STRATEGY – SINGAPORE

Alpha Picks: Positive Performance For Nov 24

Given the STI's robust performance in Nov 24, our Alpha Picks portfolio underperformed the STI slightly by 1.4ppt, but still rose 3.7% mom on a market cap weighted basis and 1.2% on an equal-weighted basis respectively. The solid performance was driven by CSE, OCBC and DFI while GENS, MPM and VMS underperformed. Our Alpha Picks portfolio has outperformed the STI in 12 out of the past 14 months.

WHAT'S NEW

- **Market review.** Global markets surged to record highs in early-Nov 24, driven by renewed positive investor sentiment after US elections. However, ongoing threats of new US import tariffs coupled with increased expectations that the US Fed would dial back on aggressive interest rate cuts weighed on sentiment, offsetting some of the early gains. With the banks rallying in November and making up nearly 51% weight in the STI, the index's jump of 5.1% was always going to be a difficult act to follow.

- **Solid beat.** Due to the STI's robust performance for Nov 24, our Alpha Picks portfolio underperformed the STI by 1.4ppt on a market cap weighted basis. However, our Alpha Picks portfolio still posted solid results, increasing 1.2% mom on an equal-weighted basis and a more respectable 3.7% mom on a market cap weighted basis respectively. Our Alpha Picks portfolio has still outperformed the STI in 12 out of the past 14 months.

- **Strong broad-based performance.** Our top performers were in industrials, financials and consumer staples, namely newly-added CSE Global (+8.1% mom), OCBC Group (+7.2% mom) and DFI Retail Group (+7.1% mom). CSE Global rose from steady tender wins while DFI Retail Group rose due to greater confidence in 2025's earnings outlook. OCBC expanded due to increased expectations of a more gradual interest rate cut outlook. Our underperformers were Genting Singapore (-8.4% mom) and Venture Corp (-3.2% mom), which were both dragged by weak 3Q24 result updates while Marco Polo Marine (-7.1% mom) fell from weaker sentiment in O&G stocks.

ACTION

- **Minimal change.** To end of 2024, we make a slight change to our Alpha Picks portfolio by adding Centurion while removing DFI Retail Group. We expect Centurion to benefit from its volume growth, continued positive rental reversion as well as dividend upside while taking profit on DFI Retail Group. Our current portfolio consists of CSSC, CVL, CSE, CENT, GENS, LREIT, MINT, MPM, OCBC, STM, SCI, SPOST and VMS.

ANALYSTS' ALPHA* PICKS

Analyst	Company	Rec	Performance#	Catalyst
Adrian Loh	Sembcorp Ind	BUY	75.8	Announcement of renewables acquisitions
Adrian Loh	Seatrium	BUY	24.5	Solid outlook for new order wins
Adrian Loh	Centurion	BUY	-	Solid volume and rental growth in 2025
Llelleythan Tan	Singapore Post	BUY	31.8	Strong earnings recovery
Jack Goh	Genting Singapore	BUY	-13.6	Benefitting from international tourism recovery
John Cheong	China Sunsine Chemical	BUY	-2.0	Higher ASPs for rubber chemicals and utilisation rates
John Cheong	Civmec	BUY	39.1	Higher-than-expected contract wins and margins
John Cheong	CSE Global	BUY	8.1	Higher earnings from record-high orderbook
John Cheong	Venture Corp	BUY	-1.2	Earnings recovery and higher-than-expected dividends
Heidi Mo	Marco Polo Marine	BUY	-7.1	Higher-than-expected ship charter rates and vessel utilisation.
Jonathan Koh	OCBC	BUY	31.6	Attractive dividend yield; less susceptible to NIM compression
Jonathan Koh	Mapletree Ind	BUY	10.0	Growth from data centre at a reasonable price
Jonathan Koh	Lendlease Global Commercial REIT	BUY	0.0	Recovery of 313@Somerset

** 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$) ------ 29 Nov	Target	Up/(down) to TP (%)
Centurian	BUY	0.94	1.11	18.1
ChinaSunsine	BUY	0.48	0.58	20.8
Civmec	BUY	1.12	1.40	25.0
CSE Global	BUY	0.47	0.59	26.9
Genting SP	BUY	0.765	1.12	46.4
Lendlease REIT	BUY	0.56	0.77	37.5
Mapletree Ind Tr	BUY	2.32	3.05	31.5
MarcoPolo Marine	BUY	0.052	0.061	17.3
O C B C	BUY	16.28	21.00	29.0
Seatrium	BUY	1.93	2.80	45.1
Sembcorp Ind	BUY	5.22	7.47	43.1
SingPost	BUY	0.58	0.61	5.2
Venture Corp	BUY	12.87	15.55	20.8

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

CHANGE IN SHARE PRICE

Company	Rec	Nov-24 (%)	To date (%)
ChinaSunsine	BUY	5.5	(2.0)
Civmec	BUY	(0.9)	39.1
CSE Global	BUY	8.1	8.1
DFIRG USD	BUY	7.1	12.3
Genting SP	BUY	(8.4)	(13.6)
Lendlease REIT	BUY	(2.6)	0.0
Mapletree Ind Tr *	BUY	(1.9)	10.0
MarcoPolo Marine	BUY	(7.1)	(7.1)
O C B C	BUY	7.2	31.6
Seatrium	BUY	1.6	24.5
Sembcorp Ind	BUY	3.6	75.8
SingPost *	BUY	7.0	31.8
Venture Corp	BUY	(3.2)	(1.2)
FSSTI		5.1	
UOBKH Portfolio		3.7	

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

PORTFOLIO RETURNS (%)

	2023	2Q24	3Q24	Sep-24	Oct-24	Nov-24
FSSTI return	-0.3	3.4	7.6	4.1	-0.7	5.1
Alpha Picks Return						
- Price-weighted	-8.3	8.6	17.3	4.6	-1.5	2.3
- Market cap-weighted	1.7	6.4	11.9	4.9	-1.0	3.7
- Equal-weighted	7.0	2.1	7.9	5.4	0.4	1.2

Assumptions for the 3 methodologies:

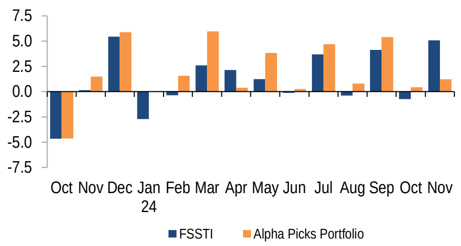
1) Price-weighted: Assuming same number of shares for each stock; a higher share price will have a higher weighting.

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 12 MONTHS (WE OUTPERFORMED FSSTI 12 OUT OF 14 MONTHS)



Source: Bloomberg, UOB Kay Hian

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Sembcorp Industries – BUY (Adrian Loh)

- **Doubling down on Singapore.** In mid-Nov 24, Sembcorp Industries (SCI) announced that it had completed its S$96m acquisition of a 30% stake in Senoko Energy which owns a 2,644MW power combined cycle power plant. We view the acquisition in a positive light as it allows SCI to potentially sign more long-term power purchase agreements (as at 1H24, around 80% of its Singapore capacity is on long-term contracts). On our estimates, the asset was priced inexpensively given that it needs upgrading, and would be earnings accretive by between 4-6% p.a. from 2025.
- **Busy on the business development front.** SCI has been busy on the business development front in Oct and Nov 24. These include: a) receipt of the Letter of Award for a 300MW wind-solar hybrid power project with power to be sold under a 25-year Power Purchase Agreement to the National Thermal Power Corporation of India once completed, b) sale of Sembcorp Environment to a subsidiary of PT TBS Energi Utama for S$403m which is a 43% premium over the book value and net asset value as at end-1H24, and c) the signing of a joint development framework agreement with PT PLN EPI and PT PGI to establish a potential hydrogen transportation pipeline connecting Sumatra, the Riau Islands in Indonesia, and Singapore
- **Maintain BUY with a target price of S$7.47,** based on a target PE multiple of 12.8x. The target PE multiple is 1.5SD above the company's 2018-24 average PE of 8.2x (excluding 2020 when the company reported impairment-related losses). As at end-Nov 24, SCI had 16GW of gross renewables capacity.

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)

- **An ocean of opportunity in Brazil.** Drilling down into Seatrium's (STM) longer-term potential for growth, we view its two-decade long, on-the-ground exposure in Brazil as a key competitive advantage. This is especially the case given the company's merger with Keppel Offshore Marine in 2023 which expanded its presence in the country. We highlight that this opportunity set encompasses both oil and gas as well as renewables.
- **Potential exposure to new projects offshore Brazil.** At its Deep Dive 2024 earlier this year, Petrobras outlined that is planning for up to seven new FPSOs in addition to the 11 that it already has on order (STM is currently building six of these). Apart from these, we highlight that Petrobras failed to receive any positive response from its four FPSO tenders in 2024; thus, industry reports suggest that the company is reassessing its strategy with these tenders. Clearly, this will benefit STM should it choose to issue construction contracts instead. Our estimate of these 11 contracts range from US$20b-30b.
- **On the cusp of J-curve growth in Brazilian offshore renewables.** Brazil currently does not have any offshore wind installations; however, the country has plans to install 700GW over a time frame that has yet to be determined. In its strategy report, Petrobras outlined 23GW of its own offshore wind projects as well as another 14.4GW in partnership with Norway's national oil company, Equinor (see map overleaf).
- **Maintain BUY with a target price of S$2.80** using a target P/B multiple of 1.4x which 1SD above the company's five-year average P/B and applied to its 2025 book value of S$2.01.

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)

- **Handily beating expectations again.** Centurion Corp (CENT) reported strong 9M24 revenue of S$187m (+25% yoy) which formed over 82% of our full-year revenue estimate. Like its 1H24 results, the company's strong performance was attributed to strong occupancy rates and healthy rental revisions across its portfolio of Purpose-Built Workers Accommodation (PBWA) and Purpose-Built Student Accommodation (PBSA) assets with revenue growths of 27% and 20% yoy respectively. After its business update, we upgraded the company's 2024-26E EPS estimates by 2-11%.
- **Solid growth outlook from a healthy pipeline – guidance remains bullish.** CENT should see around 16% volume growth in both its PBWA and PBSA segments during 2H24-2H26. On our estimates, around 66% of the growth will come from PBWAs in Singapore.
- **Consistent insider buying this year.** In a positive sign of the company's near- to medium-term outlook, we note that its CEO and its co-chairman have both consistently bought the company's shares this year. Between them, they have purchased 2.39m shares at prices of S$0.40-0.74/share between Mar and Sep 24.
- **Potential for higher dividend payout.** Recall that during its 1H24 results, CENT declared a dividend of S$0.015, implying a 26% dividend payout based on EPS of S$0.0577 from its core business operations. We have maintained our current forecast dividend of S$0.03 for the full year, but we believe that there is a high likelihood of an upside to S$0.035 given the better-than-expected earnings, implying a 2024 yield of 3.6%.
- **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.

Singapore Post – BUY (Llelleythan Tan)

- **Improved earnings outlook for the postal segment.** The Singapore Postal & Logistics business posted strong profitability in 1HFY25, driven by the postal adjustment in 2HFY24 and new domestic e-commerce customer wins. For 2HFY25, we expect seasonally stronger earnings along with better margins from the rationalisation of the postal office network.
- **Increased contributions from Down Under.** With the consolidation of Border Express (BEX), we expect the Australian business to post strong growth in 2HFY25. As a recap, both Australian revenue (+44.1% yoy) and operating profit (+30.2% yoy) surged in 1HFY25, largely driven by BEX. Also, we expect organic growth from the higher-margin Australian 4PL business and the realisation of operating synergies from the ongoing business integration of CouriersPlease and BEX into FMH Group to improve profitability in 2HFY25.
- **Potential divestment/stake sale of Australian assets.** The group is currently undergoing a strategic review of its Australia business and is in exclusive discussions with a third party in relation to a possible sale of the Australian business. Depending on the transaction terms, we reckon that any potential sale would result in deleveraging the group and result in higher future profitability.
- **Maintain BUY with an SOTP-based target price of S$0.61.** Based on our SOTP valuation, we value the property, logistics and postal segments at S$844m, S$861m and S$272m respectively. Given that SPOST's current market cap is around S$1.24b, we think that the market is severely undervaluing SPOST's businesses. At our target price, SPOST trades at 22x FY25F PE, at -0.5SD to its long-term mean.

SHARE PRICE CATALYSTS

- **Events:** a) Better-than-expected earnings recovery, b) divestment of businesses, and c) earnings-accretive acquisitions.
- **Timeline:** Six months.

Genting Singapore – BUY (Jack Goh)

- **2H24 prospects remain bright with multiple catalysts.** Genting Singapore's (GENS) upbeat prospects include: a) accelerated recovery of foreign visits and flight frequencies, b) major entertainment events in 2H24 such as the Formula 1 Grand Prix, c) sustained trend of higher average spending in Resort World Sentosa (RWS), d) earnings accretion from Hotel Ora (launched in May 23) which will lift key inventories by about 30% yoy, and e) RWS' intensified digital marketing efforts leading to higher footfall and spending.
- **RWS' premiumisation to bear fruit over medium- to long-term horizon.** We retain our view that RWS' ongoing revamp will allow it to capitalise on the thus-far sustained higher spending per capita at the integrated resort, with the premiumisation being led by its non-gaming segment. Spending per capita has also risen markedly since Singapore emerged from the COVID-19-related lockdowns, with spending at the theme park and average hotel room rate rising 20% and >50% respectively from pre-pandemic levels.
- **Healthy balance sheet and huge cash pile.** With the pandemic-related disruptions largely over, we believe that management now has more flexibility to better utilise its sizeable capital which includes net cash of S$3.7b (30 S cents/share) as of end-1H24. After dropping its decade-long pursuit of clinching a pricey Japan IR concession last year, we also do not rule out GENS pursuing potential brownfield and greenfield opportunities in the region.
- **Maintain BUY with a target price of S$1.12,** which implies 9.3x 2025F EV/EBITDA (-0.5SD below mean).

SHARE PRICE CATALYSTS

- **Events:** a) Stronger recovery in Chinese tourists' patronage following higher flight frequency, b) better capital management following the recent withdrawal of its Japan IR pursuit, and c) commendable 2024 yield of 4.5%.
- **Timeline:** 3-6 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. In Jul-Sep 24, we observe that ASPs have been flattish, accompanied by moderating raw material prices. Meanwhile, China's GDP has grown 5% in 1H24, in line with the government's annual target of 5%.
- **Good dividend yield of around 5% backed by strong balance sheet.** Sunsine provides an attractive yield of around 5%, supported by its robust cash balance of Rmb1,751m (+4% hoh) as of 1H24. This translates to Rmb1.82/share (S$0.34/share) or around 70% of its market cap. This provides ample room for Sunsine to potentially raise its dividend and continue to perform share buybacks. Sunsine has bought back 3.8m shares for 2024 since the start of its 2024 share buyback plan on 26 Apr 24.
- **Expect steady volume growth from strong demand.** Sunsine achieved stronger rubber chemical sales volume (+6% yoy) in 1H24. 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. Moreover, automakers reported 6% yoy higher auto sales in China, while New Energy Vehicles saw a 32% yoy surge

in 1H24. We therefore expect sales volume growth to remain steady moving forward.

- **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 2024F ex-cash PE, and we expect Sunsine 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.

Civmec – BUY (John Cheong & Heidi Mo)

- **Increasing opportunities for maintenance works via new maintenance facilities will translate to more recurring earnings.** Civmec announced that the projects for its maintenance division have increased significantly, with notable clients like Iron Bridge JV, its new Port Hedland maintenance and workshop facility. Wesfarmers Chemicals, Energy and Fertilisers (WesCEF), Cargill and Pilbara Minerals Pilgangoora Operation. Civmec's recently constructed Port Hedland maintenance and workshop facility will allow the group to better serve existing clients and capitalise on the higher activity levels in the west coast like the Pilbara region. Expansion of a new Queensland maintenance hub in Gladstone is also in the works, bringing about more maintenance growth opportunities in the East Coast.
- **One of Australia's leading engineering players,** Civmec serves key sectors including resources and energy (88% of FY24 revenue), as well as defence and infrastructure (12%). It serves blue-chip clients including Chevron, Rio Tinto, Alcoa, BHP, Thyssenkrupp and the Australian Navy. At favourable commodity prices, Civmec stands to benefit as its clients undertake more mining and O&G production activities. Civmec sees a strong pipeline of tendering opportunities in all the sectors it operates in, with orderbook of A$853m as at end-FY24. This secures most of its revenue for the next 12 months, with a portion extending up to 2029.
- **Maintain BUY with a target price of S$1.40.** Our target price is pegged to 12x FY25F PE (based on 0.5SD below mean). It is currently trading at an attractive valuation of 9x FY25F PE, a deep 53% discount to its regional peers, while the dividend yield is attractive at around 6% from current price.

SHARE PRICE CATALYSTS

- **Events:** a) Earnings surprise due to higher-than-expected contract wins and margin, b) better-than-expected dividend, and c) takeover offer by strategic shareholder(s) given the high barriers of entry for the defence.
- **Timeline:** 3-6 months.

CSE Global – BUY (John Cheong and Heidi Mo)

- **Robust order pipeline.** CSE continues to enjoy strong order wins, with order intake of S$565m in 9M24. Orderbook reached S$634m, signalling a healthy pipeline for the coming quarters. CSE continues to embark on its growth strategy through capitalising on emerging trends like electrification and decarbonisation, while pursuing acquisitions in the critical communications space in the Americas region. Moving forward, CSE will also continue to focus on data centre and automation projects to seize emerging market prospects.
- **CSE continues to see stable financial performances in the infrastructure and mining & minerals sectors,** supported by a steady stream of projects arising from requirements in digitalisation, communications and enhancements in physical and cyber security globally, and from data centres and water utilities in the Americas and Asia Pacific regions. CSE will expand its engineering capabilities and technology solutions to pursue new market opportunities and diversify into new markets brought about by the emerging trends towards

urbanisation, electrification and decarbonisation.

- **Maintain BUY.** Our target price of S$0.59 is pegged to 13x 2025F PE (based on +1SD above mean) and implies a decent dividend yield of 6.6% as we expect CSE to maintain a full-year dividend of 2.75 S cents/share for 2024.

SHARE PRICE CATALYSTS

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

Venture Corp - BUY (John Cheong)

- **Expect better revenue on a hoh basis in 2H24 vs 1H24.** Venture Corp (VMS) maintains its expectation that its 2H24 revenue will be stronger than that of 1H24. For 1H24, VMS delivered on its target of sequential revenue growth from 1Q24 to 2Q24. To recap, VMS was still coming off the high base quarter in 1Q23 where it recorded earnings of S$74m, before normalising in 2Q-4Q23 with earnings of S$63m-67m.
- **VMS remains proactive in pursuing multiple initiatives to further improve its performance in 2H24.** These include the onboarding of new customers, new product introduction (NPI) activities and supporting customers with geopolitical risk mitigation strategies. VMS continues to invest in expanding its capabilities in targeted technology domains, broadening the group's value creation pathways for quality growth.
- **Healthy balance sheet and consistent dividends.** As of 3Q24, VMS had net cash of S$1,191m (accounting for around 30% of its current market cap) and led the pack of US-listed peers which were mostly in net debt positions. Also, VMS continues to issue the same or higher dividends than that in preceding years.
- **Maintain BUY with a target price of S$15.55,** pegged to 0.5SD above its long-term mean PE of 17x 2025F earnings to capture the potential earnings recovery in 2025 and upcycle beyond that. Currently, VMS is trading at 15x 2025F PE (10x ex-cash 2025F PE) and offers a decent dividend yield of 5.5%.

SHARE PRICE CATALYSTS

- **Events:** a) Positive earnings surprise, b) winning more customers, and c) higher-than-expected dividends and share buybacks.
- **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 2023, while dayrates surpassed previous peaks in 2013-14. On top of this, OSV supply dropped 5% from 2017 as newbuilds are minimal from limited bank financing. 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.
- **CSOV expected to contribute to FY25 earnings.** MPM's new CSOV is expected to be completed by Feb 25, and will be deployed over three years at an agreed utilisation rate per annum with Vestas. Furthermore, according to 4C Offshore Market Intelligence, there are 14 CSOVs and 29 service operation vessels (SOV) in operation worldwide as of 8 Mar 24, with the majority contracted in Europe. With the increasing demand and limited supply, MPM is likely to enjoy healthy day rates and utilisation for its CSOV moving forward.
- **Higher ship repair activity from new dry dock in 1Q25.** MPM's new 240-metre-long Dry Dock 4 is projected to be completed by Feb 25, and is expected to increase ship repair capacity by up to 25%. This will enable MPM to take on more high-margin ship repair

activities. While there were lower ship repair volumes and third-party shipbuilding activities in 3QFY24 as one of MPM's dry docks was occupied for its CSOV, we note that the CSOV has since been shifted to the slipway. This indicates potential recovery and even upside to ship repair volumes growth.

- **New CTVs may unlock more opportunities.** In Mar 24, MPM announced its Asia-Pacific Crew Transfer Vessel (CTV) framework agreement with Siemens Gamesa for projects across Taiwan and Korea. Its first CTV charter in Korea began in Sep 24, marking MPM's successful entry into a new market, while the second CTV will be deployed soon. We think that this partnership will further boost MPM's track record and provide more opportunities to accelerate its growth.
- **Maintain BUY with a target price of S$0.061.** We value MPM at 9.5x FY24F 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)

- **Reviewing capital management.** Management will review OCBC's capital position at end-24. Factors to consider include OCBC's growth trajectory and capital required to support its pipeline of new projects, including plans to redevelop its HQ at Chulia Street. Management prefers to return surplus capital to shareholders through a higher dividend payout ratio and paying more regular dividends.
- **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) Asian wealth, b) trade and investment flows, c) new economy, and d) sustainable financing.
- **Most well-capitalised bank in Singapore.** Fully phased-in CET-1 CAR was 15.6% as of 3Q24, the highest among Singapore banks. OCBC has the potential to deploy surplus capital to generate inorganic growth.
- **Maintain BUY.** Our target price of S$21.00 is based on 1.60x 2025F P/B, derived from the Gordon Growth Model (ROE: 12.7%, COE: 8.5%, growth: 1.5%).

SHARE PRICE CATALYSTS

- **Events:** a) Resiliency from high CET-1 CAR of 15.6%, and b) attractive 2025 dividend yield of 6.1% from commitment to new dividend payout ratio of 50%.
- **Timeline:** 6-12 months.

Mapletree Industrial Trust – BUY (Jonathan Koh)

- **MINT has secured an established healthcare operator** as a replacement tenant for its data centre at Brentwood, Tennessee. The new lease has a long duration of 30 years and provides rental escalation of 2% per year. Occupancy for its data centre portfolio improved 1.5ppt qoq to 89.2% in 1QFY25.
- **MINT intends to acquire more data centres** in Asia Pacific and Europe to increase geographical diversification. It provides growth from data centres at a reasonable price with FY25 distribution yield of 5.9%.
- **Maintain BUY.** Our target price of S$3.05 is based on DDM (cost of equity: 6.75%, terminal growth: 2.2%).

SHARE PRICE CATALYSTS

- **Events:** a) Organic growth from data centres located in Singapore, North America and Japan; and b) acquisition of data centres in Asia Pacific and Europe.
- **Timeline:** 6-12 months.

Lendlease Global Commercial REIT – BUY (Jonathan Koh)

- **Downtown mall 313@Somerset outperforming.** LREIT maintained positive double-digit rental reversion of 11.4% on an average vs average basis in 1QFY25 (313@Somerset: high teens, Jem: high single digit).
- **Further enhancement to 313@Somerset.** LREIT has handed the site over to Live Nation, the tenant for the multi-functional event space at Grange Road Car Park. Construction is expected to commence by end-24 and should be completed within the next 12-18 months. LREIT benefits from rental income and profit sharing from the multi-functional event space. Most importantly, the event venue would attract throngs of concertgoers and music fanatics, thereby boosting shopper traffic at 313@Somerset.
- **LREIT is in advanced negotiations** with an international school (one floor) and a co-working space operator. Occupancy will rise above 30% if the two leases are successfully concluded.
- **Maintain BUY.** Our target price of S$0.77 is based on DDM (cost of equity: 7.0%, terminal growth: 2.2%).

SHARE PRICE CATALYSTS

- **Events:** a) Recovery of downtown mall 313@Somerset, b) redevelopment of Grange Road Car Park, and c) expansion in Singapore tapping on sponsor pipeline.
- **Timeline:** 6-12 months.

VALUATION

Company	Ticker	Rec*	Price 29 Nov 24 (S$)	Target Price (S$)	Upside To TP (%)	Last Year End	PE 2023A (x)	PE 2024E (x)	PE 2025E (x)	Yield 2024E (%)	ROE 2024E (%)	Market Cap. (S$m)	Price/ NAV ps (x)
Centurian	CENT SP	BUY	0.94	1.11	18.1	12/23	5.2	8.2	8.0	3.2	9.9	790.3	0.8
ChinaSunsine	CSSC SP	BUY	0.48	0.58	20.8	12/23	6.5	6.6	6.1	6.3	9.3	457.6	0.6
Civmec	CIVMEC SP	BUY	1.12	1.40	25.0	6/24	10.7	10.0	9.7	5.5	13.1	569.6	1.3
CSE Global	CSE SP	BUY	0.47	0.59	26.9	12/23	12.7	14.3	10.7	5.9	11.6	328.5	1.3
Genting SP	GENS SP	BUY	0.765	1.12	46.4	12/23	15.1	15.6	13.3	5.9	8.3	9,235.5	1.1
Lendlease REIT	LREIT SP	BUY	0.56	0.77	37.5	6/24	21.4	19.2	26.6	6.9	2.2	1,356.7	0.7
Mapletree Ind Tr	MINT SP	BUY	2.32	3.05	31.5	3/24	17.5	17.2	16.6	6.1	7.5	6,598.7	1.3
MarcoPolo Marine	MPM SP	BUY	0.052	0.061	17.3	9/23	7.4	8.1	7.5	3.8	13.1	195.2	1.1
O C B C	OCBC SP	BUY	16.28	21.00	29.0	12/23	10.5	9.7	10.0	5.4	12.4	73,248.8	1.3
Seatrium	STM SP	BUY	1.93	2.80	45.1	12/23	n.a.	62.6	22.2	0.0	4.4	6,544.7	1.0
Sembcorp Ind	SCI SP	BUY	5.22	7.47	43.1	12/23	9.9	9.6	9.2	2.5	18.0	9,305.4	1.8
SingPost	SPOST SP	BUY	0.58	0.61	5.2	3/24	19.4	21.2	18.9	2.4	5.0	1,305.1	1.2
Venture Corp	VMS SP	BUY	12.87	15.55	20.8	12/23	13.9	15.3	14.1	5.8	9.2	3,722.1	1.3

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

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