STRATEGY – SINGAPORE

Alpha Picks: Adding RSTON, UMSH, SIE, CICT And Removing CVL, VMS, LREIT

Driven by a strong performance from the banks sector, the STI was up 1.0% mom in Feb 25, beating our Alpha Picks portfolio on an equal-weighted basis which fell 3.9% mom. Our Alpha Picks portfolio performed slightly better on a market cap-weighted basis, falling 3.6% mom, with two stocks in particular weighing on the performance.

WHAT'S NEW

- **Market review.** Global markets were lower in Feb 25 due to souring investor sentiment as mounting concerns over slowing economic growth, rising geopolitical tensions and uncertainty over the impact of US-led trade tariffs drove markets sharply lower in the latter part of the month. With increased expectations that the US Fed would keep interest rates steady, banks continued their strong momentum into Feb 25, pushing the heavily bank-weighted STI higher by 1.0% mom.
- **Beaten by the STI.** Given the sector-agnostic nature of our Alpha Picks portfolio, our portfolio fell 3.6% mom on a market cap-weighted basis while also dropping 3.9% mom on an equal-weighted basis, beaten by the bank-weighted STI by around 4.6 ppt and 4.9ppt respectively.
- **Reviewing our picks for Feb 25.** Our top performers were industrials and property, namely Sembcorp Industries (+9.1% mom), China Sunsine (+6.7% mom) and Propnex (+1.8% mom). Sembcorp Industries rose heading into the reporting of its strong 2024 results while China Sunsine was driven by increased investor interest for China-linked stocks. PropNex rose on the back of strong property sales and higher expectations for a special dividend. Our underperformers were Civmec (-27.7% mom) which posted softer-than-expected earnings, Yangzijiang Shipbuilding (-22.0% mom) which was hit by news of port fees for China-built vessels, while Lendlease REIT (-5.8% mom) fell due to lower-than-expected DPU.

ACTION

- **Revising our portfolio.** We add Riverstone and UMS Integration due to better-than-expected earnings growth in 2025 while also adding SIA Engineering and CapitaLand Integrated Commercial Trust on the back of an ongoing earnings and tourism recovery respectively. We remove Venture, Civmec and Lendlease REIT from our portfolio as we see a lack of near-term share price catalysts. Our current portfolio consists of CSSC, CD, UMSH, CSE, CENT, SIE, MPM, OCBC, PROP, STM, SCI, RSTON, YZJSGD.

ANALYSTS' ALPHA* PICKS

Analyst	Company	Rec	Performance#	Catalyst
Adrian Loh	Sembcorp Ind	BUY	112.8	Announcement of renewables acquisitions
Adrian Loh	Seatrium	BUY	38.7	Solid outlook for new order wins
Adrian Loh	Centurion	BUY	7.4	Strong volume and rental growth in 2025
Adrian Loh	Yangzijiang Shipbuilding	BUY	-19.1	New order wins
Adrian Loh	PropNex	BUY	4.7	Strong sequential earnings in 2025
Roy Chen	SIA Engineering	BUY	n.a.	Core earnings recovery, supported by proactive share buybacks.
Llelleythan Tan	ComfortDelgro	BUY	1.4	Strong earnings in 2025.
John Cheong	China Sunsine Chemical	BUY	-2.0	Higher ASPs for rubber chemicals and utilisation rates
John Cheong	UMS Integration	BUY	n.a.	New customer wins and earnings recovery
John Cheong	CSE Global	BUY	7.0	Higher earnings from record-high orderbook
Heidi Mo	Riverstone	BUY	n.a.	Expected earnings growth in 2025.
Heidi Mo	Marco Polo Marine	BUY	-10.7	Higher-than-expected ship charter rates and vessel utilisation
Jonathan Koh	OCBC	BUY	39.1	Attractive dividend yield; less susceptible to NIM compression
Jonathan Koh	CapitaLand Integrated Commercial Trust	BUY	n.a.	Proxy to Singapore's continued tourism recovery.

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

KEY RECOMMENDATIONS

Company	Rec*	----- Price (S$) ----- 3 Feb	Target	Up/(down) to TP (%)
CapLand IntCom T	BUY	1.98	2.37	19.7
Centurian	BUY	1.01	1.11	9.9
ChinaSunsine	BUY	0.48	0.58	20.8
ComfortDelGro	BUY	1.42	1.76	23.9
CSE Global	BUY	0.46	0.61	32.6
MarcoPolo Marine	BUY	0.05	0.072	44.0
O C B C	BUY	17.21	21.10	22.6
PropNex	BUY	1.12	1.30	16.1
Riverstone	BUY	0.985	1.16	17.8
Seatrium	BUY	2.15	2.96	37.7
Sembcorp Ind	BUY	6.32	8.00	26.6
SIA Engineering	BUY	2.37	2.70	13.9
UMS	BUY	1.07	1.21	13.1
YZJ ShipBldg SGD	BUY	2.42	3.50	44.6

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

CHANGE IN SHARE PRICE

Company	Rec	Feb-25 (%)	To date (%)
Centurion	BUY	(1.0)	7.4
ChinaSunsine	BUY	6.7	(2.0)
Civmec	BUY	(27.7)	(2.5)
ComfortDelGro	BUY	(1.4)	1.4
CSE Global	BUY	1.1	7.0
Lendlease REIT *	BUY	(5.8)	(10.7)
MarcoPolo Marine *	BUY	(5.5)	(10.7)
O C B C	BUY	(1.1)	39.1
PropNex	BUY	1.8	4.7
Seatrium	BUY	(5.4)	38.7
Sembcorp Ind	BUY	9.1	112.8
Venture Corp	BUY	(0.3)	(3.8)
YZJ ShipBldg SGD	BUY	(22.0)	(19.1)
FSSTI		1.0	
UOBKH Portfolio		(3.9)	

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

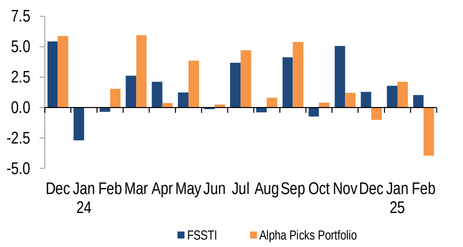
PORTFOLIO RETURNS (%)

	2023	2024	4Q24	Jan-25	Feb-25	Jan-25
FSSTI return	-0.3	16.9	5.6	1.8	1.0	1.8
Alpha Picks Return						
- Price-weighted	-8.3	31.3	4.3	0.5	-1.8	0.5
- Market cap-weighted	1.7	17.0	2.2	2.1	-3.6	2.1
- Equal-weighted	7.0	7.9	-0.1	1.2	-3.9	1.2

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

Source: UOB Kay Hian

PORTFOLIO RETURNS IN THE PAST 15 MONTHS
(WE OUTPERFORMED THE FSSTI 11 OUT OF 15 MONTHS)



Source: Bloomberg, UOB Kay Hian

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PropNex – BUY (Adrian Loh)

- **Missed estimates but investors should focus on 2025.** PropNex reported 2024 net profit of S$40.9m (-14% yoy) on revenue of S$783m (-7% yoy), missing our and consensus estimates. The revenue decline was due to the timing of revenue recognition as property sales were very strong in the latter half of 2H24. The 3,420 units transacted for private new home sales in 4Q24 (triple that of the previous quarter) should positively impact 1H25 earnings.
- **Special dividend declared.** PropNex proposed a final dividend of S$0.03/share and a special dividend of S$0.025/share, bringing the total 2024 dividend to S$0.0775/share (or a 140% payout ratio), the highest since its listing in 2017. We do not rule out the possibility of another special dividend from its 1H25 results, which we expect to be strong.
- **Bright outlook in 2025.** As previewed in our previous note and reinforced by management's comments, PropNex faces a favourable property market outlook in 2025 given the volume of new launches which will total around 13,000 units. This is nearly double the number seen in 2024. We note that recent new launches such as Elta and Parktown Residences have sold extremely well on their respective opening sales weekends.
- **Maintain BUY.** After the 2024 results, we raised our PE-based target price for PropNex to S$1.30 (previously S$1.18). Our new target PE multiple of 17.6x is 1.5SD (previously 14.6x at +1SD) above the company's average PE since 2021 and pegged to our 2025 EPS estimate, as well as including our forecast cash balance as at end-25.

SHARE PRICE CATALYSTS

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

Yangzijiang Shipbuilding – BUY (Adrian Loh)

- **Strong results that beat our and consensus expectations.** Yangzijiang Shipbuilding (YZJ) reported 2024 revenue of Rmb26.5b (+10.1% yoy) and PATMI of Rmb6.6b (+62% yoy) driven by strong performance in both its shipbuilding and shipping segments. The highlight of the results was its 2H24 shipbuilding margin which rose 3.8ppt sequentially to 29.7% (2024: 27.9%). In our view, this margin expansion underscores YZJ's ability to manage costs effectively while capitalising on favourable market conditions.
- **Unconcerned about the USTR's proposal.** The United States Trade Representative (USTR) proposed the imposition of port fees of up to US$1.5m for Chinese-built vessels that enter US ports, negatively impacting YZJ's share price in the past few days. During the results call, management highlighted that its shipowner clients have taken a wait-and-see approach and that it has not received any order cancellations or deferrals. Importantly, its clients calculate that the port fees amount to US$100 per container and thus could be easily passed on.
- **Selling overdone – we elect to keep the stock in our Alpha Picks portfolio.** In our view, YZJ's share price decline (-27% since its peak on 20 Feb 25) is overdone and we point to the company's inexpensive 2025F PE valuation of 6.6x and our forecast ROE for the company of nearly 25%.
- **We have a BUY recommendation on the stock with a PE-based target price of S$3.50.** We use a target PE multiple of 9.5x which is 1SD above the company's 10-year average of 6.8x.

SHARE PRICE CATALYSTS

- **Events:** a) Guidance for higher new order wins in 2025 vs prior guidance in 2024; b) maintenance of shipbuilding margins in excess of 25%; and c) exercising of options for containerships in 1Q24.

- **Timeline:** 3-6 months.

Sembcorp Industries – BUY (Adrian Loh)

- **Better-than-expected results...** Sembcorp Industries (SCI) reported revenue of $6.4b (-9% yoy), EBITDA of S$1.7b (-3% yoy) and net profit before exceptionals of S$1.02b, reflecting the resilience of its business model. Within the results was S$169m in Deferred Payment Note income which rose 27% yoy as well as 1.5 months of contribution from its newly-purchased stake in Senoko Energy. The results beat our and consensus estimates despite a maintenance shutdown at its Sakra plant in 1H24.
- **... with a generous dividend the highlight.** The company proposed a final dividend of S$0.17/share, bringing the total 2024 dividend to S$0.23/share (2023: S$0.13). This represents a payout ratio of 40% which is a material increase from the average payout ratio of 29% over 2021-23. During the results call, management emphasised that this higher payout is sustainable in the foreseeable future and underscores its belief in the strong cash generation ability of all of its business segments.
- **Maintain BUY.** After the company's results, we upgraded our target price to S$8.00 (previously S$7.47). We use a target PE multiple of 12.6x which is 1.5SD above the company's 2018-25 average PE of 8.2x (excluding 2020 where the company reported impairment-related losses).

SHARE PRICE CATALYSTS

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

Seatrium – BUY (Adrian Loh)

- **Back in the black.** Seatrium (STM) reported its first full-year of profits since 2017 with revenue of S$9.2b (+27% yoy) and net profit of S$156m vs a S$2.0b loss in 2023. The numbers were better than our and consensus estimates, with underlying EBITDA up 23% yoy to S$771m. Importantly, the company achieved S$200m in procurement savings and S$300m in synergy and overhead savings, which are in line with the targets laid out during its Investor Day in 1H24.
- **A slight surprise – a dividend.** The company proposed a final cash dividend of S$0.015/share. While the implied yield based on 21 February's closing price is less than 1%, we view the dividend as more of a signal that management and the board have the conviction that its cash flow is strong and sustainable enough in the medium to long term to maintain, or even grow, its dividend.
- **While STM's 2H24 gross profit margin of 2.7% may have disappointed** some in the market, note that the company made S$43m in provisions in 2H24, thus degrading margins by 1ppt on a hoh basis.
- **Maintain BUY.** After its 2024 results, we raised our P/B-based target price on the company to S$2.96 (previously S$2.80). We have elected to upgrade our target P/B multiple from 1.4x to 1.5x which is 1.5SD above the company's five-year average. In our view, this P/B multiple appears reasonable considering the company's strong competitive position globally, its increasing revenue visibility out to 2031 and potential for more order wins in 2025. In the near term, the key re-rating catalyst is the completion of the investigation by the MAS/CAD.

SHARE PRICE CATALYSTS

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

Centurion Corp – BUY (Adrian Loh)

- **Reported strong 2024 results.** Centurion (CENT) reported 2024 revenue of S$254m (+22% yoy) driven by healthy rental revisions across markets and strong financial occupancies in Singapore, the UK, and Australia. Gross profit rose 30% yoy to S$195.6m and well ahead of our and consensus estimates. PATMI surged 125% yoy to S$345m helped by fair value gains of S$219m (1H24: S$62m).

- **Could have been more generous with dividends in our view.** CENT declared a final dividend of S$0.02/share; thus with 1H DPS of S$0.015, total 2024 DPS is S$0.035 (26% payout based on EPS ex FV gain) which was a bit better than our expectation of S$0.03. The company's balance sheet has gotten stronger in the past 12 months with net debt/equity falling to 0.43x as at end-24 (2023: 0.67x).

- **Growth plans intact.** The company commented that it has a strong pipeline portfolio in place for 2025 and 2026 with more capacity in Purpose Built Workers' Accommodation in Singapore and Malaysia, and Purpose Built Students' Accommodation in Australia.

- **We have a BUY rating on CENT with a PE-based target price of S$1.11.** We use a target PE multiple of 8.7x which is 0.5SD above the company's long-term average PE multiple of 6.9x (excluding 2019 which was affected by COVID-19).

SHARE PRICE CATALYSTS

- **Events:** a) Capacity expansions involving JVs which are more asset light and require less capital intensity; and b) higher dividends in the year-end results.

- **Timeline:** 6-12 months.

SIA Engineering – BUY (Roy Chen)

- **Earnings recovery continues.** SIA Engineering (SIAEC) is a laggard in the Singapore aviation space, but its core earnings have been on steadily improving trajectory. With a lion's 85% share of the Changi Airport line maintenance business volume, SIAEC is a good proxy to ride the Changi Airport flight activity recovery/growth. Demand for its MRO services remains healthy though MRO project deliveries can be temporarily affected by shortage of spare parts due to the industry-wide supply chain issues. Investors may expect some acceleration in SIAEC's quarterly MRO service revenue recognition if the supply chain issues alleviate or SIAEC manages to secure relevant spare parts that hinder project deliveries. We forecast SIAEC's 4QFY25 net profit at S$37m, a significant improvement from 4QFY24's low base of S$11m.

- **Undemanding valuation with decent dividend yields.** SIAEC currently trades at FY26F/27F PE of 16.8x/15.8x respectively, or 13.6x/12.8x if excluding its sizeable net cash position of S$490m as at end-3QFY25. We forecast an 8.5 S cents final dividend for FY25, leading to a full-year payout of 10.5 S cents and a decent FY25 yield of 4.5%. We expect SIAEC's dividend to increase further to 11.5/12.5 S cents in FY26/27, leading to a 4.9%/5.3% yield, as the company's profitability continues to recover.

- **Proactive share buybacks limiting share price downside.** SIAEC has been proactively buying back its shares in the past months. The latest purchase was done on 21 Feb 25, at S$2.40, slightly higher than SIAEC's current trading current price.

SHARE PRICE CATALYSTS

- **Events:** a) Organic earnings recovery; b) dividend growth; and c) possible M&As.

- **Timeline:** 3-6 months.

ComfortDelgro Corporation – BUY (Llelleythan Tan & Heidi Mo)

- **Public transport: Continued margin expansion from the UK business.** Management noted that the UK bus contract renewals are still ongoing, which would lead to a better margin profile for 2025. We maintain our expectation that margins for CD's UK business would continue trending upwards towards the high single-digit to low-teens % in the medium to long term. Also, the group signed a new electricity contract which resulted in S$10m-12m in electricity costs savings in 2H24. Also, improving domestic rail ridership coupled with higher rail fares from Dec 24 would help boost rail revenues but be offset by lower bus revenues due to the loss of the Jurong-West bus contract and softer margins from the recently-renewed Seletar bus package.

- **Taxi: Boosted by acquisitions.** For 2025, we expect stiff competition from ride-hailing peers to continue, leading to lower completed bookings and dragging down CD's overall commission on completed jobs. However, full-year contributions from the A2B and the newly-completed Addison Lee acquisitions are expected to support the taxi segment's upward growth momentum.
- **Maintain BUY with a target price of S$1.76,** pegged to 16x 2025F PE, CD's five-year average long-term PE. Backed by CD's decent dividend yield of 6.2% for 2025, we opine that there is potential upside at current price levels, underpinned by strong earnings growth from the taxi segment and better margins from the UK bus business. We think that the recent dip in share price presents an attractive entry point and is one of our conviction picks for 1H25.

SHARE PRICE CATALYSTS

- **Events:** a) Bus tender contract wins; b) increase in taxi commission rates; and c) earnings-accretive overseas acquisitions.
- **Timeline:** 6-12 months.

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

- **Potential improvement in demand and ASPs from stronger Chinese economy.** China's latest stimulus measures have improved investor sentiment and may boost consumer confidence. In turn, Sunsine's demand and ASPs could see an uptick in the coming months. According to the China Association of Automobile Manufacturers, new car sales hit a record-high of 31.4m vehicles in 2024 (+4.5% yoy). As the automobile industry shows improvements, we expect Sunsine to leverage its competitive advantages and meet the growing demand for its products.
- **Good dividend yield of around 6% backed by strong balance sheet.** Sunsine provides an attractive yield of around 6%, supported by its robust cash balance of Rmb2,074m (+20% hoh) as of FY24. This translates to Rmb2.17/share (S$0.40/share) or around 83% of its market cap. This provides ample room for Sunsine to potentially raise its dividend and continue to perform share buybacks.
- **Expect steady volume growth from strong overseas demand.** Sunsine achieved stronger rubber chemical sales volume (+3% yoy) in FY24. This was backed by better capacity utilisation rates for tyre manufacturers based in Southeast Asia, partially offset by lower domestic demand. As more Chinese tyre manufacturers look to Southeast Asia to set up factories or beef up production, we expect international sales volume to grow further.
- **Maintain BUY.** Our target price of S$0.58 is pegged to 7.5x 2025F PE or +1SD above historical mean PE. Sunsine is trading at an undemanding 2x 2024 ex-cash PE, and we expect it to capture the potential demand recovery in 2025.

SHARE PRICE CATALYSTS

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

UMS Integration– BUY (John Cheong)

- **UMS expects good prospects in 2025.** UMS has started volume production for its new customer and expects significant improvement in delivery, supported by strong order flow as production ramps up. UMS is also working on several new product introductions from other new customers as new products are forecasted to rise in the coming months. UMS' major global semiconductor customers have given positive outlook guidance for 2025, riding on the acceleration of AI investment and demand. Also, the prevailing global air travel boom will continue to lift the performance of UMS' aerospace business.

- **SIA highlighted that the global semiconductor market experienced its highest-ever sales year in 2024.** Semiconductor Industry Association (SIA) reported that the global semiconductor market has topped US$600b in annual sales for the first time, and double-digit market growth is projected for 2025. It also added that as semiconductors enable virtually all modern technologies – including medical devices, communications, defence applications, AI, advanced transportation, and countless others, the long-term industry outlook is incredibly strong. The semiconductor industry is expected to start 18 new fab construction projects in 2025, according to SEMI's latest quarterly World Fab Forecast report. We understand that the new projects include three 200mm and fifteen 300mm facilities, the majority of which are expected to begin operations from 2026 to 2027

- **The aviation industry is benefitting from the global boom in air travel.** According to IATA, global air passenger demand reached a record high in 2024. The number of air travellers around the world is expected to surpass 5b for the first time in history in 2025 as travel becomes increasingly affordable. Total revenues in the industry are set to exceed US$1t for the first time in history this year, at US$1.0t.

- **BUY with a target price of S$1.21**, based on a PE-based valuation of 17.6x 2025 EPS (up from 15x, +0.5SD). This is pegged to 1SD above UMS' historical mean PE. The reason for pegging our PE-based valuation multiple to above mean is to reflect the better ramp-up of UMS' new customer and improvement in UMS' earnings quality from new contributions from other new customers.

SHARE PRICE CATALYSTS

- **Events:** a) Higher-than-expected factory utilisation rates; b) return of orders for aircraft components to benefit subsidiary, JEP Holdings; and c) better-than-expected cost management.

- **Timeline:** 3-6 months.

CSE Global – BUY (John Cheong and Heidi Mo)

- **Healthy order win momentum supports revenue growth.** In its recent 2024 results, we observed continued revenue growth across all segments. 4Q24 order wins came in 22% lower yoy but were 26% higher qoq at S$235m, largely due to the absence of some major electrification contracts secured in 4Q23. Excluding the major contracts secured in 4Q24 and 4Q23, new orders rose 19% yoy. As of end-4Q24, orderbook stood at S$672.6m (-8% yoy, +6% qoq).

- **Divestment of US facility to pave way for further expansion.** CSE has sold a US industrial property for US$29.25m, primarily to monetise the asset and unlock capital for the acquisition of a larger facility in the US for further expansion. Management believes that this strategic disposal allows the company to realise the value of the property and reallocate resources to enhance asset utilisation. We expect a post-tax gain of US$9m from the sale, which will be used to fund the new property purchase. CSE will also continue leasing the divested facility, with the lease terms yet to be finalised. This signals management's positive outlook for its electrification business and its commitment to capitalising on the anticipated growth in the US market.

- **Positioned for growth.** In 2024, CSE expanded floor space to meet new electrification contract needs, and continued to pursue opportunities in renewables, energy storage, and data centres in the US and Australia & New Zealand (ANZ) to tap on the electrification megatrend. For the communications segment, CSE is optimising its acquired businesses in ANZ/the UK and pursuing new acquisitions in the US, focusing on critical communications and security solutions. As for the automation segment, CSE expects stable revenue with a focus on infrastructure-related projects.

- **Maintain BUY.** Our target price of S$0.61 is pegged to 11x 2025F PE (based on its long-term historical mean).

SHARE PRICE CATALYSTS

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

Riverstone Holdings – BUY (Heidi Mo & John Cheong)

- **Strong yoy performance driven by volume growth.** Riverstone posted 2024 net profit of RM287m (+30% yoy), meeting 100% of our full-year forecast. 2024 revenue rose a substantial 17% yoy to RM1.1b. The cleanroom segment saw growth due to the overall recovery in the semiconductor industry and successful new client acquisitions, while the healthcare segment improved from post-pandemic inventory normalisation.
- **Higher total dividend backed by strong balance sheet.** Riverstone declared a special interim dividend of 4.0 sen and a final dividend of 8.0 sen. Together with the first three interim dividends totalling 12.0 sen, 2024 total dividend is 24.0 sen (vs 22.5 sen in 2023). This implies a payout ratio of 124% and dividend yield of 7.3%. Backed by its healthy cash balance of S$715m (about 87.5% of market cap) and operating cash flow, we expect 2025-27 payout ratio to be maintained at >100% to reward shareholders.
- **Production expansion to increase customisation and efficiency.** Riverstone remains firmly committed to product customisation. In 2024, it replaced several ageing double lines with more efficient single production lines for both the cleanroom (six) and healthcare (three) segments. These are specifically designed to handle smaller batch volumes with a higher level of customisation, and will help gradually shift Riverstone's product mix from more generic products toward more specialised products with improved profitability.
- **Maintain BUY with a PE-based target price of S$1.16,** pegged to 20x 2025F PE, or 1.5SD above the long-term historical mean. Riverstone offers the most attractive valuation in the glove industry, with a PE multiple at a >200% discount, while its dividend yield of 8.0% far exceeds its peers' average of 1.5%.

SHARE PRICE CATALYSTS

- **Events:** a) Higher-than-expected demand for cleanroom and healthcare gloves; and b) higher dividend payouts.
- **Timeline:** 3-6 months.

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

- **Beneficiary of higher charter rates and limited vessel supply.** According to Clarksons Research, global offshore support vessel (OSV) utilisation stood at 73% in Feb 25, while dayrates hold steady after rising 16% yoy in 2024. On top of this, OSV supply remains constrained with limited bank financing and high newbuild pricing. With notable projects across both the traditional O&G and the renewable sectors in MPM's operating markets like Taiwan and Korea, MPM stands to benefit from higher demand for OSVs and sustained higher charter rates.
- **Ship chartering: New vessels to contribute in 2HFY25.** MPM's new commissioning service operation vessel (CSOV) and three crew transfer vessels (CTV) are expected to contribute in 2HFY25. We estimate that a CSOV and CTV may generate around US$13m (about S$17m) and US$2m (around S$3m) in revenue respectively over a full year of operations.

- **Shipyard: Higher ship repair activity from new dry dock in 2HFY25.** MPM has received more ship repair projects, leading to a higher yard utilisation rate of 83% (+4ppt yoy). The consistently robust yard utilisation rate underscores the effectiveness of MPM's new fourth dry dock, which is expected to complete construction by end-Mar 25. This will boost ship repair capacity by up to 25% and start contributing in 2HFY25.
- **Potential second CSOV on the horizon.** Management shared that another CSOV may be in the pipeline, to be constructed in collaboration with Norwegian vessel designer Salt Ship Design. The expected cost is US$60m-70m (S$80m-94m). We are of the view that securing financing will be easier given that MPM has successfully completed its first CSOV and established its ability to deliver.
- **Maintain BUY with a target price of S$0.072.** We value MPM at 9.5x FY25F PE, based on +1SD above its historical three-year average PE range on the back of rising charter rates and vessel utilisation rates.

SHARE PRICE CATALYSTS

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

Oversea-Chinese Banking Corp - BUY (Jonathan Koh)

- **Capital management.** OCBC has announced a comprehensive package to return S$2.5b of excess capital to shareholders over two years: a) special dividends amounting to 10% of net profit for 2024 and 2025 (total dividend payout for 2024 and 2025 would amount to 60% of net profit annually); and b) share buybacks over two years in 2025 and 2026. The Board has proposed a final dividend of 41 S cents and a special dividend of 16 S cents for 2H24, bring total dividend to 101 S cents for 2024.
- **Strategic initiatives to deliver incremental S$3b revenue.** Management aims to deliver incremental revenue of S$3b cumulatively over 2023-25, driven by four growth pillars: a) cross-border trade and investment flows; b) Asian wealth; c) new economy; and d) sustainable financing.
- **Most well-capitalised bank in Singapore.** Fully phased-in CET-1 CAR was 15.3% as of 4Q24, the highest among Singapore banks. OCBC has the potential to deploy surplus capital to generate inorganic growth.
- **Maintain BUY.** Our target price of S$21.10 is based on 1.57x 2025F P/B, derived from the Gordon Growth Model (ROE: 12.5%, COE: 8.5%, growth: 1.5%).

SHARE PRICE CATALYSTS

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

Capitaland Integrated Commercial Trust – BUY (Jonathan Koh)

- **Resiliency of core focus on Singapore.** CICT clocked a positive rental reversion of 8.8% for retail and 11.1% for office in 2024. Occupancy at ION Orchard improved 2ppt to 98% in 4Q24. Downtown malls benefit from continued tourism recovery.
- **Positive contributions from AEIs.** Phase 3 and 4 of AEI for IMM Building should complete in 3Q25 while Gallileo would be handed over to tenant ECB starting 2H25. CICT is evaluating plans to enhance Plaza Singapura and The Atrium at Dhoby Ghaut MRT station.
- **Stable cost of debt.** Average cost of debt was stable at 3.6% in 4Q24. Management expects cost of debt to remain below 4% in 2025.

- **Maintain BUY.** Our target price of S$2.37 is based on the dividend discount model (cost of equity: 6.75% (previous: 6.5%), terminal growth: 2.2%)

SHARE PRICE CATALYSTS

- **Events:** a) Resiliency and growth from Singapore portfolio; and b) positive contributions from the completion of AEIs at IMM Building and Gallileo.

- **Timeline:** 6-12 months.

VALUATION

Company	Ticker	Rec*	Price 3 Mar 25 (S$)	Target Price (S$)	Upside To TP (%)	Last Year End	PE 2024A (x)	PE 2025E (x)	PE 2026E (x)	Yield 2025E (%)	ROE 2025E (%)	Market Cap. (S$m)	Price/ NAV ps (x)
CapLand IntCom T	CICT SP	BUY	1.98	2.37	19.7	12/24	18.2	17.3	16.9	5.5	5.4	14,451.0	0.9
Centurian	CENT SP	BUY	1.01	1.11	9.9	12/24	2.5	8.6	7.9	3.0	9.0	849.2	0.7
ChinaSunsine	CSSC SP	BUY	0.48	0.58	20.8	12/23	6.6	6.1	5.7	6.3	9.3	457.6	0.6
ComfortDelGro	CD SP	BUY	1.42	1.76	23.9	12/24	14.6	13.0	11.7	6.1	9.0	3,075.9	1.2
CSE Global	CSE SP	BUY	0.46	0.61	32.6	12/24	11.8	10.6	9.4	6.0	11.4	322.6	1.3
MarcoPolo Marine	MPM SP	BUY	0.05	0.072	44.0	9/24	8.6	6.6	5.7	4.0	14.6	187.7	1.0
O C B C	OCBC SP	BUY	17.21	21.10	22.6	12/24	10.3	10.5	10.0	5.8	12.3	77,379.4	1.3
PropNex	PROP SP	BUY	1.12	1.30	16.1	12/24	20.3	15.5	14.7	5.4	41.4	828.8	6.7
Riverstone	RSTON SP	BUY	0.985	1.16	17.8	12/24	17.4	16.1	15.4	7.4	19.3	1,459.9	3.0
Seatrium	STM SP	BUY	2.15	2.96	37.7	12/24	46.6	25.4	19.0	1.2	4.5	7,277.5	1.1
Sembcorp Ind	SCI SP	BUY	6.32	8.00	26.6	12/24	11.1	10.1	10.3	4.1	20.4	11,250.3	2.1
SIA Engineering	SIE SP	BUY	2.37	2.70	13.9	3/24	18.6	16.9	15.9	5.1	9.0	2,649.9	1.6
UMS	UMSH SP	BUY	1.07	1.21	13.1	12/24	18.6	15.6	13.6	4.9	11.5	760.3	1.8
YZJ ShipBldg SGD	YZJSGD SP	BUY	2.42	3.50	44.6	12/24	7.8	6.6	6.2	4.5	25.4	9,560.4	2.0

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

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