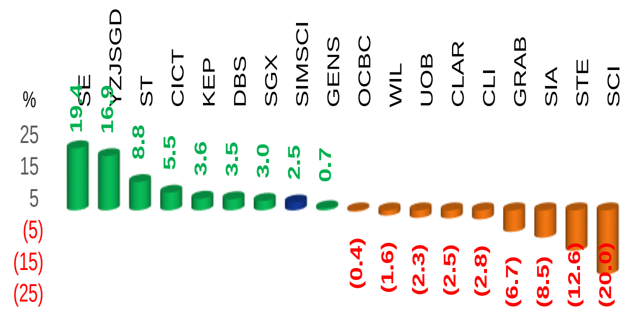
In terms of stock performance, on a mom basis, SE, YZJSGD and ST outperformed while SCI, STE and SIA were the major underperformers.

MSCI SIN core EPS integer (CY25-27)

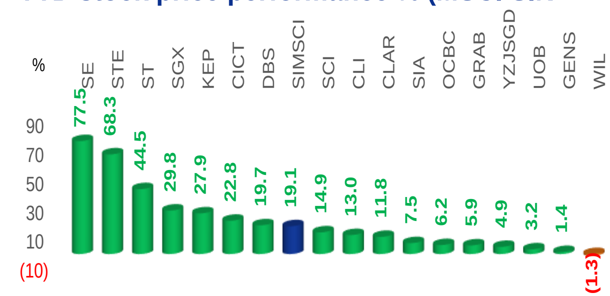


SOURCES: CGSI RESEARCH, COMPANY REPORTS

Mom stock price performance % (MSCI SIN members)



YTD stock price performance % (MSCI SIN



SOURCES: CGSI RESEARCH, COMPANY REPORTS, BLOOMBERG
(share price at 26-Aug-25)

Earnings forecast changes, by sector

Sector	Core Net Profit (S$m) (2Q25)			Core Net Profit (S$m) (1Q25)			Earnings Change qoq		YOY Growth %	
	CY25F	CY26F	CY27F	CY25F	CY26F	CY27F	CY25F	CY26F	CY25F	CY26F
Financials	25,309	26,683	27,575	25,628	26,795	27,069	-1.2%	-0.4%	-3.3% ▼	5.4% ▲
Property	3,100	2,730	2,663	2,545	2,688	2,605	21.8%	1.6%	64.5% ▲	-11.9% ▼
REITS	4,920	5,186	4,821	4,935	5,187	4,687	-0.3%	0.0%	1.7% ▲	5.4% ▲
Telcos	2,923	3,269	3,602	3,063	3,389	3,593	-4.6%	-3.5%	9.8% ▲	11.9% ▲
Transport	1,702	1,504	1,482	1,816	1,614	1,661	-6.2%	-6.8%	-26.6% ▼	-11.7% ▼
Capital Goods	4,803	5,445	5,828	4,755	5,415	5,820	1.0%	0.5%	11.9% ▲	13.4% ▲
Commodities	1,560	1,786	1,935	1,819	1,936	1,980	-14.2%	-7.7%	-2.7% ▼	14.4% ▲
Gaming	526	615	660	604	688	695	-13.0%	-10.6%	-13.7% ▼	16.9% ▲
Consumer	1,622	1,807	667	1,659	1,807	677	-2.3%	0.0%	1.4% ▲	11.4% ▲
Tech/Manufacturing	413	478	510	435	495	397	-5.0%	-3.5%	-6.9% ▼	15.7% ▲
Healthcare	101	109	120	100	107	118	1.0%	1.3%	8.7% ▲	7.3% ▲
Internet Service	2,825	3,857	4,721	3,198	4,786	5,630	-11.7%	-19.4%	206.0% ▲	36.5% ▲
Contruction	180	178	155	173	165	141	3.6%	8.0%	-7.3% ▼	-0.9% ▼
Others	797	803	660	713	720	418	11.8%	11.6%	-12.9% ▼	0.8% ▲
Total	**50,781**	**54,450**	**55,399**	**51,444**	**55,791**	**55,493**	**-1.3%**	**-2.4%**	**4.6% ▲**	**7.2% ▲**

SOURCES: CGSI RESEARCH, COMPANY REPORTS

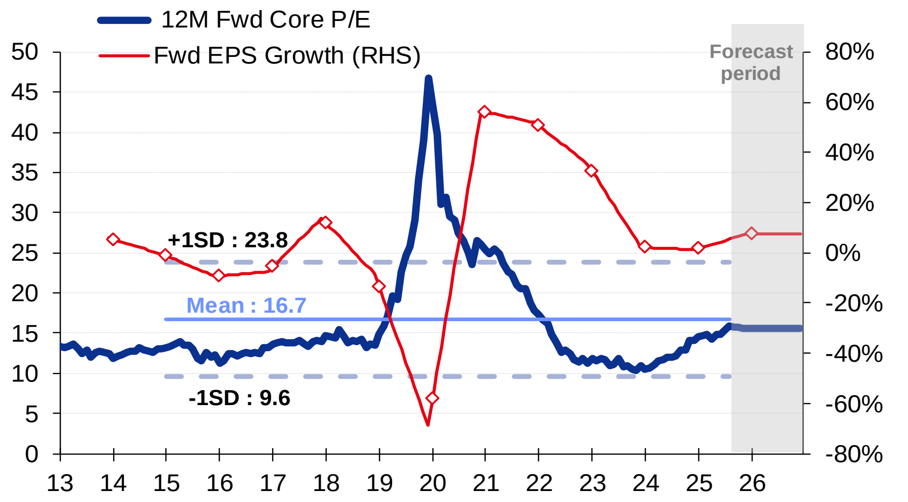
Valuations

CGS International
Asia's Global Investment House

MSCI SIN valuations

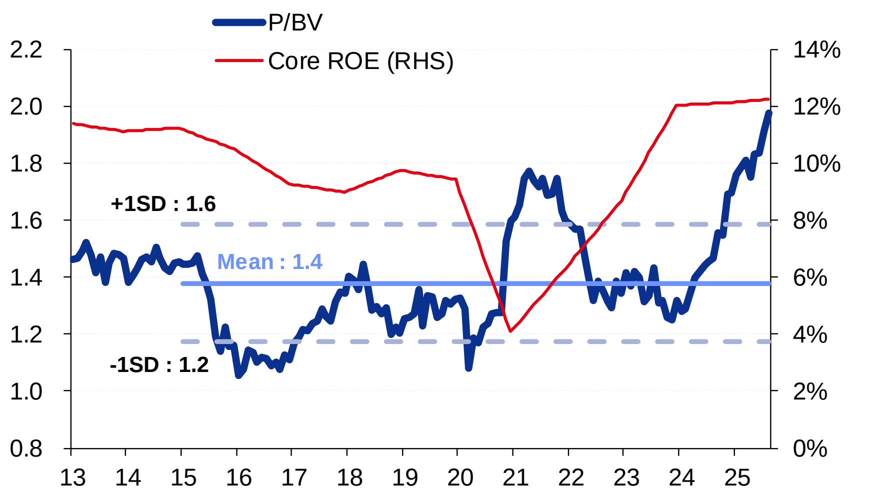
MSCI Sin Summary	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025F	2026F	2027F
Core P/E (x)	11.1x	12.1x	15.9x	12.3x	14.6x	40.7x	27.2x	15.3x	11.1x	14.2x	16.7x	15.5x	14.8x
FD Core P/E (x)	11.0x	12.1x	15.9x	12.3x	14.5x	39.5x	26.6x	15.0x	11.1x	14.2x	16.6x	15.5x	14.8x
12-mth Fwd Core P/E (x)	12.2x	13.1x	14.0x	13.5x	46.7x	26.0x	17.9x	11.3x	10.9x	14.1x	15.5x	14.8x	-
Core EPS growth (%)	-0.6%	-9.4%	-7.4%	13.8%	-8.4%	-68.7%	56.4%	51.9%	35.4%	2.3%	1.2%	7.5%	5.1%
Core Net Profit Growth (%)	-3.6%	-8.6%	6.2%	16.3%	2.7%	-52.4%	77.2%	47.6%	39.7%	4.9%	8.9%	8.1%	5.6%
P/BV (x)	1.2x	1.1x	1.3x	1.2x	1.3x	1.6x	1.6x	1.3x	1.3x	1.7x	2.0x	1.9x	1.8x
Dividend yield (%)	4.6%	4.3%	4.5%	4.9%	4.3%	2.3%	2.7%	4.5%	4.9%	4.2%	4.1%	4.2%	4.2%
EV/EBITDA (x)	9.0x	9.5x	10.4x	10.1x	13.9x	44.2x	36.7x	16.9x	11.2x	13.8x	16.8x	14.9x	13.7x
P/FCF (x, equity)	22.6x	22.3x	32.3x	33.8x	37.1x	(150x)	69.2x	(132x)	54.7x	75.1x	42.8x	30.5x	31.3x
P/FCF (x, firm)	nm	32.7x	18.8x	52.8x	(70.1x)	(90x)	(66x)	(187x)	21.6x	27.3x	31.5x	24.1x	26.0x
Net gearing (ex-banks) (%)	26.9%	30.4%	29.6%	36.1%	53.7%	55.7%	26.8%	37.7%	37.3%	28.7%	25.2%	20.7%	17.5%
ROE (%, recurring)	10.5%	9.3%	9.0%	9.8%	9.4%	4.1%	6.3%	8.7%	12.0%	12.1%	12.3%	12.4%	12.5%
SIMSCI level	322.7	320.2	387.7	342.9	372.2	324.4	338.6	289.4	285.5	373.3	443.3	443.3	443.3
CGSI/consensus (x)											1.01	1.00	0.96

MSCI SIN's 12M forward core P/E (x) vs. fwd EPS growth



SOURCE: CGSI RESEARCH ESTIMATES, BLOOMBERG

MSCI SIN's P/BV (x) trading band vs. ROE



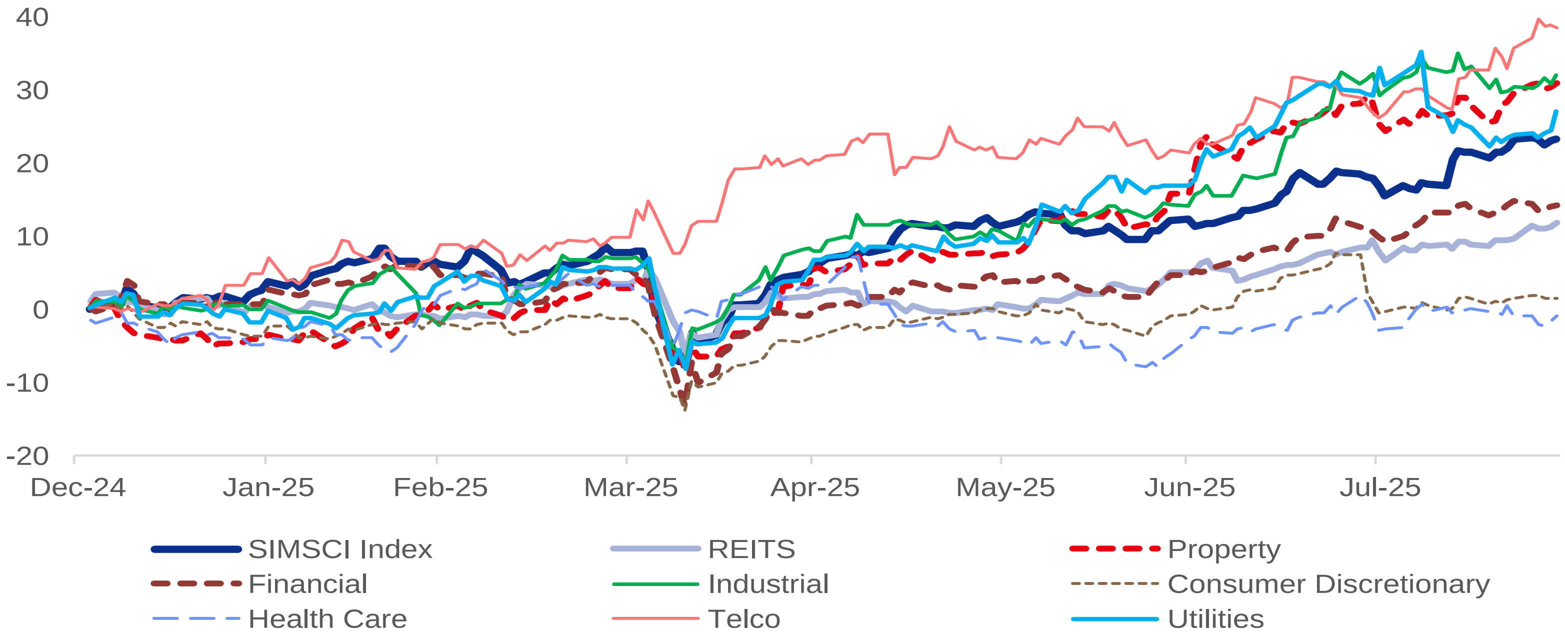
SOURCE: CGSI RESEARCH ESTIMATES, BLOOMBERG

Sifting for growth and catalysts

The Singapore market has outperformed its ASEAN peers, with the SIMSCI up 19.1% YTD. Sub-sectors that outperformed the index include telcos, property and selected industrials. We think the market will continue to perform well on the back of the anticipated liquidity wave from the S$5bn MAS Equity Market Development Programme (EMDP). There was also revitalised interest in the recent new IPO listings such as LUCC and DFG.

We anticipate the liquidity wave would likely provide positive newsflow momentum to support market outperformance in 2H25F. After the 19.1% rise in the SIMSCI YTD, we advocate investors to look for laggard plays. We see REITs as a laggard sector that could benefit from liquidity inflows on the back of further Fed rate cuts and earnings uplift from interest cost savings. We also highlight other thematics such as stocks with i) robust earnings growth as well as ii) those with catalysts such as M&A potential.

Relative sub-sector performance vs. SIMSCI



SOURCES: CGSI RESEARCH, COMPANY REPORTS, BLOOMBERG

Screening for earnings growth

We highlight SATS, UMS, FRKN, CAO and FEH as companies that are projected to deliver 8.4-20.9% earnings CAGR over the next three years, with SATS at the top of this range. We think SATS' global customer base will enable it to continue gaining wallet share of its customers and allow it to grow revenue and profitability due to its economies of scale. We like UMS and FRNKN as beneficiaries of the semicon sector recovery. Meanwhile, CAO's earnings growth is underpinned by rising jet fuel trading volumes and margin expansion.

SATS Ltd (SATS SP, ADD, TP: S$3.83)

We continue to like SATS for its resilient business model today, with its diversified global air cargo footprint and expansion into non-aviation food solutions business that will allow SATS to reduce reliance on the cyclicality of global air travel demand. We believe the ability to serve its customers globally will enable SATS to continue gaining wallet share of its customers, which will enable SATS to achieve its FY3/29F revenue target of S$8bn with improved profitability due to its economies of scale.

China Aviation Oil (CAO SP, ADD, TP: S$1.45)

We like CAO for its earnings recovery trajectory (FY25-27F core EPS growth 11.4%/7.9%/6%), underpinned by rising jet fuel trading volumes and margin expansion from sustainable aviation fuel (SAF) trading. With international outbound flights from China only at ~85% of 2019 levels, further recovery should drive volume growth for both CAO and its associate SPIA, while the EU's ReFuelEU mandate could boost SAF contribution over time. The stock trades at 9x CY26F P/E, slightly below its 10-year mean, offering a good entry point with a 3–4% yield and re-rating potential if gross profit margins continue to improve.

Food Empire Holdings Ltd (FEH SP, ADD, TP: S$2.94)

1H25 earnings were above our expectations. Continued business developments and demand liquidity from the Monetary Authority of Singapore's (MAS) S$5bn Equity Market Development Programme (EMDP) and inclusion into the MSCI Singapore Small cap Index, will in our view, support valuation basis of 3 s.d. above average P/E of 17x (FY17-25). As we roll over our valuation to FY27F, our TP rises to S$2.94. Interim DPS of 3.0 Scts was a surprise and reflects FEH's confidence in its business.

Screening for earnings growth (cont'd)

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UMS Integration Ltd (UMSH SP, ADD, TP: S$1.87)

We have an Add call on UMS, with S$1.87 TP based on 20.8x FY27F P/E (+2 s.d. above its 5-year, FY21-25 average P/E) as we believe that its FY25F-27F net profit growth of 11.1-19.4% justifies this premium. In addition, dividend yields of 3.70% over FY25-27F should lend support to the share price. Re-rating catalysts: faster traction with its new customer and return of orders for aircraft components. Downside risks: 1) negative impact from its key customer's loss of sales in China and 2) foreign exchange fluctuations.

Frencken Group Ltd (FRKN, SP, ADD, TP: S$2.06)

We have an Add call as we stay positive on the outlook for Frencken's key semicon segment, which would help achieve 6-13% FY25-27F core EPS growth. We reiterate our 18.4x P/E (2 s.d. above its 5-year average) valuation basis. On rollover to FY27F, our TP is raised to S$2.06. Potential re-rating catalysts: faster recovery in its semicon business segment and better cost controls. Downside risks: further cost escalation affecting its net profit negatively and further weakening in demand for its semicon business segment.

Unlocking value via M&A

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We think KEP will continue to garner investor interest, with a potential dividend yield of c.6%, boosted by the monetisation of M1, while a strengthened balance sheet would enable it to recycle capital into higher-return projects. We think the recent share price correction of SCI has more than factored in the absence of gas gains, pricey RE import and lower renewal rates. We believe that M&A (potentially brownfield and greenfield opportunities in the Middle East), capital recycling of mature RE assets in India and synergy from Senoko Energy (not listed), could be a catalyst for share price recovery. For LHN, the planned spin-off of its co-living arm, Coliwoo, could provide new capital for growth.

LHN Ltd (LHN SP, ADD, TP: S$1.00)

We like LHN for two key reasons: 1) undemanding valuations of 8x FY26F P/E, which is -0.5 s.d. below its 10-year average and at a notable discount to P/E valuation of 25x for global co-living peers and 2) value-unlocking story via the planned spin-off of its co-living arm, Coliwoo, which could crystallise at least S$250m in value and provide capital for new growth. Coliwoo's key count is set to double from 2,595 in FY24 to 5,145 in FY27F, while industrial assets with 60%+ PBT margins and a growing property development pipeline provide additional earnings streams.

Sembcorp Industries (SCI SP, ADD, TP: S$8.02)

We believe the recent c.28% share price pullback post-results is overdone, with the stock now trading at just 10x CY26F P/E, a 30% discount to regional peers' 13x. While 1H25 earnings were impacted by temporary high-priced renewable imports and the absence of one-off gas gains, SCI's long-term contracted Singapore gas and related services earnings remain defensive, with 87% of its portfolio locked into 5–10 year contracts. We believe contract renewals at lower spreads are already in the price, and see upside as most high-priced contracts from 2022–23 have been renewed, setting the stage for margin recovery from 2H25F.

Keppel Ltd (KEP SP, ADD, TP: S$10.23)

KEP is one of our top yield plays - we expect total FY25F DPS to be c.S$0.51, boosted by M1 monetisation of S$985m which could pave the way for a special DPS of c.S$0.16. This translates to c.6% FY25F yield (comparable to Singapore banks). Given its strong balance sheet, we believe KEP will continue with capital recycling into higher-return projects, supporting long-term earnings growth.

Earnings visibility from robust orderbook

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We see sustainable order wins from strong enquiries for small to mid-sized vessels for delivery for 2028/2029F as a catalyst for YZJSGD. Moreover, valuations are inexpensive at 7.5x CY26F, more than 50% below its Chinese peer's valuations. Despite the recent share price run-up, we believe BRC remains attractive with its orderbook of S$2bn as at Jul 2025 and CY25F dividend yield of 5.7%. We think CSE's data centre segment's growing contributions could re-rate the stock.

Yangzijiang Shipbuilding (YZJSGD SP, ADD, TP: S$3.90)

We are more positive on YZJSGD after the recent results update, and we believe its order outlook has turned more positive. We are not overly concerned about a slight GM moderation in 2H25F vs. 35% in 1H25, as orderbook quality remains high with US$23.2bn backlog and c.US$2bn LOIs, mostly in small- to mid-sized containerships for delivery in 2028F/2029F. Current yard capacity supports sustainable order wins of c.US$4.5bn p.a., and the stock trades at just 7.5x CY26F P/E — over 50% below China CSSC Holdings' c.17x — leaving room for a valuation re-rating.

BRC Asia Ltd (BRC SP, ADD, TP: S$4.30)

With an estimated 60% share of the Singapore steel market, BRC is a clear beneficiary of the Singapore construction upcycle. BRC delivered on its M&A strategy through its 55% stake acquisition of Southern Steel Mesh (SMM, not listed) in Aug 2025, which we estimate will give it a c.15% share in the Malaysian market. The value unlocking acquisition will require updating SSM's machinery and aligning SSM to best-in-class practices/benchmarks, putting SSM in a better position to compete with other major downstream steel manufacturers that have ageing machinery and dated technology. We like BRC for its attractive FY26F dividend yield of 5.8%, backed by healthy industry fundamentals and a robust orderbook.

CSE Global (CSE SP, ADD, TP: S$0.86)

CSE offers exposure to secular tailwinds in urbanisation, electrification, decarbonisation and AI, with its DC revenue growing at a >150% 3-year CAGR and now contributing a rising share of group revenue when it was only started three years ago. In the medium-term, CSE expects its DC contracts to transition into a flow-type business model, driven by recurring maintenance revenue rather than lumpy project wins. This shift should support a more predictable revenue stream, in our view. Given that flow business typically yields higher margins than greenfield projects as well, we anticipate margin improvement as CSE continues to expand its DC footprint. At 12x FY26F P/E with c.4% yield, we see upside from large DC/electrification wins and margin expansion.

SREITs benefiting from falling interest rates

The SREIT sector could benefit from potential liquidity inflows as a laggard sector, catalysed by upcoming rate cuts. In the recent Jackson Hole Economic Symposium, Federal Reserve Chairman Powell signalled that the Fed is open to cutting interest rates, stating that the shifting balance of risks could warrant adjusting their policy stance. In addition, the declining SORA rates could provide further tailwinds to the sector through interest cost savings that could boost DPU outlook.

SREIT sector valuations are inexpensive, trading at 5.7% CY25F dividend yield, or at a 320bp spread to the 10-year Singapore bond yield, and at 0.92x P/BV.

SREITs delivered a continued qoq decline in interest cost in 2QCY25, due in part to the floating rate debt component or refinancing into the lower interest rate environment. We anticipate SREITs' average interest cost to continue declining for the rest of 2025F and 2026F, as they refinance their loans into the lower rate environment.

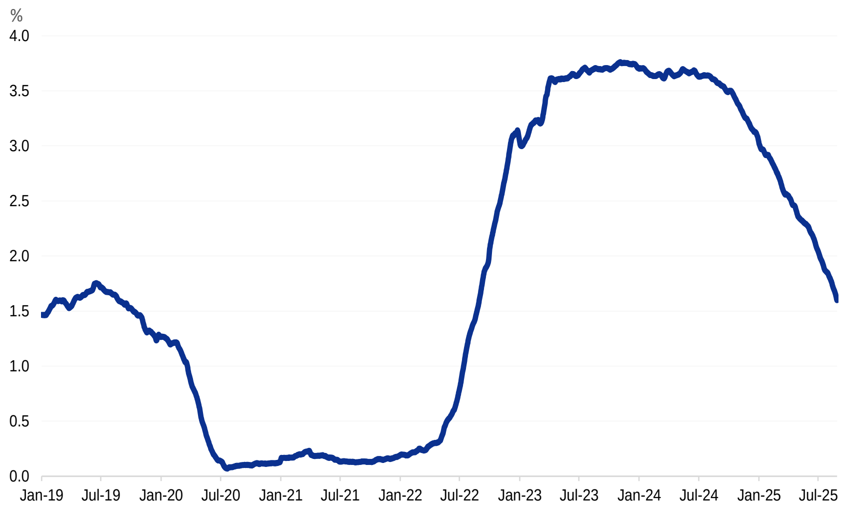
We also think that, given the trajectory of the SORA rate, SREITs that have larger exposure to S$-denominated borrowings, especially floating S$ debt, could benefit the most from declining domestic interest rates.

Fed Fund rates meeting watch probabilities

MEETING DATE	175-200	200-225	225-250	250-275	275-300	300-325	325-350	350-375	375-400	400-425	425-450
Sep-25	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	85.1%	14.9%
Oct-25	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	44.6%	48.3%	7.1%
Dec-25	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	36.7%	47.7%	14.4%	1.3%
Jan/26	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	17.9%	42.0%	31.5%	8.0%	0.6%
Mar-26	0.0%	0.0%	0.0%	0.0%	0.0%	10.5%	32.1%	35.8%	17.7%	3.7%	0.3%
Apr-26	0.0%	0.0%	0.0%	0.0%	4.1%	19.0%	33.5%	28.7%	12.2%	2.3%	0.2%
Jun-26	0.0%	0.0%	0.0%	2.7%	13.7%	28.4%	30.4%	18.0%	5.8%	0.9%	0.1%
Jul-26	0.0%	0.0%	1.0%	6.8%	19.2%	29.1%	25.8%	13.5%	4.0%	0.6%	0.0%
Sep-26	0.0%	0.4%	3.5%	12.2%	23.6%	27.7%	20.4%	9.3%	2.5%	0.4%	0.0%
Oct-26	0.1%	1.1%	5.4%	14.6%	24.4%	26.1%	18.0%	7.9%	2.1%	0.3%	0.0%
Dec-26	0.2%	1.5%	6.3%	15.6%	24.6%	25.3%	17.0%	7.3%	1.9%	0.3%	0.0%

SOURCES: CGSI RESEARCH, COMPANY REPORTS, BLOOMBERG

3-month compounded SORA rates



SOURCES: CGSI RESEARCH, COMPANY REPORTS, BLOOMBERG

SREIT top picks

CGS International
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CapitaLand Integrated Commercial (CICT SP, ADD, TP: S$2.45)

We like CICT for its diversified portfolio, including exposure to the resilient suburban retail segment, and its sturdy balance sheet. Fundamentals are strong with +7.7%/+4.8% rental reversion for retail/office, with occupancy at 98.6%/94.6% for retail and office. Acquisition of the remaining 55% stake in CapitaSpring in Aug is expected to boost proforma 1H25 DPU by 1.1% and lift gearing by 0.4% pt to 38.3%. Post the CapitaSpring acquisition, CICT's portfolio is 95% Singapore-centric and is a poxy to Singapore retail and office real estate. Lot One Shoppers Mall will add 15k sqft of lettable area through conversion of carpark spaces over 4Q25F to 1Q27F. Contributions from Gallileo post completion of AEI by 2H25F should be felt more from FY26F.

CapitaLand Ascendas REIT (CLAR SP, ADD, TP: S$3.15)

We like CLAR for its robust fundamentals with portfolio reversion of 9.5% (vs. industrial peers of 2.1% - 16.4%, ex-KDCREIT). We expect positive contributions to DPU from new assets in 2H25. YTD, CLAR acquired the US logistics property, 9 Tai Seng Dr. (data center) as well as the Shopee building at Science Park, and completed the redevelopment of 1 Science Park Drive (34% stake) in Singapore. We also like its active capital recycling this year, with the recent S$330m proposed divestments (of five Singapore properties) and S$350m development projects (of four new logistics buildings) in the UK. As at end-1H25, CLAR has gearing of 37.4%, and could pursue inorganic acquisition if opportunities arise.

Lendlease Global Commercial REIT (LREIT SP, ADD, TP: S$0.67)

We like LREIT as we think FY26F dividend yield of 6.3% is attractive and see upside potential from growth opportunities following its balance sheet repair post-divestment of Jem office. Retail rental reversion stayed at a robust +10.2% in FY25. Committed occupancy for Jem and 313 @somerset remained high at 99.8% and 98.8%, respectively. After the Jem office divestment, Singapore retail exposure would account for 85% of LREIT's portfolio value (vs. 60% previously). The S$462m Jem office divestment (with a gain of S$8.9m) would improve its financial flexibility: Pro forma gearing will lower from 42.6% to 35% as at end-FY25 (assuming repayment of debts). Its adjusted interest coverage improved qoq to 1.6x as at end-FY25.

Economics Outlook

by **Mohamed Afham ZULGHAFIR** | E: afham.zulghafir@cgsi.com

Muted US demand to keep NODX modest

Non-oil domestic exports (NODX) declined by 4.6% yoy in Jul 25, reversing the 12.9% expansion recorded in Jun 25. The outcome undershot. The contraction reflected broad-based weakness across non-electronics and softer momentum in electronics segments. Non-electronic exports fell by 6.6% yoy (Jun 25: 14.4%), led by double-digit declines in pharmaceuticals (-18.9%), petrochemicals (-23.4%), and food preparation (-26.3%).

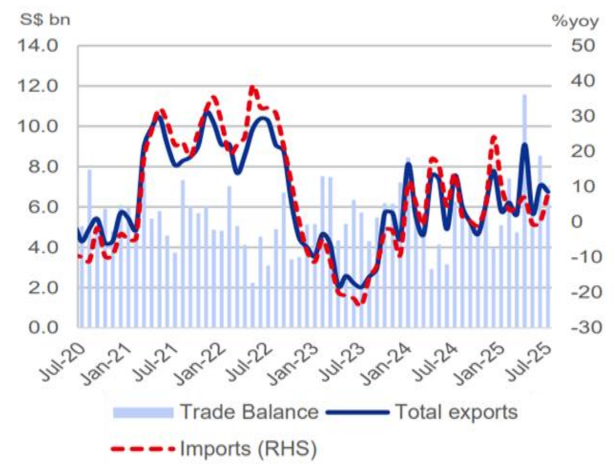
Easing cost pressures signal softer outlook

Inflation eased further in Jul 25, with core inflation moderating to 0.5% yoy and headline inflation to 0.6% yoy, both slightly undershooting. Headline inflation also edged down to 0.6% yoy (Jun 25: 0.8%), reflecting not only weaker core inflation but also a sharper moderation in accommodation costs, which slowed to 0.5% yoy, from 1.0% in Jun 25.

Manufacturing steady, risks persist

Industrial Production Index (IPI) expanded by 7.1% yoy in Jul 25, unchanged from the previous month's downwardly revised figure and significantly outpacing both Excluding the more volatile biomedical manufacturing segment, output grew by 9.4% yoy (Jun 25: 8.2%). Growth was broad-based across most clusters, with the exception of the general manufacturing sector, which contracted 9.7% yoy.

Both core and headline CPI fell in Jul 25



SOURCES: CGSI RESEARCH, CEIC

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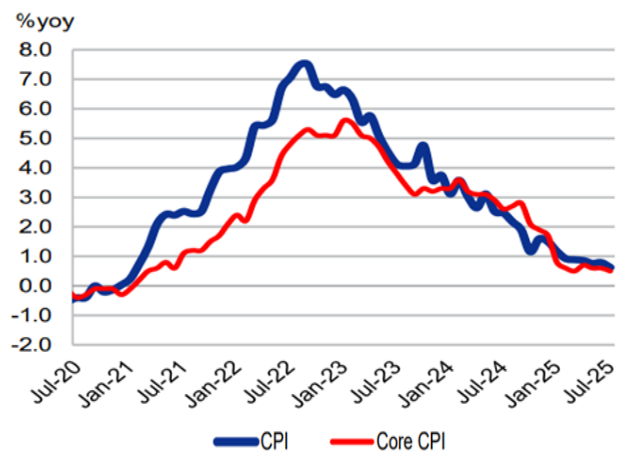
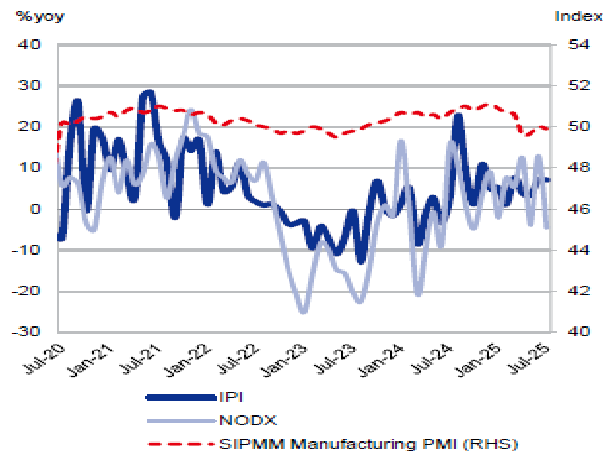


SOURCES: CGSI RESEARCH, CEIC

IPI expanded by 7.1% yoy in Jul 25



SOURCES: CGSI RESEARCH, CEIC

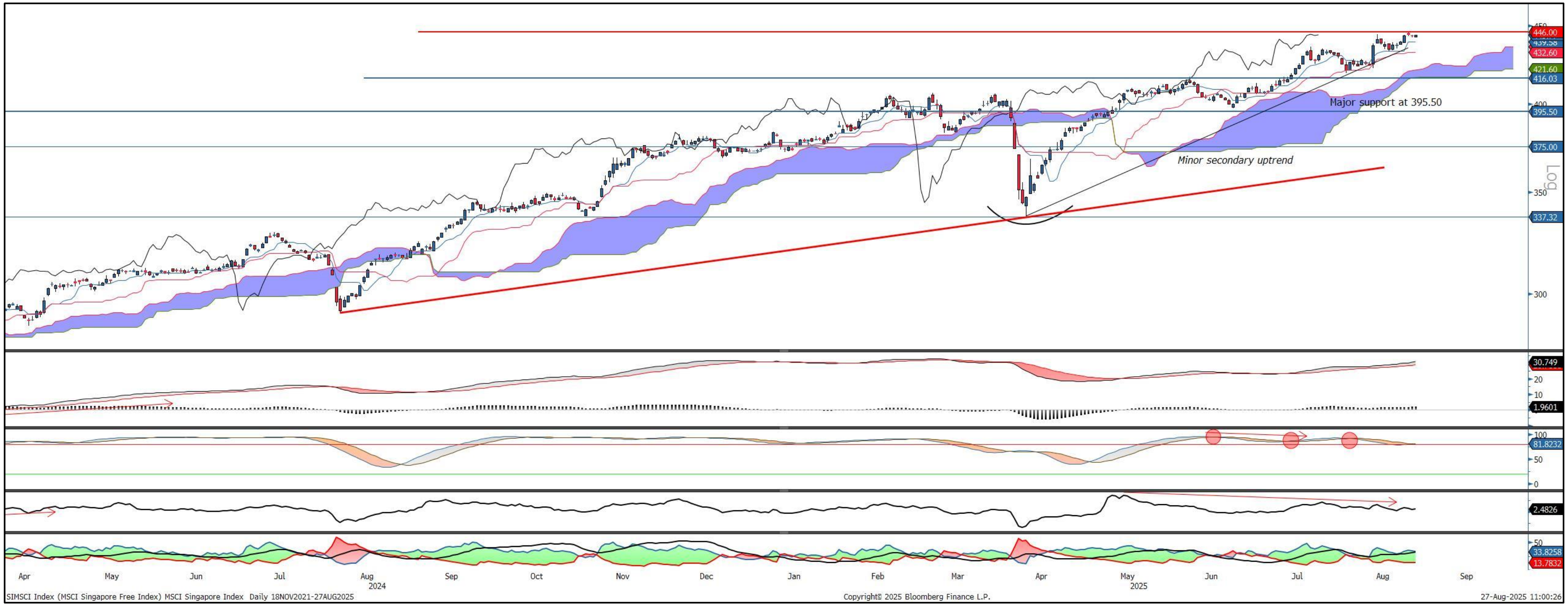
Technical Outlook

CGS International
Asia's Global Investment House

Short-term – Strong bullish trend intact

by **CHUA Wei Ren, CMT** | E: weiren.chua@cgsi.com

- The SIMSCI uptrend has been stable and is likely to surpass 450.00 pts in the next 1-2 months.
- A correction, if any may be in a three-wave structure and may test 419.00 pts or the lower support level at 395.00 pts.
- The major uptrend remains intact as Ichimoku's bullish signal remains valid and long-term MACD is still displaying strong positive signals. Our major target is 467.00 pts in the mid-term, i.e. the next 3-6 months.



SOURCES: CGSI RESEARCH, COMPANY REPORTS, BLOOMBERG

Technical Outlook – cont'd

Five-wave symmetrical triangle bullish continuation is confirmed

- The longer-term chart shows confirmation of a bullish continuation after breaking the multi-year symmetrical triangle (2007-25).
- Furthermore, the 200, 50 and 20 period exponential moving average has performed a golden cross, which confirms the bullish trend.
- The long-term MACD is back, showing strong bullish momentum.
- We believe that the SIMCI will target 517.00 pts in the long-term.

SOURCES: CGSI RESEARCH, COMPANY REPORTS, BLOOMBERG

Sector

Capital Goods – top picks: YZJSB, KEP, CSE; adding back SCI

CGS International
Asia's Global Investment House

by **LIM Siew Khee** | E: siewkhee.lim@cgsi.com | by **Meghana KANDE** | E: meghana.kande@cgsi.com

Is it time to pick up the worst performer - Sembcorp Industries (SCI SP, Add, TP: S$8.02): We believe the share price correction of c.28% post results is overdone. At current price, the stock is trading at 10x CY26F, which is at a 30% discount to regional peers' 13x. 1H25 net profit of S$536m (-1% yoy) missed expectations on weaker gas & related services, which was hit by the several unexpected events including high-priced renewable energy imports (c.S$44m p.a.) which would last for a year and the absence of one-off gas gains in 1H25 (c.S$25m-30m). We believe the renewal of contracts at lower spreads (c.S$30m impact) should have been expected. However, this could have spooked the market as the investment thesis for SCI was based on its recurring earnings from long-term contracts. To this end, we still think SCI's Singapore gas and related services earnings is defensive in FY25-26F as only 87 % of its portfolio is 5 to > 10 years. According to SCI, most of the high-priced power contracts secured in 2022-23 have been renewed in 2H24 and 1H25, with c.3% to be renewed in 2H26F.

More than 50% discount to peers not warranted - Yangzijiang Shipbuilding (YZJSGD SP, Add, TP: S$3.90). YZJSGD was the best earnings performer in the capital goods sector with a positive surprise coming from strong 35% GM thanks to lower steel costs. We are not too concerned about a potentially slightly lower GM (still above 30%) in 2H25F as YZJ delivers lower-margin oil tankers. YZJSGD's orderbook stood at US$23.2bn as at 1H25. The company is still seeing strong enquiries for small to mid-sized vessels (less than 5,000 TEU containerships) for delivery in 2028F/2029F. YZJSB currently has c.US$2bn of Letters of Intent awaiting final orders. With the current yard capacity, we see sustainable order wins of US$4.5bn p.a. (YTD win: US$1.46bn). The stock trades at 7.5x CY26F, more than 50% below China CSSC Holdings Ltd's c.17x.

Expect special dividend - Keppel Ltd (KEP SP, Add, TP: S$10.23): We think 1H25 results were a non-event but the focus is on what will happen after the M1 divestment. On 11 Aug 2025, Keppel (KEP) announced that it has entered into a share purchase agreement to divest its 83.9% effective stake in subsidiary M1's telco business to Simba Telecom (Simba) for cash proceeds of S$985m. This transaction represents an enterprise value of S$1.43bn, translating to 7.3x FY24 EV/EBITDA, roughly similar to the 7.6x valuation for M1 when it was acquired by KEP in 2019. The consideration is also higher than our previous estimates of S$700m-900m, based on 6-7x EV/EBITDA. Assuming a 30% payout from M1's divestment proceeds, we expect KEP's special DPS to be c.S$0.16, for a total FY25F DPS of S$0.51.

Capital Goods – cont'd

S$10bn revenue is doable - Seatrium (STM SP, Add, TP: S$2.80): STM's 1H25 revenue hit a half-year record of S$5.4bn on Petrobras P-84/85 execution and TenneT projects, supporting our view that S$10bn full-year run rate is achievable in FY25-26F. We think the worst could be over and 1H25 could be the real inflection point for margins as STM's 1H25 GM expanded by 4.7% pts yoy, from 2.7% to 7.4%. Excluding onerous contracts, GM would have been at 8.6% from the execution of projects and ongoing cost optimisation efforts. We believe more operating leverage is ahead with the execution of P-series projects as well as lower provisions for onerous contracts with the delivery of Manson Construction contract in 2H25F. Net order book at 1H25 stood at S$18.6bn with under S$1bn YTD wins but STM is currently tendering for S$30bn projects globally.

Locked in some profits for the best share price performer -ST Engineering (STE SP, Hold, TP: S$8.70): As STE's share price had outperformed by c.90% from Jan 25 to Aug 25, we think that the 'in-line' 1H25 results could have been a reason for investors to take profit. STE trades at +3 s.d. from historical average, which we believe prices in 13% FY26F EPS growth. Upside risks: sizeable defence contract wins and divestment of loss-making businesses.

Riding the DC wave– CSE Global (CSE SP, Add, TP: S$0.86): CSE's data centre (DC) segment, which started just three years ago with a modest c.S$5m revenue contribution, has scaled rapidly, delivering an impressive 3-year CAGR of over 150% and securing approximately S$79m in new US DC contracts YTD. We estimate DC contracts account for c.15% of CSE's YTD order book of c.S$634m. CSE expects its DC contracts to transition into a flow-type business model, driven by recurring maintenance revenue rather than lumpy project wins. This shift should support a more predictable revenue stream, in our view, and given that flow business typically yields higher margins than greenfield projects, we anticipate margin improvement as CSE continues to expand its DC footprint.

Capital Goods – cont'd

SCI potential IPO of India RE

FYE 31 Dec (S$m)		FY24	FY25F	FY26F	FY27F	Installed RE Capacity (MW)	Pipeline (MW)
Breakdown of SCI's Adjusted EBITDA for Renewable Energy							
Group		622	696	742	784		
China	55%	342	383	408	431	8,523	847
India	45%	280	313	334	353	3,228	3,349
Peers comparison							
	CY25F EV/EBITDA (x)		**Potential market cap for SCI's RE IPO in India**				
NTPC Ltd	10.4		3,249	3,465	3,661	7,250	~17,000
Adani Green Energy Ltd	20.1		6,292	6,711	7,089	15,540	24,644
Acme Solar Holdings Ltd	14.2		4,449	4,745	5,012	2,830	~4,142
Average	**14.9**		**4,664**	**4,974**	**5,254**		

SOURCES: CGSI RESEARCH, COMPANY REPORTS

Keppel potential special dividend

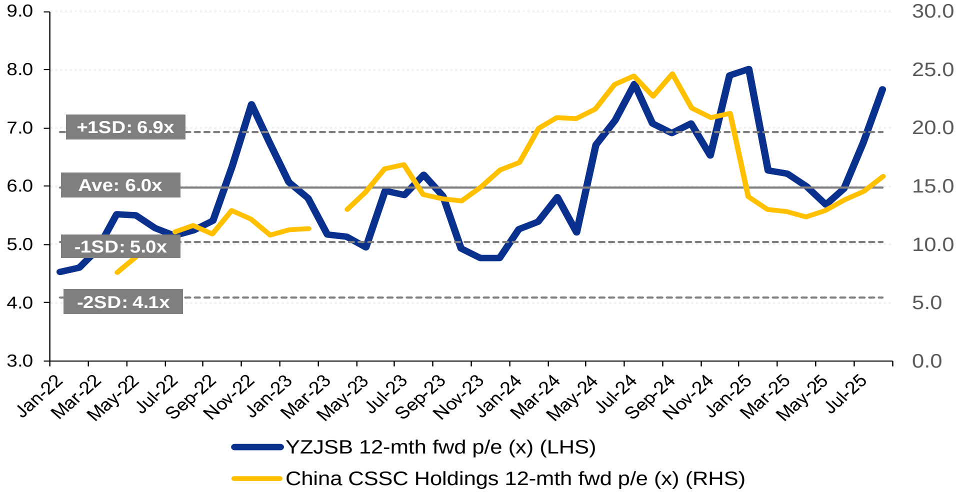
Cash proceeds from divestment (S$'m)	985			
No. of shares ('m)	1,806			
Payout from proceeds		20%	**30%**	40%
Special dividend (S$'m)		197	**296**	394
Special DPS (S$)		$ 0.11	**$ 0.16**	$ 0.22
Normal DPS (S$)		$ 0.35	**$ 0.35**	$ 0.35
Total DPS (S$)		$ 0.46	**$ 0.51**	$ 0.57
TP $ on implied historical average yield (5.4%*)		$ 8.50	**$ 9.51**	$ 10.15

**KEP traded at an average yield of 5.4% from 2020-Jul 2025*

SOURCES: CGSI RESEARCH, COMPANY REPORTS

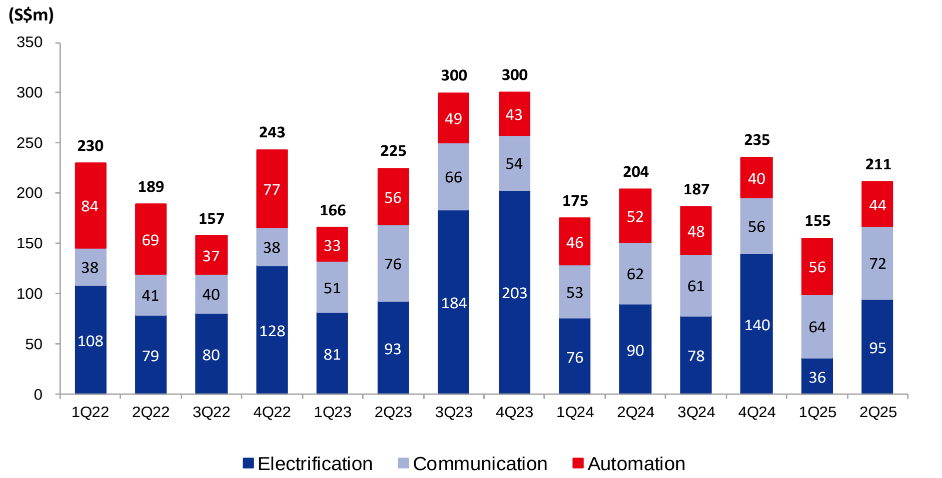
Capital Goods – cont'd

YZJSB trades at a discount to peers



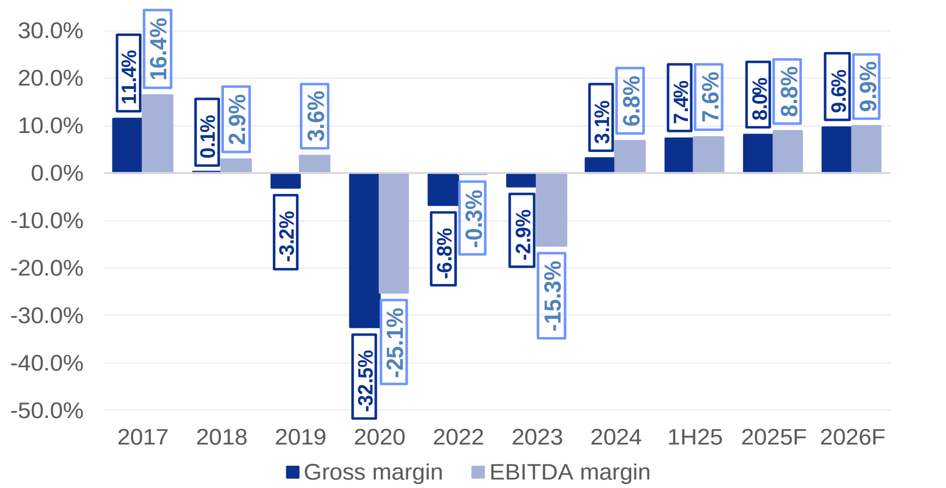
SOURCES: CGSI RESEARCH, COMPANY REPORTS

CSE order book



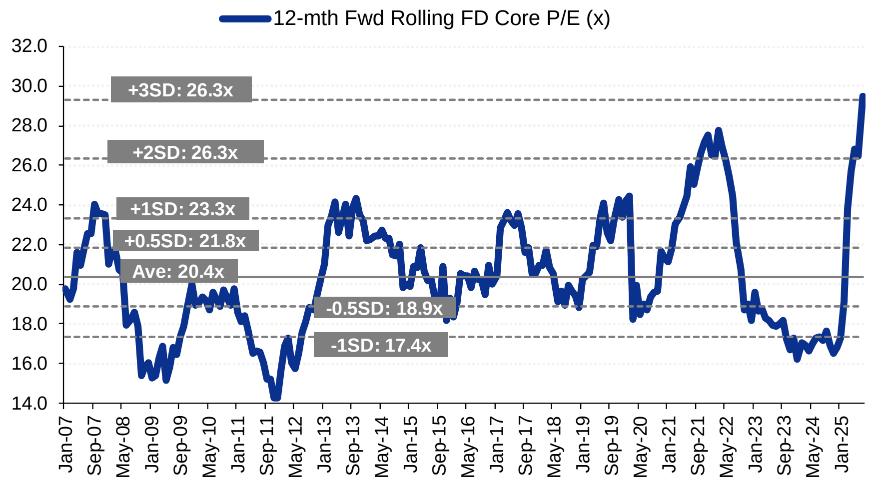
SOURCES: CGSI RESEARCH, COMPANY REPORTS

STM margin trend



SOURCES: CGSI RESEARCH, COMPANY REPORTS

STE trades at +3 sd above average



SOURCES: CGSI RESEARCH, COMPANY REPORTS

Commodities – Outlook

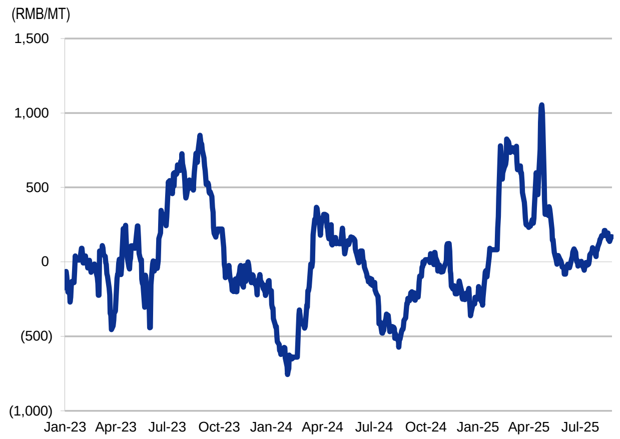
by **Jacquelyn YOW** | E: jacquelyn.yow@cgsi.com

We observe that China soybean crushing has improved by Rmb180/mt since Jul 25 to date, thanks to better margins for the hog industry in China leading to higher demand for soybean meal. We also gather that sales volume for China food products, especially consumer products, is gradually improving amid a better macroeconomic landscape.

Crude palm oil (CPO) price has increased by 11% since Jul 25 to date, mainly due to the Indonesian plan to roll out a B50 biodiesel mandate in 2026, which may need additional 3m tonnes of palm oil p.a., and a potential increase in the US biofuel mandate, which may consume more soybean oil as feedstock than the market expects. We expect CPO price to trade sideways in the range of RM4,200 – 4,500/tonne for 3Q25 and slightly lower at RM4,000/tonne for 4Q25. We reckon the processing margin may remain low in 2H25F with the on-going overcapacity situation in Indonesia but we expect refiners' margins to improve slightly on the back of tariff exemption for Indonesian players to the US for palm products and revision of the CPO export levy, which came into effect in May 25.

While we expect better earnings for Wilmar (WIL SP, Reduce, TP: S$2.70) for 2H25F vs. 1H25 on the back of higher commodity prices (i.e. CPO and sugar), better soybean crushing margin and improving palm refining margin, we maintain our Reduce recommendation as we remain cautious over uncertainties from Indonesia (land confiscation issues and ongoing investigations into alleged corruption related to palm oil export permits and rice mislabeling).

Both core and headline CPI fell in Jul 25

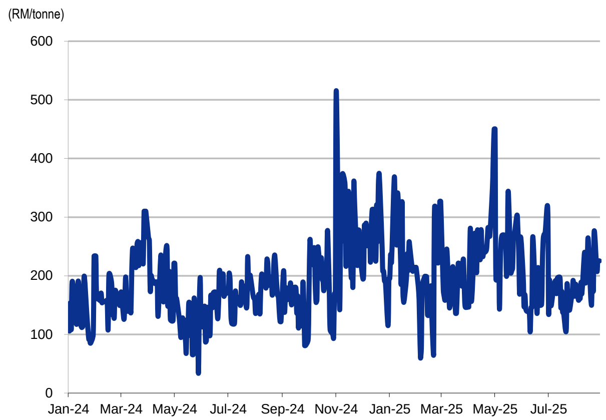


SOURCES: CGSI RESEARCH, BLOOMBERG

Both core and headline CPI fell in Jul 25

SOURCES: CGSI RESEARCH, CEIC

IPI expanded by 7.1% yoy in Jul 25



SOURCES: CGSI RESEARCH, BLOOMBERG

Consumer – Neutral

by **Meghana KANDE** | E: meghana.kande@cgsi.com | by **William TNG, CFA** | E: william.tng@cgsi.com

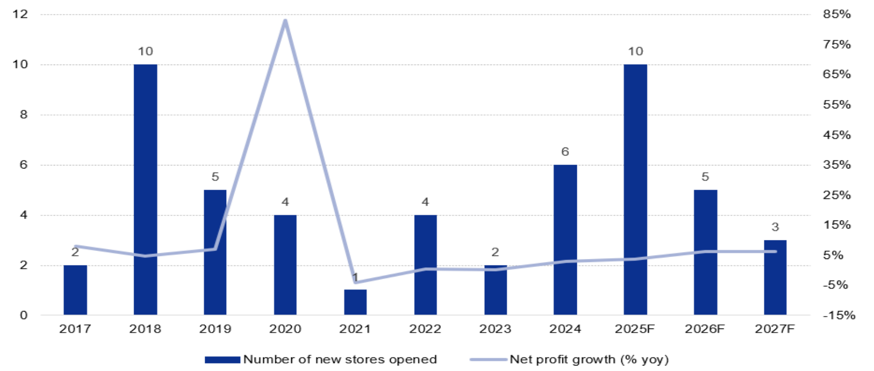
Consumer firms' 2Q25 results were mostly in line with our expectations. Sheng Siong Group (SSG) saw strong new store sales growth and GM expansion but net profit was affected by higher costs for staff and store openings. Thai Beverage's (THBEV) 45bp EBITDA margin improvement in 3QFY9/25 partially offset weak beer revenues. DFI's 1H25 underlying PATMI grew 39% yoy mainly stemming from strong H&B and associate contribution. DELFI's 1H25 core net profit declined 34% yoy on margin erosion from slower revenue momentum in Indonesia. We noted better-than-expected results for Food Empire (FEH) on ASP hikes and tailwinds from a weaker US dollar.

We downgraded **SSG** to Hold on the stock's >25% YTD rally and limited upside potential from current valuation of 21x fwd P/E. While new stores and consumption vouchers are likely to drive revenues in 2H25F, we think higher costs for staff, rent and distribution should weigh on net profit growth. We forecast SSG to open 10 stores in 2025F, of which it has already opened 8 stores YTD. Gross margin uplift from higher share of fresh products and procurement efficiencies could partially cushion higher opex, in our view. ***Hold, TP: S$2.21.***

We also downgraded **DELFI** to Reduce as we believe its positive share price movement since its 1Q25 business update in May 25 was driven by expectations of improved GP margins from lower cocoa prices. However, average cocoa prices since 2024 of US$7.9k/MT remain higher than the US$2.6k/MT in the prior 5 years over 2019-23. Hence, we expect its near-term profitability to be suppressed. ***Reduce, TP: S$0.71.***

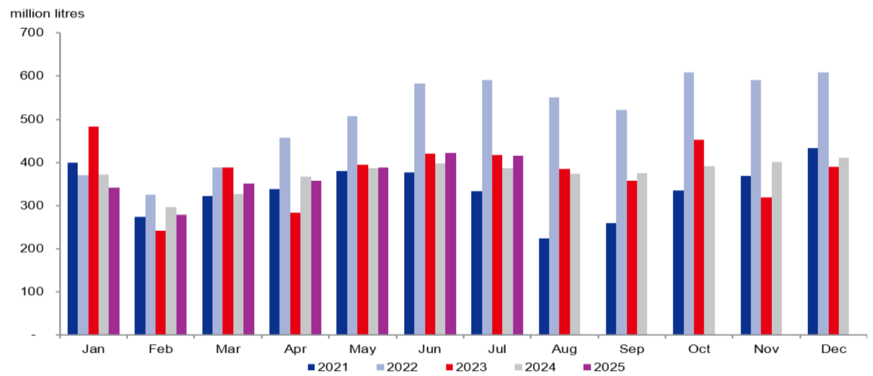
While industry data shows some early signs of recovery in Vietnam beer production, we think softer consumer sentiment and distribution challenges should weigh on volume growth for **THBEV's** subsidiary SABECO. For the rest of the group, we expect margin support to come from premiumisation in spirits portfolio and low input costs for beer. We believe that consumption headwinds from a weak macroeconomic outlook are largely priced in at the stock's current 10x fwd P/E valuation (1.5 s.d. below its 5-year mean). ***Add, TP: S$0.56.***

We expect SSG to open 10 stores in FY25F, comparable to 2018



SOURCES: CGSI RESEARCH, CENSUS AND STATISTICS DEPARTMENT

Vietnam beer production volumes recovered slightly since May 25 as industry destocking in early-2025 began to unwind, in our view



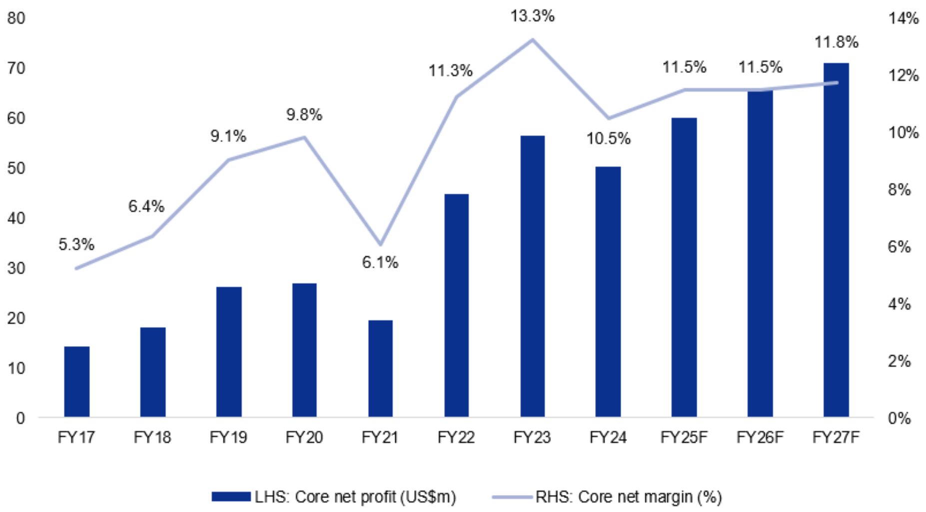
SOURCES: CGSI RESEARCH, CENSUS AND STATISTICS DEPARTMENT

Consumer – Scope for further margin improvements; Top pick: Food Empire

We think **FEH's** re-rating will likely continue into 2H25F. Apart from capacity-driven earnings expansion, we see FEH's blended net margin improving as the company focuses on a higher margin product mix in Russia, Ukraine and CIS geographies, while targeting a higher growth rate for its Vietnam market. As a consumer staples company with attractively priced products, we think Food Empire is less affected by the US trade tariffs and is also generally a beneficiary of a weaker US dollar vs. Singapore dollar. In its 1H25 results, Food Empire also declared a maiden interim DPS of 3.0 Scts. Management guided for another record-breaking performance in FY25F. ***Add, TP: S$2.94***.

We expect **DFI's** Health & Beauty segment margins to improve in 2H25F from an optimised store network in Southeast Asia and continued demand for its wellness products in Hong Kong amid rising Chinese tourist arrivals (+10% yoy in 7M25). We think DFI's grocery segment could also see better margins from a more direct sourcing strategy through which it can offer fresh products at cheaper prices, driving higher customer footfall. Grocery margin uplift could be more visible from FY26F after the sale of its Singapore Food business in 2H25F. Clarity on near-term financial targets and strategic direction through an investor day (likely in 4Q25F) would be a key re-rating catalyst for the stock**. *Add, TP: US$3.45***.

We forecast FEH's net margin to expand to >10% in FY25F-27F



SOURCES: CGSI RESEARCH, COMPANY REPORTS

Segment-wise forecasts for DFI

					% yoy change		
FYE 31 Dec (US$m)	**FY24**	**FY25F**	**FY26F**	**FY27F**	**FY25F**	**FY26F**	**FY27F**
EBIT margin							
Grocery retail	1.8%	1.9%	2.2%	2.3%	0.1% pts	0.3% pts	0.1% pts
Convenience stores	4.3%	3.9%	4.1%	4.3%	-0.4% pts	0.2% pts	0.2% pts
Health and beauty	8.6%	8.7%	8.8%	8.9%	0.1% pts	0.2% pts	0.1% pts
Home furnishing	2.3%	3.0%	3.0%	3.1%	0.7% pts	0.0% pts	0.1% pts
Underlying operating margin	**3.9%**	**4.0%**	**4.3%**	**4.4%**	**0.1% pts**	**0.3% pts**	**0.1% pts**

SOURCES: CGSI RESEARCH, COMPANY REPORTS

Construction – Robust construction demand

CGS International
Asia's Global Investment House

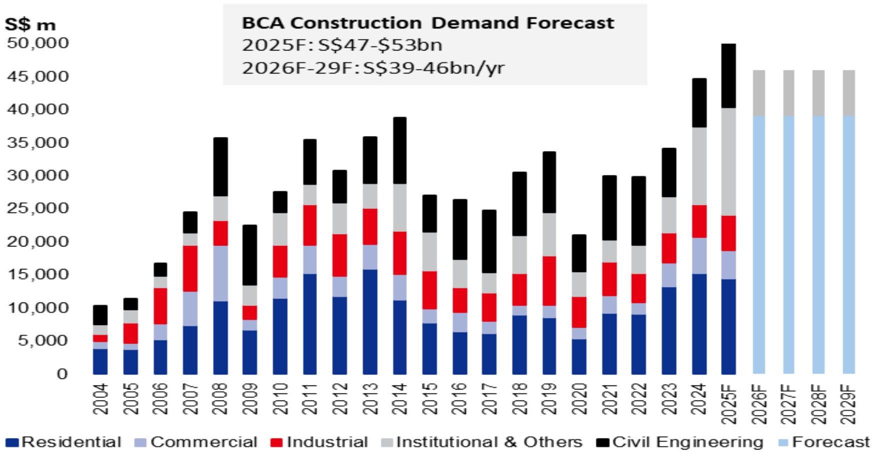
by **Natalie ONG** | E: natalie.ong@cgsi.com

Most construction and building material (BM) names under our coverage delivered margin expansions driven by higher margins on contracts secured post-Covid (WHUR, ISO) and economies of scale (PAN, BRC), with the exception of HLA, which saw lower margins due to a higher contribution from its lower-margin powertrain segment.

We estimate that sales volume for PANU's ready-mixed concrete (RMC) and BRC's steel sales volumes grew c.4% and c.22% yoy respectively in 1HCY25, while HLA's BM revenue fell 3.5% yoy in 1HCY25 due to weaker revenue in Singapore (-5% yoy) and Malaysia (-1% yoy). In the Singapore BM segment, HLA's precast revenue rose 27% yoy on higher volumes while RMC revenue fell 11% yoy on lower RMC volumes due to transitional capacity disruptions. Nonetheless, HLA's 1HCY25 revenue/PATMI grew by 25%/13% yoy, lifted by strong performance from the powertrain segment (units sold +30% yoy).

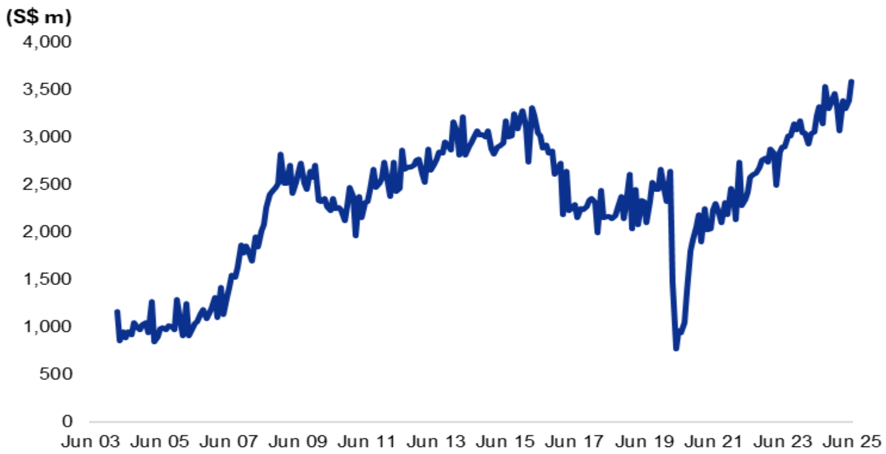
WHUR's 1HCY25 revenue/GP jumped 43%/89% yoy, boosted by one-off fund management performance fees arising from the divestment of purpose-built student accommodation (PBSA) Fund I in Apr 2025 and property development revenue. Meanwhile, ISO saw 2HFY6/25 fall 20% due to timing of revenue recognition for certain public sector projects arising from delays in claim certification and slower-than-expected contract awards.

BCA estimates that construction demand will peak in 2026F and remain elevated over 2026F-29F



SOURCES: CGSI RESEARCH, BUILDING AND CONSTRUCTION AUTHORITY

6M25 construction output (measured by progressive payments) grew 8% yoy, at the lower end of BCA's FY25F forecast



SOURCES: CGSI RESEARCH, BUILDING AND CONSTRUCTION AUTHORITY

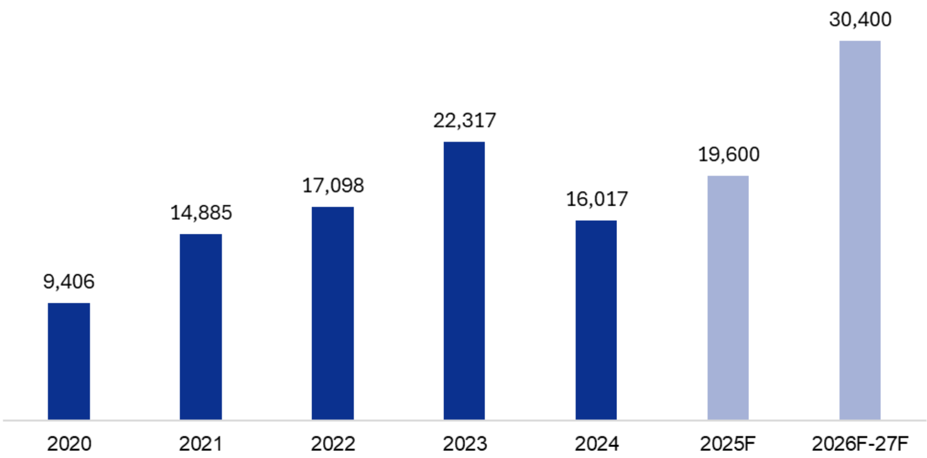
Construction – Overweight

Industry statistics indicate that the construction landscape remains healthy, in our view. 6M25 construction demand (based on contracts awarded) stood at S$28bn (+41% yoy), coming in at 52% of the higher-end of the Building and Construction Authority's (BCA) 2025F construction demand forecast of S$47bn-53bn. We expect building material names (PANU, BRC, HLA) to deliver a stronger 2HCY25F, given that 2H is historically seasonally stronger than 1H for the industry, and healthy topline growth in 2026F-27F as construction and building material names execute their robust orderbooks.

Our top picks in the sector are HLA and BRC. We see multiple revenue drivers for HLA – expansion in its manufacturing capacity of high horsepower engines used in data centres, growth in indirect exports and as a beneficiary of the Singapore construction upcycle. In addition, the potential listing of one of HLA's indirect subsidiaries could unlock value for HLA. We like BRC for its attractive FY26F dividend yield of 5.8% and its dominant c.60% share of the Singapore steel market as at 1HCY25, according to management.

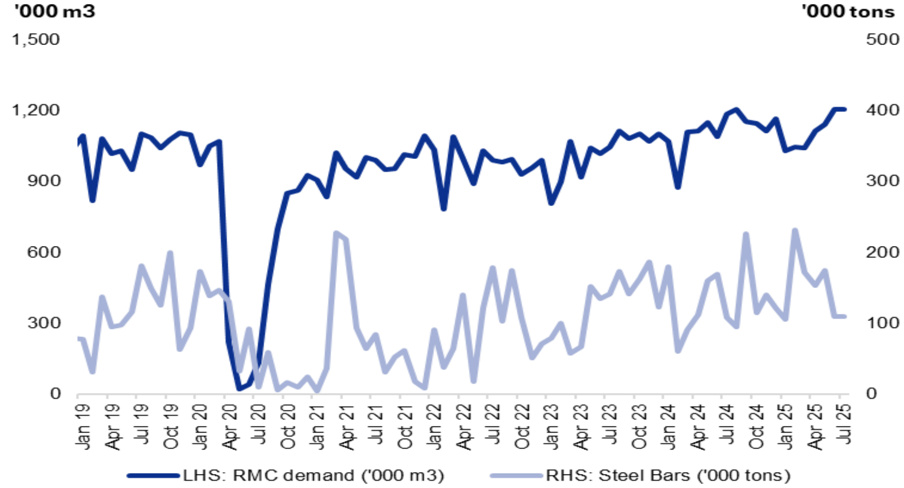
Key re-rating catalysts for the sector include strong improvements in offtake volumes and earnings-accretive M&As. Downside risks include project delays due to bottlenecks in other construction services and work stoppages.

Housing development Board Build-to-order units sold and planned launch pipeline



SOURCES: CGSI RESEARCH, BUILDING AND CONSTRUCTION AUTHORITY

Demand for ready-mix concrete and steel bars continue to trend up



SOURCES: CGSI RESEARCH, BUILDING AND CONSTRUCTION AUTHORITY

Financials – Facing imminent headwind of interest rate cuts; Neutral

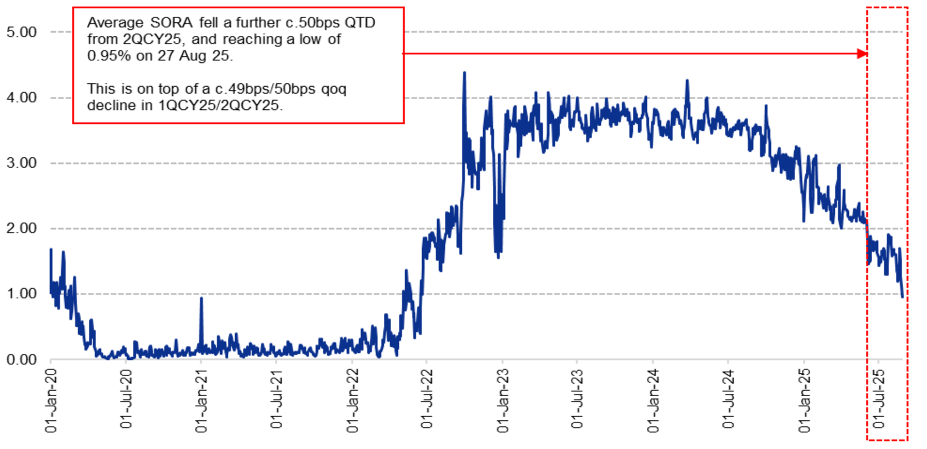
by **TAY Wee Kuang** | E: weekuang.tay @cgsi.com | by **LIM Siew Khee** | E: siewkhee.lim@cgsi.com

We reiterate our Neutral call on the Singapore banking sector. With interest rate cuts by the US Federal Reserve on the horizon, we think investors will rotate out of SG banks, especially with pressure on net interest margins (NIMs). Average Singapore overnight rate average (SORA) is down c.50bp qoq QTD, reaching a low of 0.95% on 27 Aug, while average Hong Kong interbank offered rate (HIBOR) has also declined c.54bp qoq QTD.

Look past NIM pressures and focus on NII resilience. Although SG banks saw NIM compress 7–12bp qoq to 1.91–2.05% in 2Q25, NII declined by a smaller 0.9% to 3.0%. This is supported by modest loan growth qoq, as well as the banks' ability to deploy excess liquidity into high quality liquid assets, that can continue to generate NII, albeit dilutive to NIM due to a thinner spread between asset yields and funding cost.

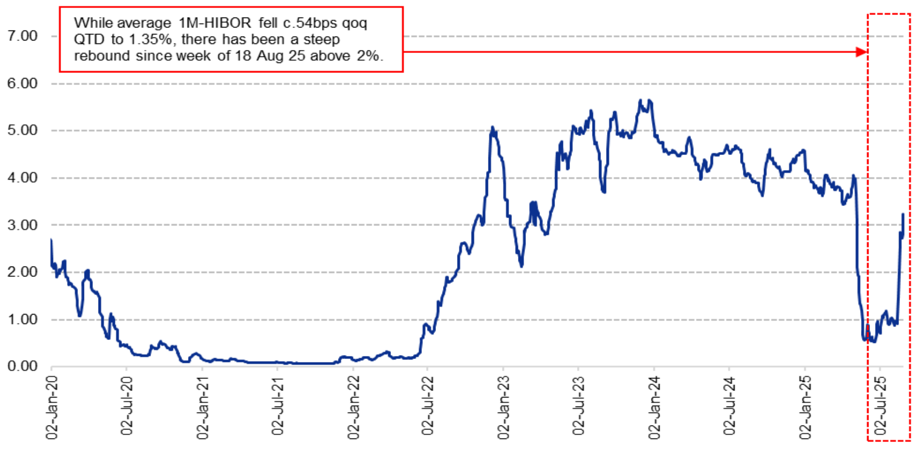
Trimmed FY25F guidance reasonable. DBS (last call: Add; TP: S$54.90) kept its FY25F guidance but cautioned on loan growth due to macroeconomic conditions following Donald Trump's "Liberation Day" in Apr 25. OCBC (last call: Hold; TP: S$17.20) lowered its NIM guidance as a result of lower interest rates, but we believe the outlook for FY25F remains largely intact. UOB reintroduced its FY25F guidance after removing it in their 1Q25 results post "Liberation Day", which signals slower fee income growth on flat opex as UOB intends to continue investing in IT infrastructure.

SORA (%)



SOURCES: CGSI RESEARCH, BLOOMBERG

1M-HIBOR (%)



SOURCES: CGSI RESEARCH, BLOOMBERG

Financials – Top pick: DBS (Last call: Add; TP: S$54.90)

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Sector upside risks. Singapore and Hong Kong interest rates have declined YTD despite the US Federal Reserve holding interest rates steady since end-2024. We believe the lower interest rates were a result of liquidity inflows into the region, bucking the trend of a correlation between SG and HK interest rates and US interest rates. As such, should interest rates remain stable when the US Federal Reserve begins interest rate cuts, we could potentially see NIMs hold up, which could be supportive of NII in FY25F. A risk-on appetite supporting stronger-than-expected loan growth across the region could also support NII. Write-back in provisions will also be a key upside risk as it could signal better macroeconomic conditions ahead.

Sector downside risks. Escalation in credit costs, either as a result of a deterioration in macroeconomic conditions or downward revisions to GDP forecasts. Other downside risks include fee income and trading income decline following potential return of risk-off sentiments.

Top pick: DBS. We continue to like DBS for the visibility of its growing DPS over FY25F-27F given management's communication that its current capital position will be able support a growing DPS that is not pegged to a payout ratio amid headwinds that might pressure profitability across the period. DBS has also been successful in executing on its FY25F guidance.

Updated FY25F guidance across SG banks

	DBS	
	Prev. FY25F	New. FY25F
NII	Slight yoy growth	Unchanged
Commercial book Non-II	Mid-to-high single-digit growth	Unchanged
Total income	N.A.	N.A.
Fee income	N.A.	N.A.
Pretax profit	Flat yoy	Unchanged
NIM	Slight yoy decline (FY24: 2.13%)	Unchanged
Loan growth	Slight yoy growth	Unchanged
Cost-income ratio	Low-40%	Unchanged
Credit costs	SPs: 17-20 bps	Unchanged

	OCBC	
	Prev. FY25F	New. FY25F
NII	N.A.	N.A.
Commercial book Non-II	N.A.	N.A.
Total income	N.A.	N.A.
Fee income	N.A.	N.A.
Pretax profit (S$)	N.A.	N.A.
NIM	c.2% (FY24: 2.20%)	c.1.90-1.95%
Loan growth	Mid-single-digit	Unchanged
Cost-income ratio	Low-40%	Unchanged
Credit costs	Total: 20 - 25 bps	Unchanged

	UOB	
	Prev. FY25F	New. FY25F
NII	N.A.	N.A.
Commercial book Non-II	N.A.	N.A.
Total income	Growth yoy	N.A.
Fee income	Double-digit growth	High single-digit growth
Pretax profit (S$)	N.A.	N.A.
NIM	N.A.	NIM at 1.85-1.90%
Loan growth	High single-digit	Low single-digit
Cost-income ratio	c.42%	N.A. but flat opex yoy
Credit costs	SPs: 25 - 30 bps	Unchanged with expectations to top up GP buffer

SOURCES: CGSI RESEARCH, COMPANY REPORTS, BLOOMBERG

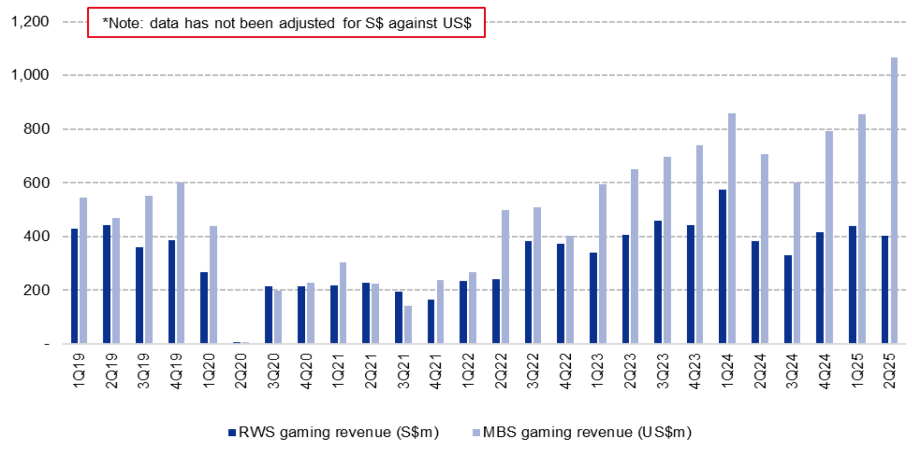
Gaming – Time to get more upbeat in 3Q25F; Overweight

by **TAY Wee Kuang** | E: weekuang.tay@cgsi.com

GENS's losing streak extended into 2Q25. We think the downtime for attractions across Resorts World Sentosa (RWS), including the closure of the SEA Aquarium in 2Q25, impacted footfall to the property, with GENS seeing its non-gaming revenue decline for three consecutive quarters since 3Q24. Correspondingly, GENS's gaming revenue growth lagged behind that of its peer Marina Bay Sands (MBS). We believe GENS ceded market share of the mass gaming segment to MBS, which would have been in a better position to tap the tourist-turned-casual-gamer market given its proximity to downtown hotels. In contrast, GENS would have needed to depend on its limited room inventory, especially when more than 300 of its hotel room keys from Hard Rock Hotel were unavailable since Mar 24 for upgrading works for the all-suite hotel, The Laurus, by Marriott, which will open for bookings in Oct 25.

Time to reap benefits of RWS 1.5 from 3Q25F. GENS opened The Weave (new retail space within RWS), as well as the Singapore Oceanarium, which is three times larger than the SEA Aquarium it replaced, in Jul 25. We believe the opening of the new attractions by GENS in 3Q25F will catalyse its earnings recovery for 2H25F. We expect Singapore international visitor arrivals (IVAs) to pick up in 3Q25F, especially with Jul 25 IVAs growing 4.9% yoy, likely due to the Northern hemisphere summer holidays. RWS is also likely to see stronger visitation given the annual Halloween Horror Night event held between Sep and Nov at Universal Studios Singapore (USS).

GENS's gaming revenue has lagged that of MBS



SOURCES: CGSI RESEARCH, COMPANY REPORTS

Singapore international visitor arrivals (IVAs) ('000s)

SOURCES: CGSI RESEARCH, CEIC

Gaming – top pick: GENS (Add; TP: S$0.835; CP: S$0.76)

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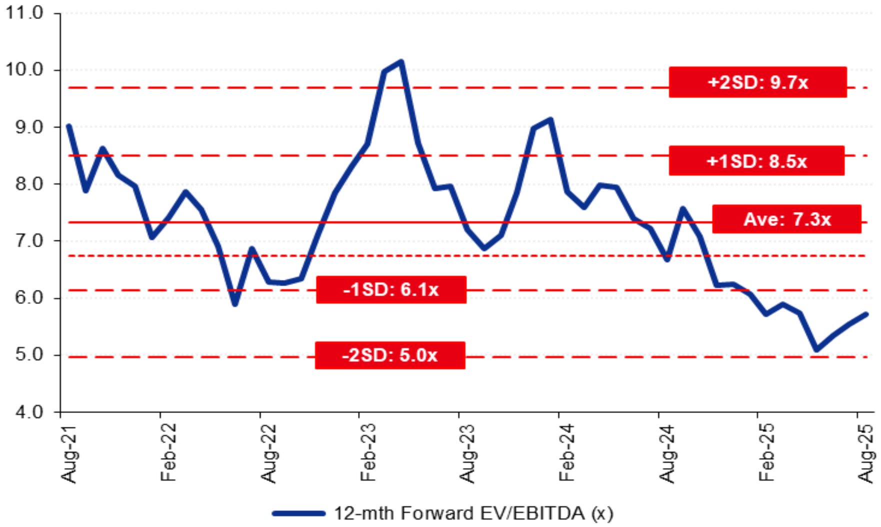
Asia's Global Investment House

Valuation re-rating for GENS should follow its incremental turnaround in profitability. GENS continues to trade at an undemanding valuation of 5.7x 12M-forward rolling EV/EBITDA, likely due to the continued underperformance of GENS against MBS since 1Q24, in our opinion. However, with the opening of various attractions by GENS in 3Q25F, we remain positive on an incremental hoh improvement to GENS's profitability. We maintain our Add call on GENS with a TP of S$0.835, pegged to 6.4x FY26F EV/EBITDA, 0.5 s.d. below its 4-year mean, as we think GENS's improvements in profitability would still continue to lag that of the industry.

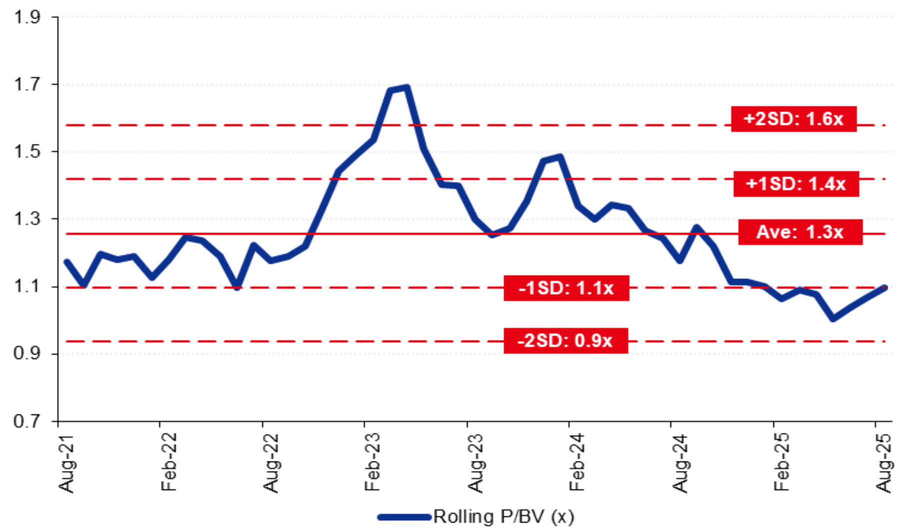
Downside risks. Stagnant tourism industry in Singapore, inability to regain gaming market share by GENS, and subdued footfall at RWS, resulting in compressed margins despite the re-opening of attractions.

GENS's 12-month forward rolling EV/EBITDA (x)



SOURCES: CGSI RESEARCH, COMPANY REPORTS

GENS's 12-month forward rolling P/BV (x)



SOURCES: CGSI RESEARCH, COMPANY REPORTS

Healthcare – Overweight; in-line 1H25 results, more to look forward to in 2H25F

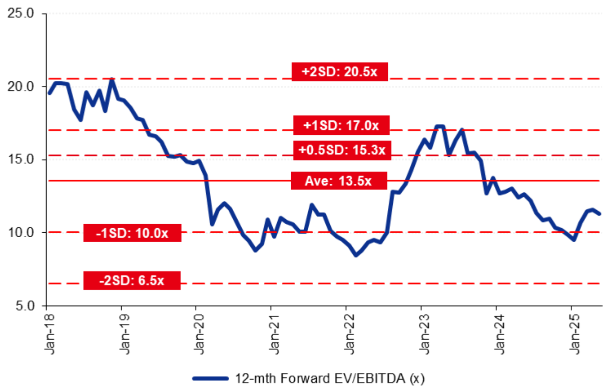
by **TAY Wee Kuang** | E: weekuang.tay@cgsi.com

One-off expenses masked resilient results for 1H25. In 1H25, QNM (Last call: Add; TP: S$0.49) reported a headline PATMI decline of 60.0% due to a one-off non-cash loss arising from QNM's increase in stake in Aoxin (Not Rated) resulting in the consolidation of Aoxin as a subsidiary from an associate previously. HYP (Last call: Add; TP: S$0.43) also reported a headline PATMI that declined 69.0% yoy in 1H25, as a result of an exceptional inventory obsolescence, as well as negative translational impact of the depreciation of the VND against €. Disregarding one-off items, core PATMI would have grown 4.7% yoy for QNM, and declined by a lesser 7.4% yoy for HYP. RFMD (Last call: Add; TP: S$1.20) delivered a 4.8% yoy increase in PATMI in 1H25.

Clear intentions to grow with strong balance sheets. With core operations of all three healthcare companies under our coverage entrenched in Singapore with its mature healthcare industry, there is limited room for organic growth, in our view. However, thanks to their strong balance sheets – with RFMD and HYP in net cash positions, and QNM that recently completed its S$130m bond issue in Jul – we believe all three healthcare companies are on the lookout for growth opportunities. QNM has signaled its intention to grow its operations through M&As across Singapore, Malaysia and China. RFMD is exploring opportunities across ASEAN, while HYP is looking to expand its product portfolio and is considering acquisitions that have strategic fits with its pharmaceutical and medical aesthetics, and proprietary brands portfolio.

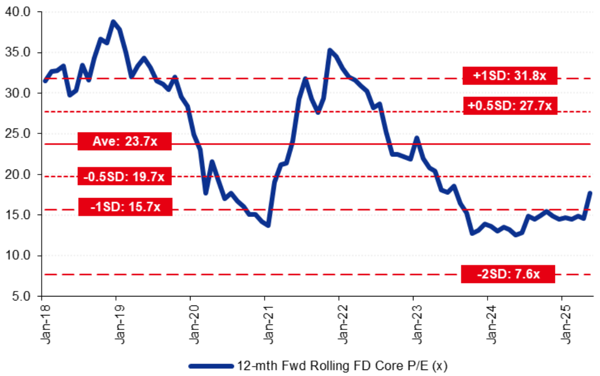
Top pick: HYP We see better visibility for hoh PATMI growth for HYP in 2H25F, given HYP's emphasis on improving its sales mix to higher-margin products, contributing to the 4.5% pts yoy expansion in its GP margin to 39.4% in 1H25. However, we acknowledge that the continued depreciation of the VND against € could suppress GP margins in 2H25F, although we expect better revenue momentum to offset the margin erosion from forex translation. M&A plans for QNM may seem attractive but we view them as binary outcomes affecting share price performance.

RFMD – 12-mth fwd EV/EBITDA (x)



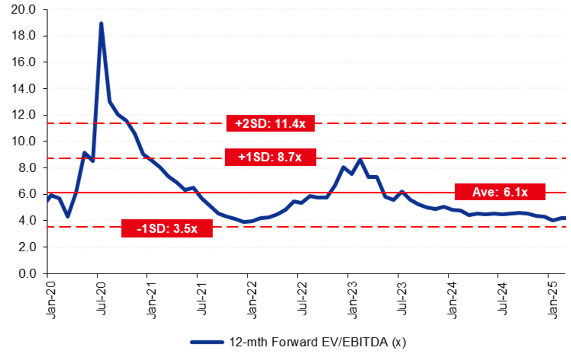
SOURCES: CGSI RESEARCH, CEIC

QNM – 12-mth fwd core P/E (x)



SOURCES: CGSI RESEARCH, CEIC

HYP – 12-mth fwd EV/EBITDA (x)



SOURCES: CGSI RESEARCH, CEIC

Internet services – Sector Neutral

by **Jacquelyn YOW** | E: jacquelyn.yow@cgsi.com

2Q25 results wrap: Both SE (SE US, Hold, TP: US$165, CP: US$188) and Grab (GRAB US, Hold, TP: US$5.4, CP: US$5.0) delivered stronger yoy Gross Merchandise Value (GMV) growth, which led to topline growth beating our estimate and Bloomberg consensus's, while sequential adjusted EBITDA margin has seen some compression, with both companies' management focused more on maintaining topline growth. We think that margin expansion could be capped going into 2H25 as defending market share in key markets amid heightened competition and softer economic outlook would be their main priority. For SE, we cut our FY25-FY27F EPADS assumptions by 1%/8%/8%, while for Grab, we cut our FY26-27F net profit by 1.85-6.08% as we trim our margin assumptions.

2Q25 results wrap

	Sea Ltd.			Grab Holdings		
	Gaming (Garena)	**E-commerce (Shopee)**	**Digital Financial Services (Monee)**	**Deliveries**	**Mobility**	**Financial Services (GXS/GX Bank)**
Topline	Beat: Bookings up 23% yoy but down 15% qoq - overall a positive surprise to the market. Free Fire remained popular in key markets (LATAM, ASEAN and India) due to introduction of new map "Solara" and camera feature, and IP collobation with Squid Game and Naruto Shippuden Chapter 2.	In line: Growing market share despite intense competition in Brazil, as well as stronger VIP members spending in Indonesia and instant delivery rollout in Indonesia, Thailand and Vietnam, led to stronger yoy GMV growth, but adjusted revenue stays in line with our expectation at US$3.8bn (+7% qoq, 34% yoy).	Beat: Adj. revenue of US$883m (+12% qoq, +70% yoy) beat our expectation due to strong loan book expansion from both off- and on-Shopee platform. Consumer and SME loans active users hit 30m for the firs time due to increased product offerings and improved underwriting capabilities.	In line: GMV rose 22% yoy and 11% qoq which is in line with our expectation. Sequential improvement came from low base in 1Q25 (Ramadan fasting period), while yoy improvement is mainly due to increased affordable offerings in key markets, as well as improved number and average spend of quarterly active advertisers.	In line: GMV rose 19% yoy and 4% qoq which is in line with our expectation. Sequential improvement came from low base in 1Q25 (Ramadan fasting period), while yoy improvement is mainly due to increased user-driver base and increased demand for products like Advance Bookings and Family Accounts, and Saver Transport rides.	In line: Revenue grew 38% yoy on a constant currency basis due to loan disbursals growth of 44% yoy to US$721m, reaching an annualised run-rate of US$2.9bn. This was mainly driven by prudent credit expansion, higher lending penetration and new product launches though GXS Bank (Singapore) and GX Bank (Malaysia).
Adj. EBITDA margin	Missed: Despite bookings and average DAUs staying elevated, adj. EBITDA margin stood at 55.7%, lower than 1Q25's 59.1%, which we believe is due to increased marketing expenses (+59.2% yoy).	Missed: Due to heavier reinvestment into the above-mentioned initiatives, adj. EBITDA margin as a percentage of GMV has dropped by 0.2% pt to 0.76% (from 0.92% in 1Q25).	Missed: Adj EBITDA margin dipped back to 4Q24 level due to sales and marketing expenses back to elevated level of US$123m (1Q25: US$96m).	In line: Flattish margin despite GMV increasing with more contribution from affordable offerings (like Grab Food for One) contribute.	In line: EBITDA-to-GMV margin was down by 10bp qoq to 8.7% in 2Q25, with more innovative localised product offerings such as Grab Car Savers boosting the total number of rides but likely lower margins.	In-line: Not meaningful as it is still loss-making. However, adjusted EBITDA margin saw improvement by 9.0% pts, from -40% in 1Q25 to -31% in 2Q25.
Guidance	Up: Management raised its full-year guidance for Garena and expects bookings to grow more than 30% yoy in 2025F.	Maintained: Management did not revise up full year 20% yoy GMV growth for 2025F as it expects potential moderation in 4Q25F due to high base, but remained positive on 3Q25F GMV growth momentum.	Maintained: Management remained confident of achieving guidance of loan book size growing meaningfully faster than Shopee's GMV annual growth rate in 2025F.	Management expects rising DTU and MTU to drive sequential GMV growth in 3Q and 4Q, which would help support group target of US$3.33bn-3.4bn revenue.	Management expects continued sequential GMV growth with stable adj. EBITDA margins, supported by rising DTU and MTU with ongoing product and tech-driven user engagement initiatives.	Management expects loan book to hit US$1bn mark by end-2025 with continuous loan growth momentum.

SOURCES: CGSI RESEARCH, COMPANY REPORTS

Internet services – cont'd (Top pick: Sea Ltd.)

ASEAN e-commerce: Shopee's marketplace take rate saw another increase in Jul–Aug 25, following its earlier revision around Mar–May 25, across most markets except Singapore and Brazil. From 2H25 onwards, a flat infrastructure/order processing fee will be effective for all successful orders in Indonesia, the Philippines, Thailand, and Vietnam to "support the continuous development, provision, maintenance, upgrade, and enhancement of the Shopee platform.". The move signals Shopee's continued dominance in these markets, with competitors taking note — Lazada has already followed suit in Indonesia and Vietnam. However, we reckon that recently, more ASEAN local authorities are monitoring e-commerce rate hikes closely. New regulations on e-commerce fee structure or taxes could be a downside risk, in our view.

Brazil e-commerce: While management noted that Brazil's GMV growth was unaffected by intensifying competition with minimal to no impact seen from Mercado Livre's (MELI US, Non-rated CP: US$2406) reduced free shipping threshold in Jun 25, we think that the full effect could kick in in 2H25 as MELI moves aggressively into the low-ticket item segment. During MELI's 2Q25 analyst briefing, management noted low-value sales have significantly outpaced historical growth rates in Jun 25. However, the impact of MELI's moves could be cushioned in our view, with Shopee expanding into higher-ticket categories by onboarding major brands. Furthermore, we think as of now, Shopee still has a competitive advantage in distribution channels vs. the Chinese entrants (i.e. Temu, Tiktok shop). Hence, we think Shopee should be able to largely defend its market share.

Snapshot of e-commerce seller fees in ASEAN as of Aug 2025

Country	Shopee		Lazada		Tiktok Shop	
	Old	Latest	Old	Latest	Old	Latest
Indonesia	4.3-12%	**Rp1,250 + 4.3-12%**	4.3-10.0%	**Rp1,250 + 4.3-10.0%**	2.8-11.8%	**2.8-11.8%**
Malaysia	7.02-22.14%	**7.02-22.68%**	6.48-27%	**6.48-27%**	3.8-18.4%	**3.8-18.4%**
Philippines	8.36-13.32%	**Php5 + 12.84-18.34%**	9.96-13.3%	**9.96-13.3%**	7.2-11.3%	**7.2-11.3%**
Singapore	7.63-14.17%	**7.63-14.17%**	6.5-12.0%	**6.5-13.08%**	5.5-7.1%	**6.54-9.3%**
Thailand	8.56-18.19%	**THB1.07 + 8.56-20.33%**	8.56-14.98%	**8.56-14.98%**	8.6-11.8%	**8.6-11.8%**
Vietnam	6.50-17%	**VND3,000 + 6.5-17%**	6.8-12.9%	**VND3,000 + 6.8-16.68%**	6.82-11.05%	**6.21-17.0%**
Brazil	14% + R$4 per item	**R$4 + 14% per item**	N/A	**N/A**	0- 6% + R$2	**R$2 + 0-6%**

SOURCES: CGSI RESEARCH, COMPANY REPORTS

Internet services – cont'd (Top pick: Sea Ltd.)

ASEAN on-demand: For deliveries segment, we believe that GMV growth should remain resilient in 2H25 despite seeing softer consumer demand in key markets like Indonesia, as Grab continues to roll out more affordable products and discounts, prioritising order frequency and user loyalty. For mobility segment, we see signs of a more rational competitive landscape, with pricing stability across most markets. Indonesia, however, faces a potential disruptor with a government-proposed 15% fare hike for ride-hailing platforms. While theoretically impact would be neutral as higher fares would increase overall order value but affect order volume, we think the proposal overlooks the critical price sensitivity of Indonesian consumers, which could negatively impact Grab's Mobilities GMV growth. According to Research Institute of Socio-Economic Development (RISED), over 70% of Indonesian riders would stop using ride-hailing if fares exceeded Rp2,800 (US$0.20) per km.

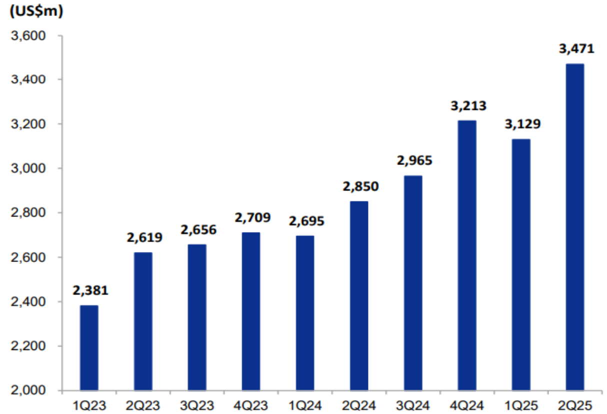
We prefer SE over Grab, underpinned by 1) sustained gaming bookings as Free Fire remains popular, with Naruto Shippuden IP collaboration to remain successful in 2H25 and new title Free City which already launched in Argentina and the Philippines to provide upside for gaming bookings in 2H25, 2) being the largest e-commerce player in ASEAN in terms of GMV while continuing to see robust GMV growth in Brazil, and 3) elevated consumer/SME loan demand which drives earnings growth. However, competitive intensity in e-commerce and higher sales and marketing spending could keep margins under pressure. For Grab, we see limited near-term upside as demand growth could slow. Moreover, we expect increased affordable saver products (lower margin) in sales mix. We also think that higher incentives to sustain delivery and mobility volumes could compress margins as well. **We maintain our Hold calls on both SE (TP: US$165) and Grab (TP: US$5.40) despite our positive long-term view**, as we expect growth volatility and we see current valuations as fair. In the near-term, softer macro outlook in key markets—especially Indonesia—are likely to weigh on consumer spending, ride-hailing volumes, and discretionary online purchases.

SEA's quarterly operating metrics

Year End Dec 31				
Operating metrics	**1Q25**	**2Q25**	**3Q25F**	**4Q25F**
Digital Entertainment				
Quarterly active users (m)	662	665	671	678
Quarterly paying users (m)	65	62	62	64
Pay ratio (%)	9.8%	9.3%	9.2%	9.5%
ARPU (US$)	1.17	0.99	0.98	1.03
ARPPU (US$)	12.0	10.7	10.7	10.9
Ecommerce				
GMV(US$m)	28,600	29,824	31,314	33,648
qoq % chg	0%	4%	5%	7%
yoy % chg	21%	28%	25%	18%
Gross orders (m)	3,097	3,260	3,412	3,654
Marketplace take rate (%)	11.1%	11.3%	11.3%	11.4%
Digital Financial Services				
Total loan book outstanding (US$m)	6,270	7,338	7,811	8,207
qoq % chg	14%	17%	6%	5%
yoy % chg	76%	89%	56%	49%

SOURCES: CGSI RESEARCH, CEIC

Grab Deliveries GMV remain resilient



SOURCES: CGSI RESEARCH, CEIC

Potential fare hike for rider service raised concern in Indonesia


Tarif Ojol Naik 15%, Grab Ingatkan Pentingnya Keseimbangan

Intan Rakhmayanti, CNBC Indonesia

02 July 2025 15:52

Foto: Pengemudi ojek online (ojol) menunggu orderan di kawasan Palmerah, Jakarta, Rabu (12/2/2025). Masyarakat Transportasi Indonesia (MTI) mengusulkan agar ojek online di Jakarta bisa mendapatkan bahan bakar minyak (BBM) subsidi dengan cara menggunakan plat kuning dalam upaya mendorong masyarakat untuk beralih ke angkutan umum. (CNBC Indonesia/Faisal Rahman)

SOURCES: CGSI RESEARCH, CEIC

Property (Neutral, top pick UOL)

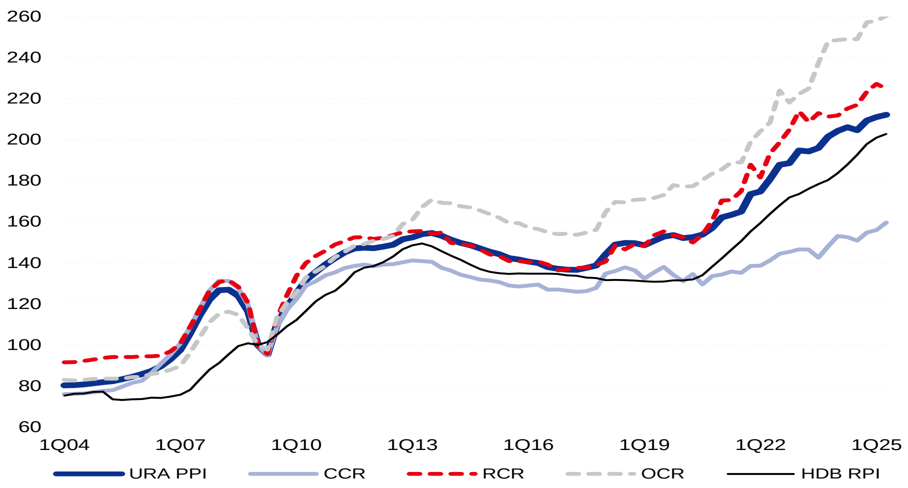
by **LOCK Mun Yee** | E: munyee.lock@cgsi.com

According to Urban Redevelopment Authority (URA), monthly primary home sales (excluding executive condominiums) year-to-Jul 2025 totalled 5,574 units, +123% yoy and making up c.70% of our full-year forecast of c.8,000 units. Market sentiment remained buoyant, evidenced by the 92% take-up rate at Springleaf Residences within its first weekend of launch.

With mortgage rates in Singapore trending down on the back of a falling benchmark Singapore Overnight Rate Average (SORA) rate, we expect demand for housing to remain robust in 2H25F.

Meanwhile, private home prices rose 1.3% in the first six months of 2025 and we maintain our expectation for a price appreciation of 0-3% for 2025F.

Private and HDB resale home prices



SOURCES: CGSI RESEARCH, URA

Selected residential launches in 2H25

Project	Developer	Units	Est launch date
W Residences	IOI Properties	683	Launched Jul 2025
Lyndenwoods	Capitaland	343	Launched Jul 2025
Otto Place EC	Hoi Hup Realty, Sunway Devt	600	Launched Jul 2025
The Robertson Opus	Fraser Property	348	Launched Jul 2025
Upperhouse @ Orchard Boulevard	UOL, Singland Group	301	Launched Jul 2025
Promenade Peak	Allgreen Properties	596	Launched Aug 2025
River Green	Wing Tai	524	Launched Aug 2025
Canberra Crescent Residences	Kheng Leong, Low Kheng Huat	376	Launched Aug 2025
Springleaf Residences	Guocoland, Hong Leong Holdings, Mitsui Fudosan	941	Launched Aug 2025
The Sen	Sustained Land	347	Oct-25
Zyon Grand	CDL, Mitsui Fudosan	706	Oct-25
Penrith	Hong Leong Holdings, Guocoland	462	Oct-25
Faber Residence	Guocoland, Hong Leong Holdings, Mitsui Fudosan	399	Nov-25
Skye at Holland	Capitaland, UOL	666	4Q25
Newport Residence	CDL	246	2025

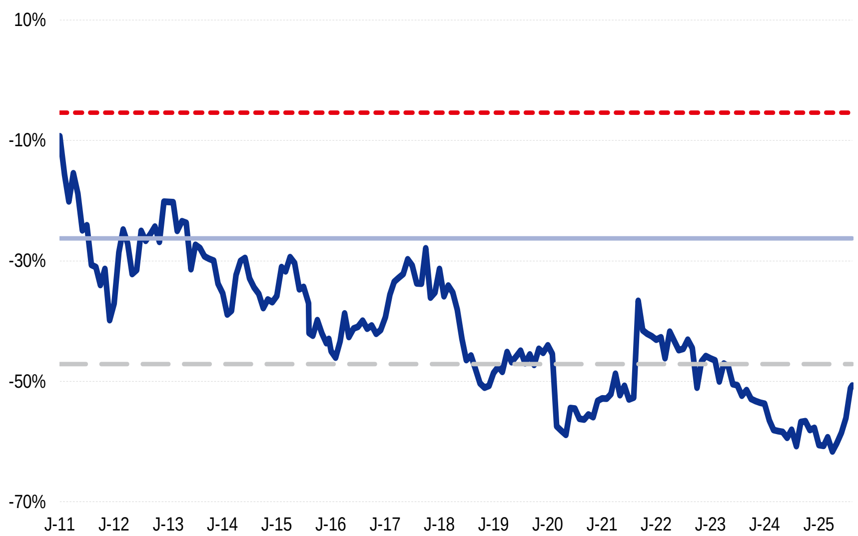
SOURCES: CGSI RESEARCH, PROPNEX

Property – cont'd

Share prices of the Singapore developers under our coverage have surged by an average 25% YTD, outperforming the broader Singapore market's performance. The sector still appears inexpensive, trading at 0.62x P/BV and at 50% discount to RNAV. We think developers will continue to perform strongly in 2H25F due to i) low mortgage rates, ii) active capital management, and iii) value unlocking activities.

Our sector picks are UOL, CIT and CLI, in this order of preference. We believe UOL's balance sheet metrics should improve and its share price climb as it unlocks the value of its commercial and hotel properties through asset enhancement activities, such as Singland Tower asset enhancement initiatives (AEI) and redevelopment of Clifford Centre and Marina Square, as well as optimise its portfolio performance.

Developers' discount to RNAV trend



SOURCES: CGSI RESEARCH, BLOOMBERG

Developers' P/BV trend

SOURCES: CGSI RESEARCH, BLOOMBERG

REITS (Overweight, top picks CLAR, CICT, LREIT)

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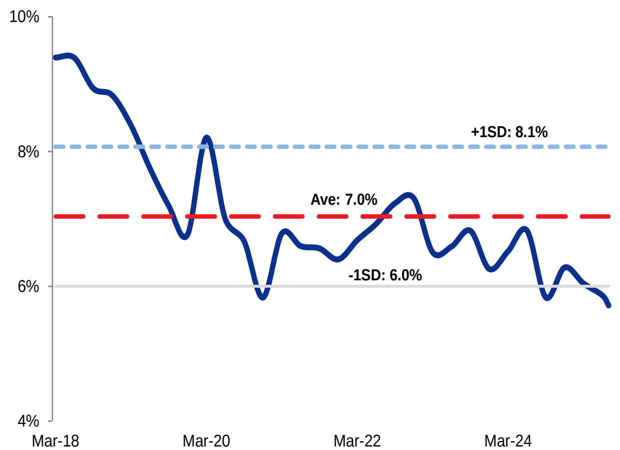
With the exception of hospitality REITs, SREITs delivered in-line 2QCY25 results. Portfolio occupancy remained relatively stable. Rental reversions within the retail, office and industrial segments remained positive, with the office segment showing resilience due to the lack of significant new supply. Meanwhile, hospitality REITs were impacted by lower yoy RevPAR in 1HCY25, on the back of a very slow 1QCY25. While selected REITs ceased or lowered capital top-ups, part of this was mitigated by interest cost savings.

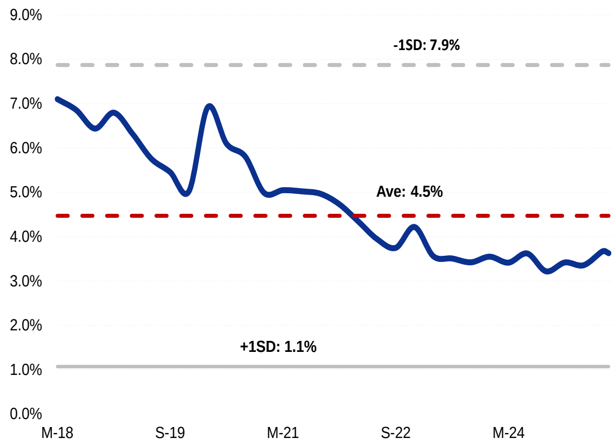
Interest rates in Singapore have been declining, with the 3-month SORA falling from 3.5% in 3Q24 to a low of 1.6% in Aug 25. At the same time, the Singapore 10-year bond yield retraced to c.2% in Aug 2025. We believe this will be supportive to SREIT earnings, with potential DPU uplift from interest cost savings as well as stable property valuations.

SREIT forward yield trend



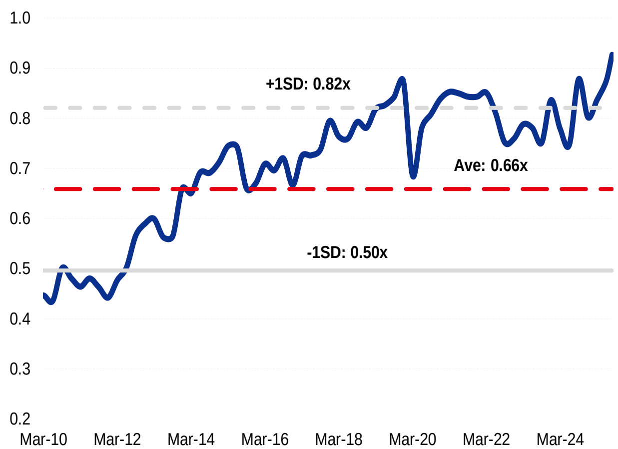
SOURCES: CGSI RESEARCH, BLOOMBERG

SREIT yield spread trend



SOURCES: CGSI RESEARCH, BLOOMBERG

SREIT P/BV trend



SOURCES: CGSI RESEARCH, BLOOMBERG

REITS – cont'd

SREITs experienced a continued qoq decline in interest cost, due in part to the floating rate debt component or refinancing into the lower interest rate environment. SASSR saw a 50bp decline in funding cost qoq while CDREIT, FCT, MPACT and SUN saw a 14-30bp reduction in funding cost.

We anticipate SREITs' average interest cost to continue declining for the rest of 2025F and 2026F, as they refinance their borrowings into the lower rate environment.

Projected SREIT average funding cost at end 2025F and 2026F

	Gearing	fixed		Debt maturity profile				Cost of debt		Projected debt cost @ end		Adj ICR
REIT	ratio	debt	2025	2026	2027	2028	>2029	@ 1QCY25	@ 2QCY25	2025F	2026F	@ 2QCY25
Hospitality												
CLAS	39.6%	82.0%	8%	16%	12%	21%	43%	2.90%	2.90%	2.80%	2.63%	3.1
CDREIT	42.0%	47.2%	23%	16%	14%	31%	16%	3.90%	3.60%	3.49%	3.42%	2.11
FEHT	32.8%	60.6%	0%	22%	17%	23%	38%	3.50%	3.40%	3.33%	3.02%	3.1
Industrial												
CLAR	37.4%	75.9%	12%	13%	14%	18%	42%	3.60%	3.70%	3.69%	3.65%	3.7
EREIT	42.6%	80.0%	0%	27%	24%	25%	23%	3.65%	3.47%	3.46%	3.06%	2.4
FLT	36.8%	67.3%	4%	20%	7%	29%	40%	3.00%	3.20%	3.26%	3.19%	4.1
KDCREIT	30.0%	76.0%	0%	22%	26%	23%	29%	3.10%	3.00%	3.02%	2.83%	5.9
MINT	40.1%	79.7%	17%	17%	24%	11%	31%	3.00%	3.10%	3.30%	3.39%	3.9
MLT	41.2%	84.0%	6%	13%	18%	18%	45%	2.70%	2.70%	2.80%	2.80%	2.9
Office												
KREIT	41.7%	63.0%	0%	16%	19%	27%	38%	3.52%	3.51%	3.47%	3.28%	2.6
OUEREIT	40.3%	71.1%	1%	22%	17%	12%	47%	4.20%	4.20%	4.05%	3.58%	2.2
SUN	41.1%	65.0%	0%	2%	22%	34%	33%	3.96%	3.82%	3.73%	3.61%	2.0
Retail												
CICT	37.9%	81.0%	4%	9%	17%	20%	50%	3.40%	3.40%	3.36%	3.26%	3.3
FCT	42.8%	76.2%	0%	16%	5%	8%	71%	3.90%	3.70%	3.65%	3.41%	3.39
MPACT	37.9%	77.7%	6%	9%	22%	23%	40%	3.51%	3.32%	3.18%	3.02%	2.9
SGREIT	36.0%	76.0%	6%	20%	18%	24%	32%	3.65%	3.67%	3.62%	3.46%	2.9
LREIT	42.6%	68.0%	0%	19%	18%	33%	32%	3.54%	3.46%	3.46%	3.25%	1.6
Overseas												
SASSR	25.8%	0.0%	0%	10%	0%	38%	52%	5.30%	4.80%	4.71%	4.42%	4.7
SERT	43.3%	85.0%	0%	25%	15%	19%	55%	4.20%	3.97%	4.01%	3.60%	3.0
ELITE	41.1%	91.0%	0%	0%	100%	0%	0%	4.80%	4.80%	4.79%	4.76%	2.3
Healthcare												
PREIT	35.4%	97.0%	3%	25%	27%	11%	34%	1.50%	1.50%	1.57%	1.48%	9.1

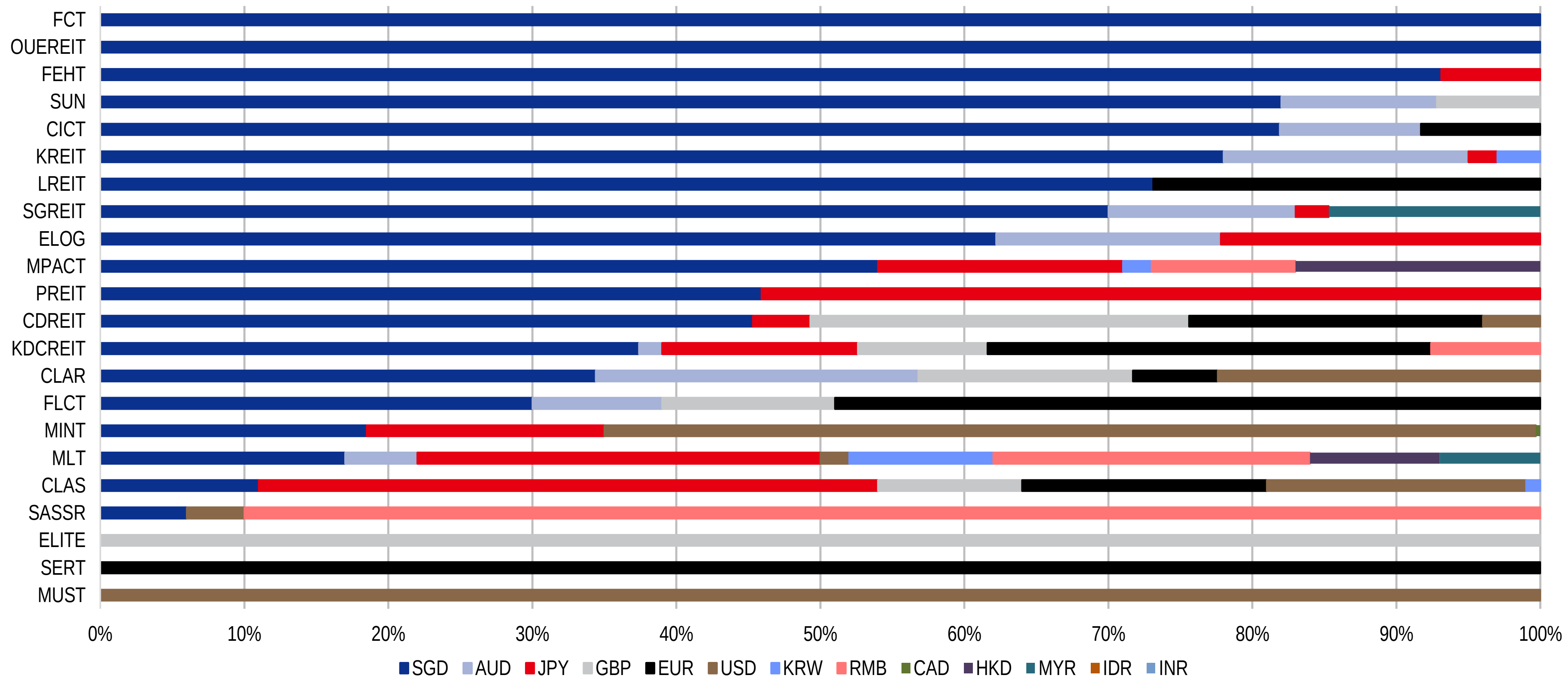
SOURCES: CGSI RESEARCH, BLOOMBERG

REITS – cont'd

We also note that the SORA rate has declined the most, within the different currencies that the SRETs have exposure to. We believe SREITs that have larger exposure to S$-denominated loans, especially floating S$ debt, could benefit the most from declining domestic interest rates.

Within our coverage, apart from SREITs that are Singapore-centric, REITs that have exposure to S$ debt include SUN, CICT, KREIT, LREIT, with an estimated 73-82% of their debt profile denominated in S$ loans.

Breakdown of SREIT debt by currency



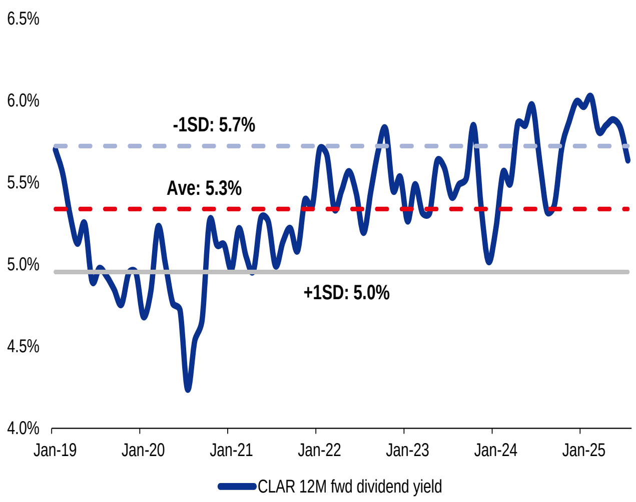
SOURCES: CGSI RESEARCH, BLOOMBERG

REITS – cont'd

We retain our Overweight stance on SREITs as we believe the declining interest rate trend in Singapore, has not been factored into current DPUs and share prices. We rank industrial, retail, office and hospitality sectors, in this preference order.

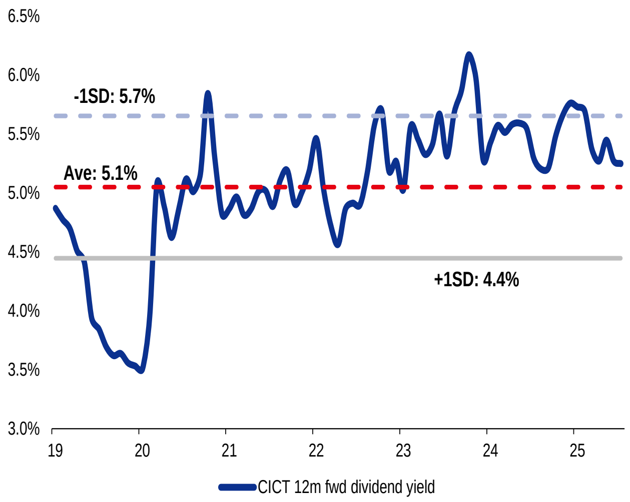
Post the 1HCY25 results, we rejig our top picks and rank **CLAR, CICT** and **LREIT** as our sector picks. We like CLAR for its robust fundamentals. Portfolio rental reversion was +9.5%. We expect positive contributions to DPU from new assets such as US logistics property, 9 Tai Seng Dr (data centre) as well as the Shopee building at Science Park, in 2H25. We also like its active capital recycling this year, with the recent S$330m proposed sale of five Singapore properties and acquisition of S$350m logistics building development projects in the UK. We like CICT for its diversified portfolio, including exposure to the resilient suburban retail segment, and its sturdy balance sheet. It achieved +7.7%/+4.8% rental reversion for retail/office. Acquisition of the remaining 55% stake in CapitaSpring in Aug is DPU accretive. We also like LREIT as we believe the recent announced divestment of JEM office will lower gearing and strengthen its balance sheet. Post the divestment, Singapore retail exposure will account for a larger 85% of LREIT's portfolio value (vs. 60% previously) while its strengthened capital structure will enable the company to tap into potential growth opportunities, in our view.

CLAR forward dividend yield chart



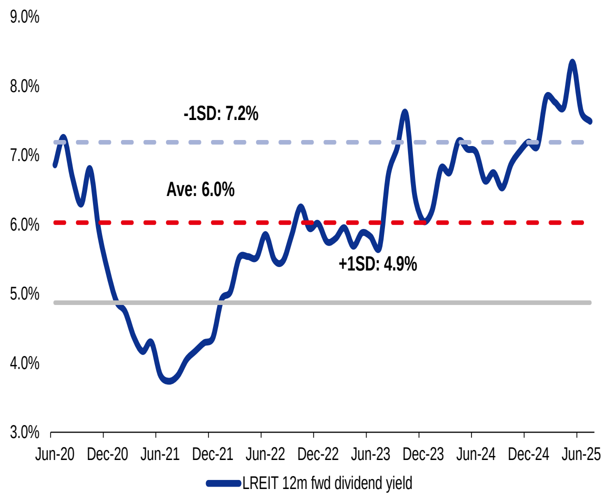
SOURCES: CGSI RESEARCH, BLOOMBERG

CICT forward dividend yield chart



SOURCES: CGSI RESEARCH, BLOOMBERG

LREIT forward dividend yield chart



SOURCES: CGSI RESEARCH, BLOOMBERG

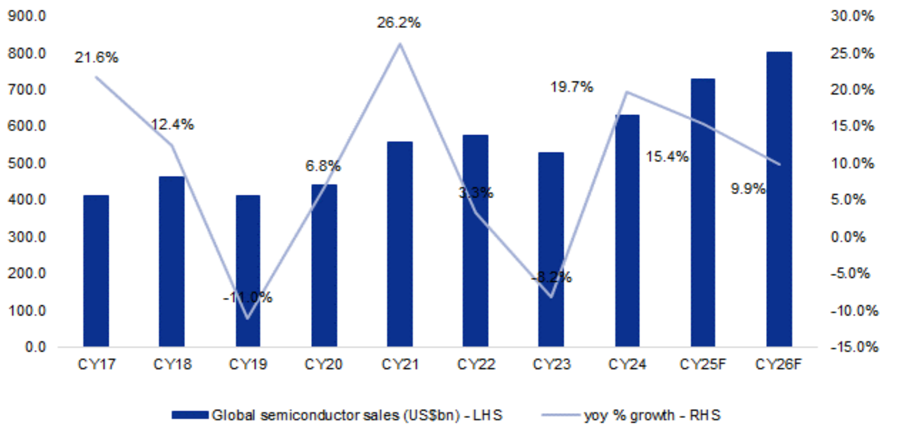
Technology – Semicon industry recovering

by **William TNG, CFA** | E: william.tng@cgsi.com

Semicon industry is clearly recovering. In its latest Semiconductor Market Forecast published on 4 Aug 2025, the World Semiconductor Trade Statistics (WSTS) projected that global semicon sales will grow by 15.4% yoy to US$728bn, higher than the previous 3 Dec 2024 estimate of 11.2% yoy growth to US$697bn. WSTS expects further 9.9% yoy growth in global semicon sales to reach US$800bn in 2026F. All segments are expected to post yoy sales growth, signalling steady overall expansion for the industry. Semiconductor Equipment and Materials International (SEMI) provides another positive data point, with global fab equipment spending for front-end facilities in 2025F anticipated to increase by 6.2% yoy to US$110.8bn, marking the sixth consecutive year of growth since 2020. SEMI expects 2026F growth to be higher at 10.2% yoy to US$122.1bn, driven by AI-related demand (high-performance computing, memory sectors and increasing integration of artificial intelligence on edge devices).

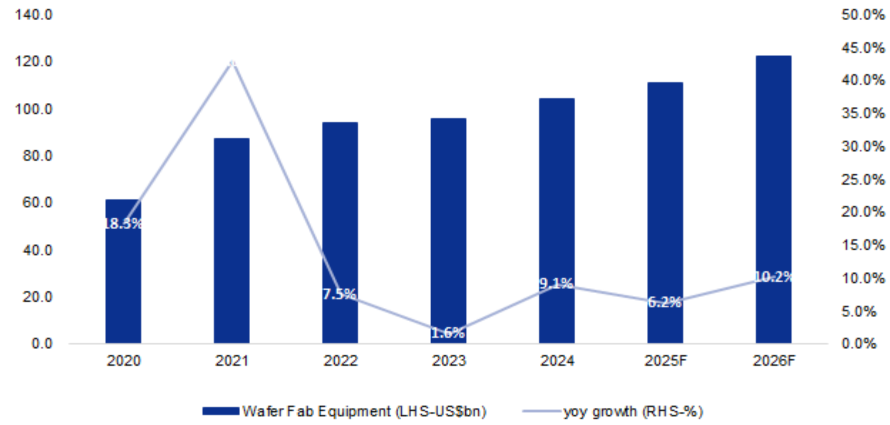
Tariffs creating opportunities and headwinds. With the US keen on tariffs as a policy tool, the China +1 strategy is likely to incorporate local production for a local market angle too. Manufacturing companies with a more diversified manufacturing footprint will likely be better suited to handle the evolving tariff situation. In our view, Malaysia will remain an important manufacturing base for most Western world tech MNCs and the outsourcing opportunities from such MNCs are expected to continue given the established ecosystem and government support. Despite the 19% tariff on Malaysian exports to the US, various exemption and exclusions could mitigate some of the tariff impact. As Asia remains an important semicon production and assembly hub, some of this tariff impact is also mitigated as the final equipment is exported within Asia.

Global semicon sales expected to grow 15.4% in CY25F



SOURCES: WSTS

Global wafer fab equipment spend could grow 6.2% yoy in CY25F



SOURCES: SEMI

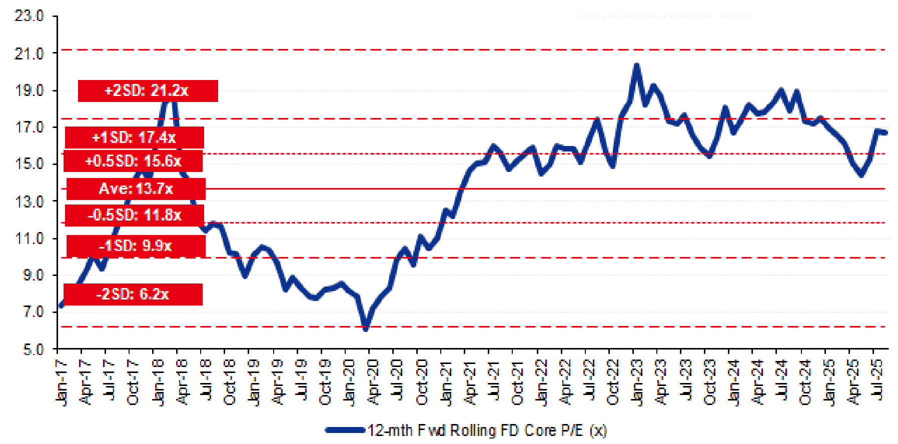
Technology – Neutral – Add Frencken/UMS for growth

Cautious outlook. For 1H25, the tech sector reported a 5.6% yoy decrease in revenue due to declines for Aztech and Venture. Net profit for the sector fell 18.4% yoy with only companies in the semicon sub-sector reporting growth. Most of the concerns remain centered on the impact of tariff and geo-political tensions on customer demand. Companies in the semicon space were slightly more bullish on 2H25F outlook.

Re-rating catalysts. The tech sector is currently trading at an average CY25F/CY26F P/Es of 23.8x,17.0x, close to 1 s.d. above its 9-year (FY17-25F) average of 17.4x. This is primarily due to the return of interest in small- and mid-caps arising from the eventual deployment of funds from the MAS Equities Market Review and secondary listing of companies such as UMS in Malaysia where tech stocks generally command higher P/Es. We see re-rating catalysts from improving net profit guidance from companies into FY26-27F and possible valuation tailwinds if the Fed starts to cut interest rates in 2H25F.

We like Frencken and UMS. In the small-cap space, we favour Frencken (Add, TP S$2.06) as a beneficiary of the semicon industry recovery and the ongoing outsourcing trend from its European customers. UMS (Add, TP S$1.87) continues to work on growing its business with a new customer. Management hopes to grow this new customer to be as big a revenue contributor as its existing key semicon customer.

Tech sector average 9-year forward P/E at 13.7x



SOURCES: CGSI RESEARCH

Tech sector trading at 23.8x/17.0x CY25F/CY26F P/Es

Company	Bloomberg Ticker	Recom.	Price (lc)	Target Price (lc)	Market Cap (US$ m)	P/E (x) CY25F	P/E (x) CY26F	3-year EPS CAGR (%)	P/BV (x) CY25F	P/BV (x) CY26F	Recur ROE (%) CY25F	Div Yld (%) CY25F
AEM Holdings Ltd	AEM SP	Hold	1.50	1.44	367	26.1	14.4	49.4%	0.94	0.90	3.5%	1.0%
Aztech Global Ltd	AZTECH SP	Hold	0.69	0.60	411	15.5	13.9	-14.7%	1.48	1.41	9.5%	3.2%
Frencken Group Ltd	FRKN SP	Add	1.42	2.06	472	14.3	13.5	10.3%	1.30	1.22	9.1%	2.1%
ISDN Holdings Ltd	ISDN SP	Add	0.39	0.44	137	28.3	15.0	21.3%	0.82	0.79	2.8%	0.9%
Nanofilm Technologies	NANO SP	Reduce	0.74	0.62	375	52.5	31.0	34.8%	1.22	1.19	2.3%	0.5%
Riverstone Holdings	RSTON SP	Add	0.70	0.91	801	14.1	13.2	2.5%	2.18	2.16	14.9%	7.0%
UMS Integration Ltd	UMSH SP	Add	1.38	1.87	763	21.7	18.3	17.0%	2.29	2.20	10.3%	3.6%
Venture Corporation	VMS SP	Add	13.27	13.45	2,970	16.9	15.5	4.5%	1.32	1.31	7.6%	6.0%
Simple average						**23.7**	**16.9**	**15.6%**	**1.44**	**1.39**	**7.5%**	**3.0%**

SOURCES: CGSI RESEARCH ESTIMATES, BLOOMBERG

Telcos

CGS International
Asia's Global Investment House

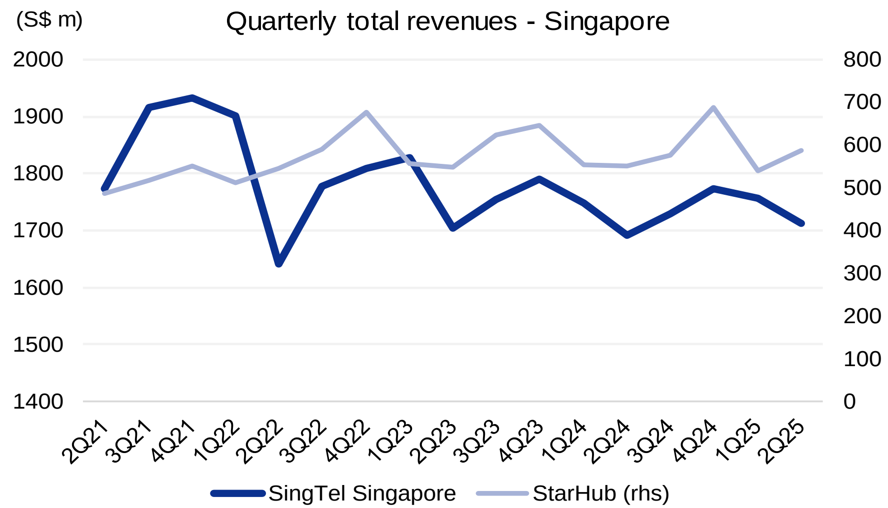
by **Prem JEARAJASINGAM** | E: prem.jearajasingam@cgsi.com

Consumer weak, Enterprise focus. Singapore based revenues for the sector were flat QoQ as consumer mobile in particular continued to face competitive pressures, with revenues for SingTel and Starhub collectively down 8% yoy in 1H25. Enterprise revenues meanwhile continued to expand at both. Overall EBITDA for the two were down 1.7% yoy in 1H25 largely on the back of a 9% yoy decline in EBITDA at Starhub owing largely to the reduced revenues in the consumer segment.

Outlook remains challenging for consumer; Enterprise for growth. We expect 2H25 to see further deterioration in the consumer mobile business with SingTel likely gaining further revenue share as it embarks on its efforts to stimulate demand for value added services amongst its premium postpaid customers. Enterprise will continue to benefit from increased demand for digitalization, AI and cybersecurity by corporates.

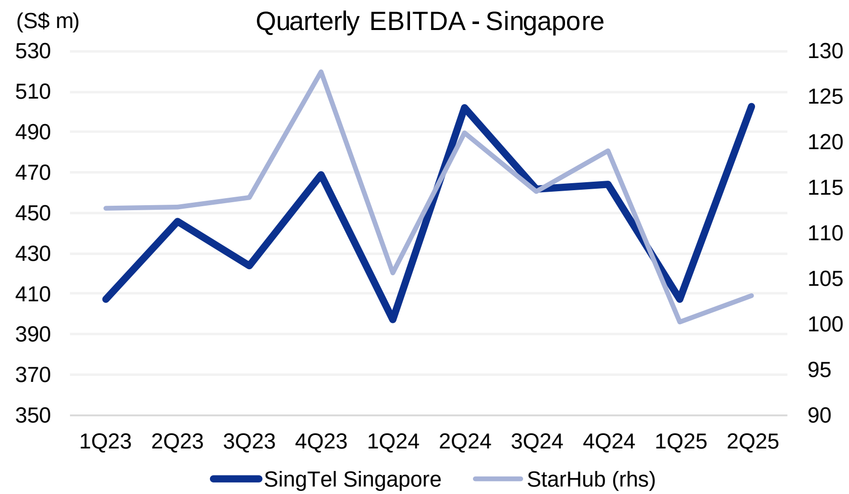
Neutral maintained. We maintain our Neutral stance on the Singapore telcos with SingTel our preferred exposure within the sector. SingTel's Value Realistion Dividend (VRD) of 3-6 cents, coupled with a share buyback plan provide for a sustainable 4.6% dividend yield, in our view. While there are numerous growth drivers eg rising earnings and value of its stake in Bharti (BHARTI IN, NR), rebuilding of earnings at Optus (unlisted), and growing demand for its AI and data centre capabilities, valuations at 25.5x FY26F P/E are a drag.

Singapore telco revenues still under pressure



SOURCES: CGSI RESEARCH, COMPANY REPORTS

EBITDA showing typical seasonality



SOURCES: CGSI RESEARCH, COMPANY REPORTS

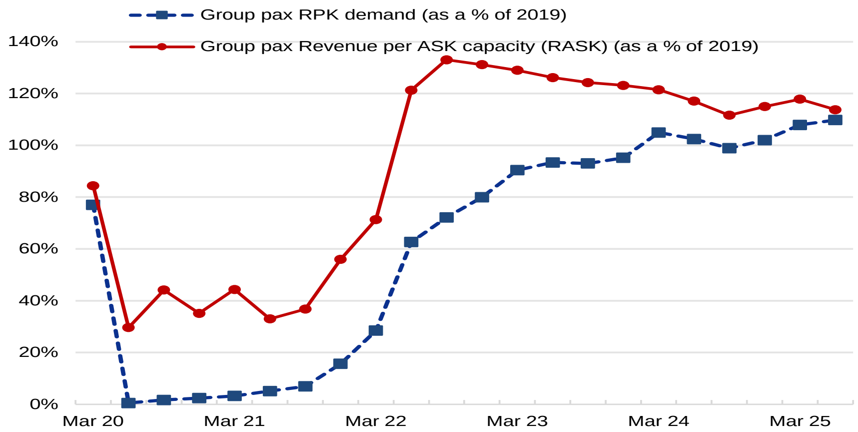
Transport (Air) – SIE renews contract with SIA group

by **Raymond YAP, CFA** | E: raymond.yap@cgsi.com

SIA (SIA SP; Reduce; TP: S$6.80) 1QFY3/26 underperformed our expectations due to the sizeable Air India losses in the 1QFY26, although the Singapore business did well due to robust pax volumes (albeit at lower pax yields), supported by lower fuel costs and the depreciation of the US$ vs. S$. During 1QFY26, SIA also benefitted from an 8.4% qoq rise in cargo demand due to frontloading activity to avoid US import tariffs. Since SIA's 1QFY26 results announcement in Jul 2025 and the ex-date for its final DPS of 30 Scts on 8 Aug 2025, its share price has corrected significantly and is now trading slightly below our target of S$6.80. There are no apparent share price drivers at the moment, as Air India's future financial performance may be weak in light of the 787-8 crash at Ahmedabad, India on 12 Jun 2025. We also expect rising competition to gradually erode pax yields, while cargo yields could drop as US frontloading activity dissipates. Also, SIA's interim dividends are typically not large enough to impact its share price.

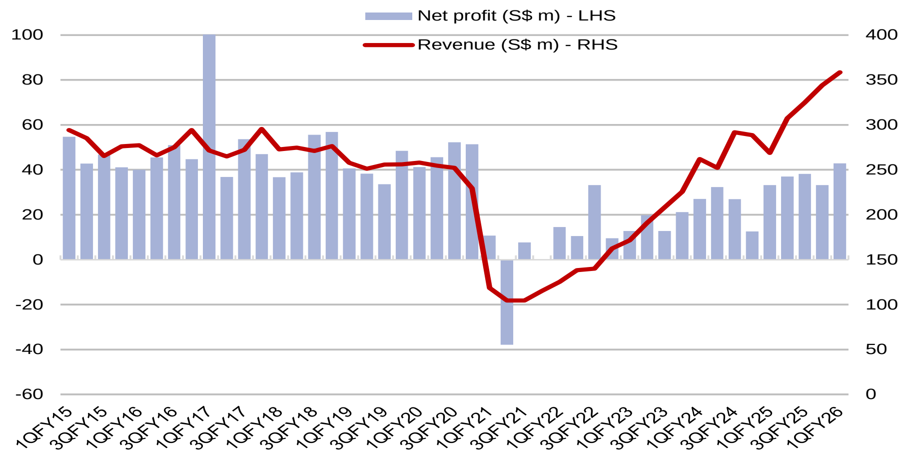
SIA Engineering (SIE SP; Reduce; TP: S$3.10) 1QFY3/26 was ahead of our expectations due to the upward revision in manpower rates with the SIA group. However, we downgraded the stock from Add to Reduce on 23 Jul 2025 as a result of the-then sharp share price run-up. The near- and medium-term outlook for SIE is positive, although the start-up and gestation costs of growth initiatives in Malaysia, Singapore and Cambodia may slow down its earnings growth in FY26-27F. On the positive side, we expect benefits from the new contracts with the SIA group to become more evident in the results of future quarters, as part of the increase in labour charge-out rates to the SIA group is contingent on SIE achieving certain performance metrics for the year.

SIA's passenger demand (RPK) and unit revenue per ASK



SOURCES: SIA

SIE's quarterly revenue and net profit (S$ m)



SOURCES: SIE

Transport (Air) – Neutral

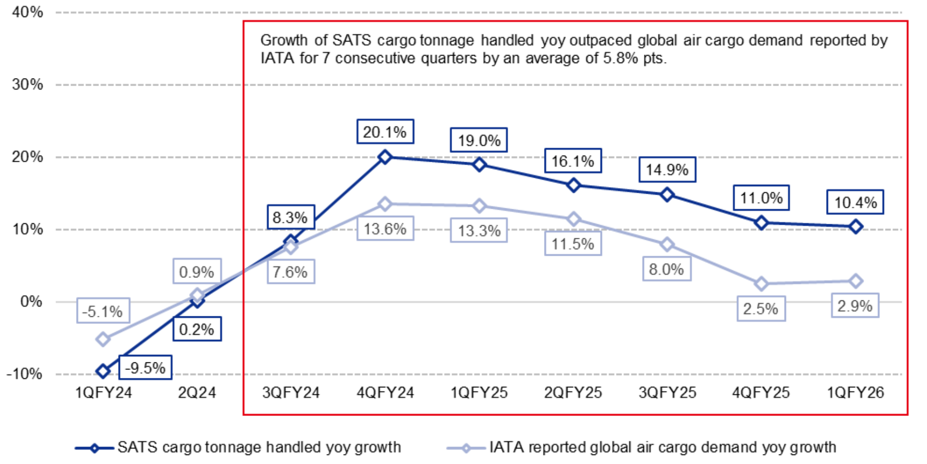
by **TAY Wee Kuang** | E: weekuang.tay@cgsi.com

SATS (Last call: Add; TP: S$3.83) 1QFY3/26 financial performance underpinned by strong operational metrics. SATS's cargo tonnage handled grew 10.4% yoy in 1QFY26, outpacing global air cargo demand growth for the seventh consecutive quarter, based on the International Air Transport Association (IATA). As a consequence, SATS cargo handling revenue grew 12.2% yoy in 1QFY26. SATS noted that while demand from the US had been volatile post Donald Trump's "Liberation Day" in Apr 25, demand from Europe, Middle East and Africa (EMEA) remained brisk, which we think will continue to support growth for SATS in FY26F. SATS also saw 2.6% and 5.6% yoy increases in its flights handled and aviation meals served in 1QFY26, supporting revenue growth for the ground handling (+9.2% yoy) and aviation food (+8.2% yoy) sub-segments.

Non-aviation meals served remain subdued but new shoots of growth emerging. Non-aviation meals served were flat (-0.2% yoy), which SATS attributed to the consolidation of its Kunshan central kitchen into its Tianjin central kitchen. However, SATS recently onboarded Starbucks as a customer in China, which should help support the improving utilisation of its central kitchen in China, in our view. In contrast, we believe its central kitchen in India will likely remain underutilised for now.

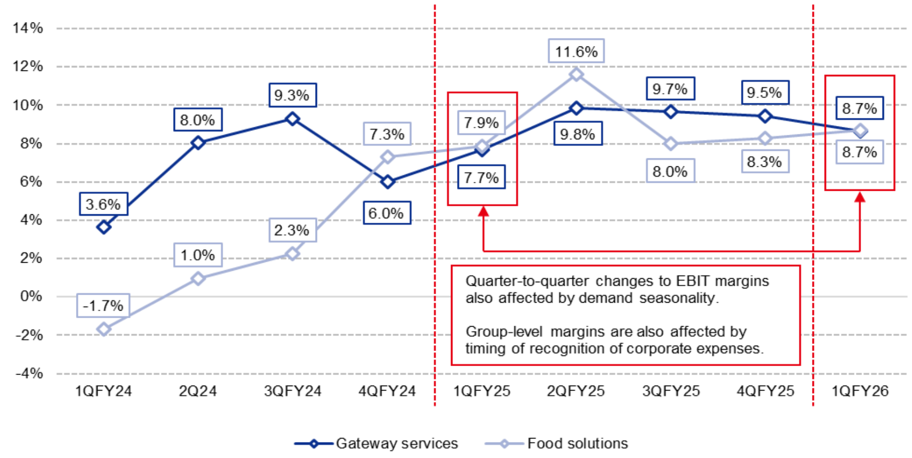
Improved margin profile will support growing profitability in FY26-28F. We believe SATS will continue to see improvements in economies of scale amid buoyant demand and better operational efficiencies. SATS continued to see its EBIT margin expand yoy in 1QFY26, although qoq volatility can be attributed to the seasonality of air travel demand.

SATS's cargo business continues to outperform global industry



SOURCES: CGSI RESEARCH, COMPANY REPORT, IATA

Margin profile continues to improve yoy across segments



SOURCES: CGSI RESEARCH, COMPANY REPORT

Transport (Land) – Outlook

by **Jacquelyn YOW** | E: jacquelyn.yow@cgsi.com

ComfortDelGro (CD) posted 2Q25 net profit of S$57.7m (+19% qoq, +5% yoy), bringing 1H25 net profit to S$106m (+11% yoy) – in line at 46% of our full-year forecast. Results were supported by stronger UK public transport margins from London bus contract renewals and higher taxi segment profitability following the acquisitions of A2B and Addison Lee, partly offset by a higher effective tax rate.

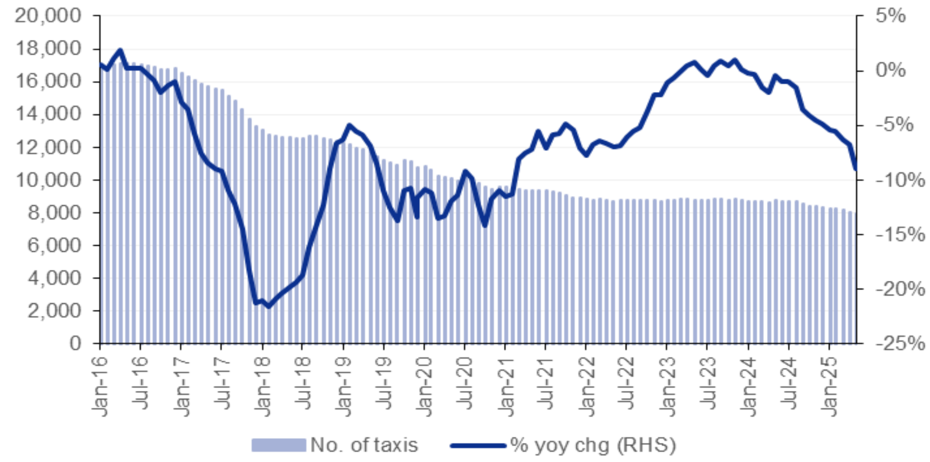
Overseas operations contributed 54% of 1H25 revenue, with growth driven by the Addison Lee acquisition and Metroline's Manchester contract. We expect seasonally stronger UK/EU public transport demand to boost revenue further in 3Q25F and margins to improve further with the upcoming Metroline contract renewals and the commencement of Victoria's public bus contracts in Jul 25. Meanwhile, Singapore's local operations contributed only 46% of 1H25 revenue (vs. 48.5%/54% of 2H24/1H24 revenue), and we think this trend is likely to continue given further earnings growth in the overseas segment and overall flattish Singapore taxi segment growth.

Looking ahead, we see multiple earnings growth catalysts: (1) peak summer travel boosting UK/Europe ridership in 3Q25F, (2) ramp-up from recent acquisitions, (3) contribution from the Stockholm Metro line JV starting late-2025F, and (4) a strong tender pipeline across UK/Europe, Singapore, and Australia (including high-value projects such as Sydney Metro West and Melbourne Trains MR5). Our FY25F EBIT forecast implies mid-teen growth yoy, with UK and other overseas segments leading expansion. Reiterate Add with S$1.70 TP, based on 16x FY26F P/E (0.5 s.d. above its 5-year average), underpinned by a decent 5% yield and visible overseas momentum.

Identified global tender opportunities by CD

SOURCES: CGSI RESEARCH, COMPANY REPORTS

CD's taxi fleet size in Singapore



SOURCES: CGSI RESEARCH, LAND TRANSPORT AUTHORITY

CGS International
Asia's Global Investment House

Top Picks

Alpha picks for 2025F

CGS International
Asia's Global Investment House

We remove UOL, HLA, MPM and QNM from our conviction pick list after strong share price outperformance.

We add SCI to our conviction pick big-cap list after the strong recent price retracement and also include CLAR and CICT. We rejig our small and mid-cap picks to include BRC, UMS, FRKN, CAO, and LREIT.

Our top picks list include SATS, SCI, KEP, CLAR, CICT, YZJSGD amongst big cap names and BRC, CAO, CSE, FRKN, FEH, UMS, LHN and LREIT.

Company	Bloomberg Ticker	Rec	Price (local curr)	Target Price (lc)	Total Return * (%)	Market Cap (US$ m)	Core P/E (x) CY25F	Core P/E (x) CY26F	3-yr EPS CAGR (%)	P/BV (x) CY25F	P/BV (x) CY26F	Recurring ROE (%) CY25F	Recurring ROE (%) CY26F	Dividend Yield (%) CY25F	Dividend Yield (%) CY26F
Alpha picks (Large-cap)															
CapitaLand Integrated Con	CICT SP	Add	2.26	2.45	13.3%	13,384	20.9	19.6	2.1%	1.05	1.05	5.0%	5.3%	4.9%	5.2%
CapitaLand Ascendas REI	CLAR SP	Add	2.70	3.15	22.2%	9,689	17.9	17.1	-0.3%	1.15	1.15	6.2%	6.7%	5.7%	5.9%
Keppel Ltd	KEP SP	Add	8.48	10.23	24.8%	11,936	17.9	16.4	8.1%	1.36	1.32	7.5%	8.2%	4.1%	4.2%
SATS Ltd	SATS SP	Add	3.32	3.83	16.8%	3,863	19.0	16.3	22.5%	1.81	1.68	9.8%	10.7%	1.6%	1.9%
Sembcorp Industries	SCI SP	Add	6.03	8.02	36.7%	8,356	11.1	9.6	6.7%	1.80	1.62	16.6%	17.7%	3.8%	4.0%
Yangzijiang Shipbuilding	YZJSGD SP	Add	2.92	3.90	38.5%	8,953	8.0	7.5	10.6%	2.06	1.76	27.6%	25.3%	4.9%	5.2%
Average							**14.2**	**13.1**	**7.6%**	**1.37**	**1.32**	**9.7%**	**10.3%**	**4.5%**	**4.7%**
Alpha picks (Small-cap)															
BRC Asia Ltd	BRC SP	Add	3.980	4.300	13.4%	851	12.1	11.3	na	2.12	1.99	18.1%	18.2%	5.4%	5.7%
China Aviation Oil	CAO SP	Add	1.320	1.450	12.9%	885	10.1	9.3	8.4%	0.84	0.79	8.6%	8.8%	3.0%	3.2%
CSE Global	CSE SP	Add	0.660	0.860	34.2%	368	12.8	11.5	6.3%	1.70	1.61	13.3%	14.5%	3.9%	4.4%
Food Empire Holdings Ltd	FEH SP	Add	2.400	2.940	25.8%	991	35.9	15.0	12.2%	3.08	2.79	8.9%	19.5%	3.3%	3.3%
Frencken Group Ltd	FRKN SP	Add	1.420	2.060	47.2%	472	14.3	13.5	10.3%	1.30	1.22	9.1%	9.3%	2.1%	2.2%
LHN Ltd	LHN SP	Add	0.805	1.000	28.0%	268	9.5	7.6	na	1.19	1.07	13.1%	14.8%	3.7%	3.7%
Lendlease Global Commer	LREIT SP	Add	0.600	0.670	17.7%	1,144	16.3	21.4	-9.4%	0.81	0.82	4.8%	3.8%	6.0%	6.1%
UMS Integration Ltd	UMSH SP	Add	1.400	1.870	37.1%	775	22.0	18.6	18.1%	2.33	2.23	10.3%	12.2%	3.6%	3.6%
Average							**15.1**	**13.3**	**-2.5%**	**1.33**	**1.27**	**8.9%**	**9.8%**	**4.1%**	**4.3%**

note: * includes dividend yield

SOURCES: CGSI RESEARCH ESTIMATES, COMPANY REPORTS

Appendices

Singapore coverage universe

CGS International
Asia's Global Investment House

Prices as at BBG code	28/8/2025 Company name	Closing Price	Target price	% up / (down)	Recom.	Free Float (%)	Market Cap (US$m)	Month end	Price/ BVPS (X) CY25F	CY26F	CY27F	ROAE (recurring) % CY25F	CY26F	CY27F	P/E (Recurrent FD) (X) CY25F	CY26F	CY27F	3-Yr forward	Net Gearing FY25F	FY26F	Net Div Yield % CY25F	CY26F
	Aviation																					
CAO SP	China Aviation Oil	1.32	1.45	10%	Add	29%	885	Dec 24	0.84x	0.79x	0.74x	8.6%	8.8%	8.7%	10.1x	9.3x	8.8x	8.4%	-48%	-48%	3.0%	3.2%
SIE SP	SIA Engineering	3.09	3.10	0%	Reduce	22%	2,694	Mar 25	1.96x	1.87x	1.79x	9.3%	10.0%	10.0%	21.4x	19.2x	18.3x	15.2%	-38%	-33%	2.9%	2.9%
SIA SP	Singapore Airlines	6.59	6.80	3%	Reduce	40%	16,000	Mar 25	1.26x	1.25x	1.24x	7.7%	6.1%	5.6%	16.1x	20.4x	22.4x	-22.9%	19%	30%	4.7%	3.8%
	Chemical																					
CSSC SP	China Sunsine Chemical H	0.74	0.47	-36%	Add	35%	550	Dec 23	0.89x	0.84x	na	9.2%	9.1%	na	10.0x	9.5x	na	na.	-52%	-55%	3.2%	3.2%
	Commodities																					
OTEK SP	Oiltek International Ltd	0.99	1.02	4%	Add	16%	329	Dec 24	12.78x	10.05x	8.14x	42.1%	39.8%	35.1%	34.2x	28.3x	25.7x	22.2%	-168%	-156%	1.2%	1.4%
WIL SP	Wilmar International	2.95	2.70	-8%	Reduce	35%	14,347	Dec 24	0.71x	0.69x	0.67x	6.0%	6.7%	7.0%	11.9x	10.4x	9.6x	8.5%	91%	89%	5.5%	5.5%
	Conglomerates																					
BOCS SP	Boustead Singapore Ltd	1.48	1.40	-5%	Add	59%	567	Mar 23	1.30x	na	na	10.0%	na	na	13.4x	na	na	na.	-39%	-35%	2.7%	na
KEP SP	Keppel Ltd	8.48	10.23	21%	Add	79%	11,936	Dec 24	1.36x	1.32x	1.29x	7.7%	8.2%	8.6%	17.9x	16.4x	15.1x	6.7%	79%	74%	4.1%	4.2%
SCI SP	Sembcorp Industries	6.03	8.02	33%	Add	50%	8,356	Dec 24	1.80x	1.62x	1.46x	17.1%	17.7%	16.8%	11.1x	9.6x	9.1x	5.3%	119%	101%	3.8%	4.0%
STE SP	ST Engineering	7.66	8.70	14%	Hold	49%	18,612	Dec 24	7.58x	6.65x	5.85x	29.7%	28.8%	27.4%	27.6x	24.6x	22.7x	14.4%	146%	118%	2.3%	2.2%
	Construction and Materials																					
BRC SP	BRC Asia Ltd	3.98	4.30	8%	Add	28%	851	Sep 24	2.12x	1.99x	na	18.1%	18.2%	na	12.1x	11.3x	na	na.	6%	2%	5.4%	5.7%
ISO SP	ISOTeam Ltd	0.08	0.10	27%	Add	68%	44	Jun 25	1.10x	0.98x	0.87x	8.3%	14.0%	17.2%	14.1x	7.5x	5.4x	76.1%	61%	32%	2.1%	4.0%
PAN SP	Pan-United Corp Ltd	1.20	1.20	0%	Add	26%	653	Dec 24	2.88x	2.60x	2.35x	18.4%	20.8%	20.2%	16.4x	13.2x	12.2x	17.6%	-25%	-33%	3.1%	3.8%
WHUR SP	Wee Hur Holdings Ltd	0.74	0.91	24%	Add	46%	526	Dec 24	1.09x	1.02x	1.02x	6.0%	2.8%	13.0%	17.5x	38.2x	7.9x	6.9%	-15%	-21%	1.8%	1.8%
	Consumer Discretionary																					
DFI SP	DFI Retail Group	3.12	3.45	11%	Add	22%	4,223	Dec 24	-140x	44.60x	18.88x	95.3%	848.3%	182.5%	16.0x	15.5x	14.5x	12.9%	311%	-122%	17.6%	3.7%
SSG SP	Sheng Siong Group	2.02	2.21	9%	Hold	43%	2,366	Dec 24	5.26x	4.88x	4.53x	25.6%	25.2%	24.8%	21.3x	20.1x	18.9x	5.3%	-67%	-69%	3.3%	3.5%
	Consumer Staples																					
DELFI SP	Delfi Ltd	0.75	0.71	-5%	Reduce	47%	357	Dec 24	1.29x	1.22x	1.16x	9.4%	10.6%	11.0%	14.0x	11.8x	10.8x	-0.8%	-6%	-6%	3.6%	4.2%
FEH SP	Food Empire Holdings Ltd	2.40	2.94	23%	Add	40%	991	Dec 24	3.08x	2.79x	2.52x	8.9%	19.5%	19.0%	35.9x	15.0x	13.9x	12.2%	-18%	-18%	3.3%	3.3%
THBEV SP	Thai Beverage	0.47	0.56	20%	Add	29%	9,104	Sep 24	1.81x	1.67x	na	17.4%	17.8%	na	10.8x	9.8x	na	na.	74%	68%	5.5%	5.5%
	Financial Services																					
DBS SP	DBS Group	50.33	54.90	9%	Add	71%	111,259	Dec 24	2.08x	2.02x	1.98x	16.7%	16.3%	16.1%	12.7x	12.6x	12.4x	0.3%	N.A>	N.A>	6.1%	6.6%
IFAST SP	iFAST Corporation Ltd	8.38	9.20	10%	Add	46%	1,983	Dec 24	6.25x	5.09x	4.10x	26.9%	25.0%	25.3%	26.2x	22.4x	17.9x	27.6%	107%	64%	0.8%	0.8%
OCBC SP	OCBC	16.75	17.20	3%	Hold	80%	58,626	Dec 24	1.28x	1.22x	1.15x	12.8%	12.8%	12.5%	10.2x	9.8x	9.4x	1.8%	N.A>	N.A>	6.3%	6.4%
SGX SP	Singapore Exchange	16.42	17.70	8%	Add	72%	13,672	Jun 25	7.72x	7.17x	6.67x	29.2%	28.7%	28.5%	27.8x	25.9x	24.3x	8.4%	-23%	-14%	2.5%	2.8%
UOB SP	United Overseas Bank	35.30	38.30	8%	Hold	86%	45,634	Dec 24	1.15x	1.09x	1.03x	11.2%	12.4%	12.3%	10.5x	9.1x	8.6x	3.3%	N.A>	N.A>	7.0%	5.9%
YZJFH SP	Yangzijiang Financial Holdi	1.03	0.66	-36%	Add	64%	2,793	Dec 24	0.86x	0.83x	0.79x	6.4%	7.0%	7.2%	13.7x	12.1x	11.2x	2.5%	-42%	-44%	2.9%	3.3%
	HealthCare																					
HYP SP	Hyphens Pharma Internatic	0.34	0.43	26%	Add	24%	82	Dec 24	1.34x	1.21x	1.10x	16.2%	15.7%	15.1%	8.7x	8.1x	7.6x	8.3%	-39%	-42%	4.4%	4.4%
QNM SP	Q&M Dental Group	0.49	0.49	1%	Add	31%	356	Dec 24	3.92x	3.56x	3.21x	16.4%	16.3%	17.2%	25.1x	22.9x	19.6x	10.6%	32%	24%	1.6%	1.7%
RFMD SP	Raffles Medical Group	1.01	1.20	18%	Add	41%	1,453	Dec 24	1.70x	1.60x	1.54x	6.8%	7.0%	7.3%	26.1x	23.8x	21.4x	10.5%	-24%	-29%	2.1%	2.2%

DATA AS AT 28 AUG 2025
SOURCES: CGSI RESEARCH ESTIMATES, BLOOMBERG, COMPANY REPORTS

Singapore coverage universe - cont'd

CGS International
Asia's Global Investment House

Prices as at BBG code	28/8/2025 Company name	Closing Price	Target price	% up / (down)	Recom.	Free Float (%)	Market Cap (US$m)	Month end	Price/ BVPS (X) CY25F	CY26F	CY27F	ROAE (recurring) % CY25F	CY26F	CY27F	P/E (Recurrent FD) (X) CY25F	CY26F	CY27F	3-Yr forward	Net Gearing FY25F	FY26F	Net Div Yield % CY25F	CY26F
	Industrial Goods and Services																					
CYD US	China Yuchai International	32.98	39.50	20%	Add	43%	1,237	Dec 24	0.91x	0.86x	0.81x	6.3%	7.1%	8.0%	15.0x	12.5x	10.4x	39.9%	-44%	-43%	1.2%	1.6%
HLA SP	Hong Leong Asia	2.58	2.60	1%	Add	27%	1,504	Dec 24	1.77x	1.64x	1.52x	10.3%	10.7%	10.8%	17.9x	16.0x	14.7x	16.1%	-17%	-20%	1.7%	1.9%
RSTON SP	Riverstone Holdings	0.70	0.91	30%	Add	35%	808	Dec 24	2.20x	2.17x	2.13x	15.3%	16.4%	18.1%	14.2x	13.3x	11.9x	0.0%	-45%	-45%	7.0%	7.4%
	Land Transport																					
CD SP	ComfortDelGro	1.45	1.70	17%	Add	98%	2,448	Dec 24	1.18x	1.16x	1.13x	8.7%	8.9%	9.1%	13.8x	13.1x	12.6x	5.7%	7%	7%	5.8%	6.1%
	Oil Equipment and Services																					
CSE SP	CSE Global	0.66	0.86	30%	Add	71%	368	Dec 24	1.70x	1.61x	1.51x	13.4%	14.4%	14.8%	12.8x	11.5x	10.5x	4.9%	23%	15%	3.9%	4.4%
MPM SP	Marco Polo Marine	0.07	0.08	11%	Add	51%	211	Sep 24	1.26x	1.11x	na	12.2%	14.4%	na	11.0x	8.2x	na	na.	-14%	-18%	1.5%	1.6%
PACRA SP	Pacific Radiance	0.08	0.09	17%	Add	32%	88	Dec 24	0.86x	0.75x	0.67x	14.5%	14.0%	13.0%	6.8x	6.0x	5.7x	58.8%	-27%	-38%	0.6%	0.8%
STM SP	Seatrium Ltd	2.29	2.80	22%	Add	65%	6,041	Dec 24	1.18x	1.12x	1.04x	4.7%	6.8%	8.2%	25.6x	17x	13.2x	41.4%	9%	-2%	0.9%	1.3%
YZJSGD SP	Yangzijiang Shipbuilding	2.92	3.90	34%	Add	61%	8,953	Dec 24	2.06x	1.76x	1.53x	27.8%	25.3%	22.9%	8.0x	7.5x	7.2x	10.5%	-99%	-102%	4.9%	5.2%
	Property																					
APAC SP	APAC Realty Ltd	0.73	0.81	11%	Add	26%	204	Dec 24	1.52x	1.45x	1.40x	11.5%	12.8%	12.9%	13.8x	11.6x	11.1x	35.1%	-19%	-27%	5.1%	6.2%
CLI SP	Capitaland Investment	2.74	4.30	57%	Add	48%	10,647	Dec 24	0.96x	0.90x	0.85x	5.9%	5.9%	5.9%	16.7x	15.6x	14.8x	24.9%	42%	44%	4.4%	4.4%
CENT SP	Centurion Corporation Ltd	1.78	2.05	15%	Add	26%	1,166	Dec 24	1.18x	1.09x	1.00x	12.7%	11.0%	10.8%	9.8x	10.3x	9.6x	-23.3%	39%	33%	2.4%	2.5%
CIT SP	City Developments	6.75	8.97	33%	Add	60%	4,698	Dec 24	0.66x	0.64x	0.62x	8.4%	3.0%	3.3%	7.8x	21.8x	19.2x	16.3%	100%	94%	1.8%	1.8%
FPL SP	Frasers Property Limited	0.99	1.41	44%	Add	13%	3,013	Sep 24	0.38x	0.37x	na	2.0%	1.9%	na	19.6x	19.5x	na	na.	81%	80%	4.6%	4.6%
HKL SP	Hongkong Land Holdings L	6.20	4.91	-21%	Hold	47%	13,506	Dec 24	0.44x	0.42x	0.42x	2.2%	2.2%	2.2%	20.3x	19.7x	19.3x	20.1%	14%	9%	3.9%	4.0%
LHN SP	LHN Ltd	0.81	1.00	24%	Add	43%	268	Sep 24	1.19x	1.07x	na	13.1%	14.8%	na	9.5x	7.6x	na	na.	107%	106%	3.7%	3.7%
LUCC SP	Lum Chang Creations	0.55	0.81	49%	Add	16%	134	Jun 24	4.47x	3.50x	2.64x	51.5%	46.2%	38.8%	10.5x	8.5x	7.8x	32.8%	-79%	-79%	3.2%	3.9%
PROP SP	Propnex Ltd	2.26	1.77	-22%	Add	17%	1,303	Dec 24	11.53x	10.76x	10.39x	58.8%	56.6%	54.8%	21.2x	19.7x	19.3x	28.4%	-94%	-94%	4.5%	4.8%
UOL SP	UOL Group	7.46	8.20	10%	Add	54%	4,910	Dec 24	0.54x	0.53x	0.52x	2.9%	3.2%	3.3%	18.7x	16.8x	15.7x	11.8%	18%	17%	2.4%	2.4%
	REITS																					
CLAR SP	CapitaLand Ascendas REI	2.70	3.15	17%	Add	80%	9,689	Dec 24	1.15x	1.15x	1.15x	6.4%	6.7%	6.9%	17.9x	17.1x	16.7x	-1.6%	62%	63%	5.7%	5.9%
CLAS SP	CapitaLand Ascott Trust	0.88	1.13	28%	Add	60%	2,622	Dec 24	0.78x	0.79x	0.81x	3.5%	3.7%	4.3%	21.9x	21.1x	18.4x	9.8%	60%	63%	6.9%	7.2%
CICT SP	CapitaLand Integrated Cor	2.26	2.45	8%	Add	74%	13,384	Dec 24	1.05x	1.05x	1.06x	5.0%	5.3%	5.6%	20.9x	19.6x	18.7x	3.1%	56%	57%	4.9%	5.2%
CDREIT SP	CDL Hospitality Trust	0.80	0.75	-6%	Hold	64%	786	Dec 24	0.56x	0.55x	0.58x	0.4%	1.5%	2.3%	134.9x	37.7x	27.2x	24.4%	80%	75%	5.3%	6.0%
ELITE SP	Elite UK REIT	0.35	0.38	10%	Add	56%	281	Dec 24	0.81x	0.82x	0.81x	7.1%	7.2%	7.2%	11.7x	11.4x	11.3x	-1.4%	69%	70%	8.6%	8.7%
EREIT SP	ESR-REIT	2.72	3.55	31%	Add	82%	1,703	Dec 24	0.96x	0.95x	0.96x	8.0%	8.4%	8.6%	12.2x	11.4x	11.1x	na.	81%	80%	8.0%	8.3%
FEHT SP	Far East Hospitality Trust	0.59	0.74	26%	Add	45%	934	Dec 24	0.65x	0.66x	0.66x	2.6%	4.0%	4.2%	25.0x	16.4x	15.6x	15.2%	42%	42%	6.4%	6.6%
FCT SP	Frasers Centrepoint Trust	2.32	2.70	16%	Add	59%	3,668	Sep 24	0.99x	0.99x	na	4.9%	4.9%	na	20.2x	20.0x	na	na.	54%	55%	5.3%	5.4%
FLT SP	Frasers Logistics & Comm	0.90	1.11	23%	Add	70%	2,649	Sep 24	0.81x	0.81x	na	4.1%	4.4%	na	19.4x	18.6x	na	na.	57%	57%	6.3%	6.0%
KDCREIT SI	Keppel DC REIT	2.33	2.48	6%	Add	76%	4,097	Dec 24	1.39x	1.37x	1.36x	5.8%	5.9%	6.1%	25.1x	23.3x	22.5x	-12.2%	42%	41%	4.3%	4.4%
KREIT SP	Keppel REIT	0.98	1.08	11%	Add	54%	2,955	Dec 24	0.78x	0.79x	0.79x	3.5%	3.9%	4.2%	21.9x	20.3x	18.7x	9.6%	45%	45%	5.6%	5.9%
LREIT SP	Lendlease Global Commer	0.60	0.67	12%	Add	71%	1,144	Jun 25	0.81x	0.82x	0.84x	4.9%	3.8%	3.9%	16.3x	21.4x	21.2x	-10.5%	74%	53%	6.0%	6.1%
MUST SP	Manulife US REIT	0.08	0.13	71%	Add	94%	135	Dec 24	0.31x	0.33x	0.35x	3.8%	6.0%	8.6%	8.5x	5.3x	3.9x	na.	134%	150%	0.0%	36.3%
MPACT SP	Mapletree Pan Asia Comm	1.37	1.48	8%	Add	45%	5,630	Mar 25	0.77x	0.77x	0.77x	5.7%	6.2%	6.3%	13.7x	12.6x	12.3x	11.2%	61%	61%	6.0%	6.2%
MINT SP	Mapletree Industrial Trust	2.05	2.49	22%	Add	73%	4,556	Mar 25	1.19x	1.19x	1.19x	7.5%	7.7%	7.7%	15.9x	15.6x	15.4x	9.2%	61%	52%	6.4%	6.3%

DATA AS AT 28 AUG 2025

SOURCES: CGSI RESEARCH ESTIMATES, BLOOMBERG, COMPANY REPORTS

Singapore coverage universe - cont'd

CGS International
Asia's Global Investment House

Prices as at	28/8/2025					Free	Market		Price/ BVPS (X)			ROAE (recurring) %			P/E (Recurrent FD) (X)				Net Gearing		Net Div Yield %	
BBG code	Company name	Closing Price	Target price	% up / (down)	Recom.	Float (%)	Cap (US$m)	Month end	CY25F	CY26F	CY27F	CY25F	CY26F	CY27F	CY25F	CY26F	CY27F	3-Yr forward	FY25F	FY26F	CY25F	CY26F
	REITS - cont'd																					
MLT SP	Mapletree Logistics Trust	1.21	1.63	35%	Add	71%	4,802	Mar 25	0.94x	0.95x	0.97x	4.4%	4.7%	4.7%	20.9x	20.2x	20.3x	4.2%	73%	74%	6.3%	6.1%
OUEREIT SP	OUE REIT	0.34	0.33	-1%	Add	64%	1,439	Dec 23	0.58x	0.58x	0.58x	2.6%	2.9%	3.1%	21.9x	20.0x	18.7x	na.	47%	47%	5.9%	6.6%
PREIT SP	Parkway Life REIT	4.23	4.93	17%	Add	64%	2,150	Dec 24	1.64x	1.63x	1.62x	7.0%	6.9%	7.1%	24.3x	23.7x	22.9x	5.0%	49%	52%	3.7%	4.1%
SASSR SP	Sasseur REIT	0.70	0.85	21%	Add	42%	685	Dec 24	0.83x	0.84x	0.84x	7.5%	7.7%	8.0%	11.2x	10.8x	10.5x	7.6%	24%	24%	8.8%	9.1%
SGREIT SP	Starhill Global REIT	0.55	0.60	10%	Add	65%	976	Jun 24	0.72x	0.72x	na	4.8%	4.9%	na	14.9x	14.7x	na	na.	58%	59%	6.7%	6.8%
SERT SP	Stoneweg Europe Stapled	1.56	1.93	23%	Add	94%	1,021	Dec 24	0.77x	0.77x	0.78x	6.1%	6.2%	6.6%	12.7x	12.4x	11.8x	33.6%	77%	79%	8.5%	8.7%
SUN SP	Suntec REIT	1.31	1.26	-4%	Hold	92%	3,002	Dec 24	0.70x	0.70x	0.70x	3.3%	3.5%	3.7%	21.3x	19.9x	18.9x	6.1%	51%	50%	4.8%	5.1%
	Services																					
HRNET SP	HRnetGroup Limited	0.70	0.70	1%	Hold	20%	530	Dec 24	1.77x	1.72x	1.67x	10.9%	11.9%	12.1%	16.3x	14.7x	14.0x	1.5%	-66%	-66%	5.8%	5.8%
SPOST SP	Singapore Post Ltd	0.47	0.74	59%	Add	62%	816	Mar 24	0.73x	0.71x	na	5.2%	5.9%	na	14.3x	12.2x	na	na.	17%	12%	2.8%	3.3%
	Technology																					
AEM SP	AEM Holdings Ltd	1.52	1.44	-5%	Hold	80%	373	Dec 24	0.95x	0.91x	0.86x	3.6%	6.4%	7.0%	26.4x	14.6x	12.7x	47.4%	-20%	-16%	0.9%	1.7%
AZTECH SP	Aztech Global Ltd	0.67	0.60	-10%	Hold	30%	403	Dec 24	1.45x	1.38x	1.31x	9.8%	10.4%	10.9%	15.1x	13.6x	12.3x	-15.9%	-82%	-82%	3.3%	3.7%
FRKN SP	Frencken Group Ltd	1.42	2.06	45%	Add	75%	472	Dec 24	1.30x	1.22x	1.14x	9.3%	9.3%	9.4%	14.3x	13.5x	12.6x	8.8%	-39%	-42%	2.1%	2.2%
ITSL SP	Info-Tech Systems	0.86	1.10	28%	Add	27%	173	Dec 24	7.85x	5.89x	4.73x	91.5%	51.0%	43.6%	14.8x	13.2x	12.0x	9.3%	-209%	-193%	3.6%	3.8%
ISDN SP	ISDN Holdings Ltd	0.38	0.44	16%	Add	54%	136	Dec 24	0.81x	0.78x	0.74x	2.9%	5.3%	6.5%	28.0x	14.8x	11.6x	19.8%	-7%	-13%	0.9%	1.7%
NANO SP	Nanofilm Technologies Int'	0.74	0.62	-16%	Reduce	45%	373	Dec 24	1.21x	1.18x	1.14x	2.3%	3.9%	4.4%	52.2x	30.7x	26.2x	33.0%	-13%	-16%	0.5%	0.8%
UMSH SP	UMS Integration Ltd	1.40	1.87	34%	Add	81%	775	Dec 24	2.33x	2.23x	2.10x	10.7%	12.2%	14.0%	22.0x	18.6x	15.5x	15.5%	-27%	-31%	3.6%	3.6%
VMS SP	Venture Corporation	13.60	13.45	-1%	Add	93%	3,048	Dec 24	1.36x	1.34x	1.32x	7.9%	8.5%	9.1%	17.3x	15.9x	14.7x	3.1%	-47%	-48%	5.9%	5.5%
GRAB US	Grab Holdings	4.97	5.40	9%	Hold	77%	20,248	Dec 24	2.96x	2.85x	2.71x	6.2%	7.2%	8.2%	48.6x	39.9x	33.3x	36.2%	-46%	-52%	0.0%	0.0%
SE US	SEA Ltd	186.2	165.0	-11%	Hold	73%	110,258	Dec 24	10.19x	8.01x	6.43x	18.4%	19.9%	19.1%	60.8x	44.6x	37.1x	86.1%	-92%	-96%	0.0%	0.0%
	Telecommunications																					
NETLINK SP	Netlink NBN Trust	0.93	1.00	8%	Add	75%	2,823	Mar 25	1.57x	1.64x	1.73x	4.4%	4.8%	5.2%	35.0x	33.7x	32.5x	3.8%	28%	31%	5.8%	6.0%
ST SP	SingTel	4.31	4.10	-5%	Hold	48%	55,446	Mar 25	2.60x	2.57x	2.59x	10.2%	11.0%	12.1%	26.3x	23.5x	21.3x	11.3%	21%	13%	4.4%	4.8%
STH SP	StarHub	1.12	1.19	6%	Hold	33%	1,503	Dec 24	3.21x	3.07x	2.93x	18.5%	21.6%	22.6%	17.3x	14.5x	13.3x	1.9%	101%	93%	5.3%	5.5%
	Transport Infrastructure																					
SATS SP	SATS Ltd	3.32	3.83	15%	Add	60%	3,863	Mar 25	1.81x	1.68x	1.55x	9.9%	10.7%	11.8%	19.2x	16.4x	13.9x	20.9%	67%	55%	1.6%	1.9%
	Travel and Leisure																					
GENS SP	Genting Singapore	0.73	0.84	15%	Add	47%	6,826	Dec 24	1.05x	1.03x	1.03x	6.3%	7.3%	7.8%	16.7x	14.3x	13.3x	2.7%	-39%	-33%	5.5%	5.5%
	Utilities																					
KIT SP	Keppel Infrastructure Trust	0.45	0.47	6%	Add	83%	2,110	Dec 24	1.76x	1.93x	2.08x	4.0%	4.0%	4.6%	41.2x	45.7x	43.4x	-0.8%	148%	168%	8.9%	8.9%
SIMSCI		**441.2**																				

Note: Calendarized data unless otherwise stated

DATA AS AT 26 AUG 2025

SOURCES: CGSI RESEARCH ESTIMATES, BLOOMBERG, COMPANY REPORTS

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Economic Update

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Distribution of stock ratings and investment banking clients for quarter ended on 30 June 2025 561 companies under coverage for quarter ended on 30 June 2025		
	Rating Distribution (%)	Investment Banking clients (%)
Add	70.6%	1.1%
Hold	20.5%	0.5%
Reduce	8.9%	0.5%

Recommendation Framework

Stock Ratings	Definition:
Add	The stock's total return is expected to exceed 10% over the next 12 months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
Reduce	The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings	Definition:
Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings	Definition:
Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.