

Singapore Morning Cuppa

Top Story

Oiltek International (OTEK SP, NOT RATED, FV: N/A)

Riding On Higher Edible Oil Refining Demand

Trading Idea

Oiltek International offers upstream exposure to higher edible oil refining demand. The vegetable and edible oil process engineering company provides integrated process technology and renewable energy (RE) solutions for all types of vegetable oils, including palm oil, soybean oil, and rapeseed oil. Oiltek specialises in EPCC of facilities and plants for edible and non-edible segments of the vegetable oil industry. It has successfully designed, built, and commercialised over 650 plants in more than 34 countries across five continents. The stock currently trades at 15x FY25F P/E, with a c.1% yield.

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Today's Report: [Oiltek International: Riding On Higher Edible Oil Refining Demand \(17 Mar 2025\)](#)

Previous Report: Nil

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Economic Research

Global Economics & Market Strategy

NODX Remains Resilient, but We are Cautious

Economics View

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Top BUYs

	M. Cap (USDm)	TP (SGD)	Upside (%)	2025 Div. yield (%)	Investment thesis
Large & Mid cap					
CapitaLand Ascendas REIT (CLAR SP)	8,641	3.20	22.1	6.0	<ul style="list-style-type: none"> The largest Singapore focussed industrial REIT with diversified exposure to business parks, logistics, and hi-tech industrial spaces. Organic growth from asset redevelopment, higher occupancy rates, and rental improvement. Backed by a strong and experienced sponsor.
CapitaLand Integrated Commercial Trust (CICT SP)	11,676	2.30	8.0	5.2	<ul style="list-style-type: none"> The largest listed S-REIT with a high-quality portfolio of mostly Singapore office and retail assets. Proxy for ongoing economic recovery in Singapore with catalyst being possible divestments of smaller assets. Healthy positive rent reversions are expected for its Singapore office and retail assets. A strong and capable sponsor with good-quality pipeline assets.
ComfortDelGro (CD SP)	2,321	1.75	22.4	5.9	<ul style="list-style-type: none"> 16% earnings growth in 2025. Continued improvement in UK public transport margins. Contributions from Australian bus tender wins. Contributions from the acquisition of A2B as well as Addison Lee. Also expect to see contributions from an improving China taxi business.
DBS (DBS SP)	94,336	51.20	15.7	6.9	<ul style="list-style-type: none"> With the sector's earnings expected to stay flat next year, dividend yields and capital management will be the main drivers for SG Banks' share price performance. DBS has committed to increase DPS by 24 cents pa, which was recently reaffirmed for 2025. Apart from that, management has guided for excess capital of SGD8bn that can be returned to shareholders over the next three years. For 2025, the form of capital returns will be via SGD3bn in share buybacks and capital return DPS of SGD0.15/quarter. With clear dividend visibility and yield of >6% (inclusive of capital return DPS), we see room for yields to compress amid volatile market conditions.
Keppel REIT (KREIT SP)	2,495	1.05	22.1	6.3	<ul style="list-style-type: none"> High-quality Grade-A office assets in Singapore, Australia, and South Korea. Positive rental reversion is set to continue, with low expiring rents and high occupancy levels to be maintained. Yield uplift from asset recycling initiatives. Trading at 30% below book value with c.6% yield.
Singtel (ST SP)	41,059	3.80	14.5	5.8	<ul style="list-style-type: none"> Improving ROIC which is projected to hit 10% in FY25F from 9.3% in FY24 and 8.3% in FY23. Planned cost savings of SGD200m annually into FY26F from the consolidation of the Singapore operations and cost efficiencies at Optus. Mid-term capital recycling target of SGD6bn will support variable realisation dividends (VRD) on top of core 70-90% DPR. Improving market dynamics and price repair in Australia, India and Thailand. Strong balance sheet with net debt/EBITDA at 1.6x and a 90% fixed rate debt.
ST Engineering (STE SP)	14,487	5.90	(5.0)	2.9	<ul style="list-style-type: none"> 2023-2026F profit CAGR of 15%. Record-high orderbook that provides close to three years of revenue visibility. Sustained DPS of at least 16 SG cents each year, which is paid quarterly. Recovery in earnings driven by strong aviation MRO work, which will benefit the Commercial Aerospace segment. Contributions from TransCore and the restructuring of the Urban Solutions & Satellite Communications (USS) segment should boost growth. The gradual delivery of its orderbook should support the Defence & Public Security (DPS) segment's profitability.
Venture Corp (VMS SP)	2,690	14.69	18.1	6.0	<ul style="list-style-type: none"> Strong net cash balance sheet, positioning for an FY25F earnings recovery, consistent DPS payout, attractive dividend yields, and valuation below historical mean. Growth from customer order ramp-up post destocking, new customers, new products, leveraging on design capability, strong supply chain, and a focus on high-value solutions. The stock trades at 13x FY25F P/E, below its historical mean of 16x.

	M. Cap (USDm)	TP (SGD)	Upside (%)	2025 Div. yield (%)	Investment thesis
Small cap					
AIMS APAC REIT (AAREIT SP)	769	1.46	15.9	7.6	<ul style="list-style-type: none"> High-quality industrial REIT portfolio with predominantly Singapore logistics assets. Earnings recovery will be driven by strong double-digit rent growth (more than c.20%) for the logistics portfolio, coupled with steady occupancy increases. Uplift in income contributions and valuations from asset redevelopment/redevelopment. Medium-term M&A candidate.
APAC Realty (APAC SP)	113	0.48	14.3	7.3	<ul style="list-style-type: none"> Second largest real estate agency in Singapore and direct proxy to a surge in residential transactions in new launches and spillover effects in secondary market transactions. Overseas segments likely to turn profitable from 2025 onwards. Net cash position and offering attractive dividend yields of >6%.
Centurion Corp (CENT SP)	668	1.17	10.4	3.3	<ul style="list-style-type: none"> Near-term bed rates are positive for Centurion, as Singapore's purpose-built workers accommodation bed supply remains tight. Expect growth ahead, driven by better capacity, occupancy, and rental rates. Expect more dormitory project wins, with at least seven new purpose-built dormitories, totalling 47,000 beds, that are planned to be completed over the next five years. It currently trades at its historical P/E mean of 8x.
Frencken Group (FRKN SP)	342	1.48	38.3	2.4	<ul style="list-style-type: none"> Key semiconductor outlook remains positive, as it continues to support its key customer in Europe, as well as customers that have moved production to Asia. It is opening a larger facility in the US to support semiconductor customers in 1Q25. Near-term growth should also stem from customers' Europe and Asia capacity expansion in programmes and new products. Potential to re-rate on the start of a new semiconductor cycle.
Riverstone (RSTON SP)	1,044	1.18	25.5	5.4	<ul style="list-style-type: none"> Prime beneficiary of the recovery of global semiconductor sales, which in turn should drive its cleanroom glove sales. Industry tailwinds arising from the US imposing import tariffs on China glovemakers present a trade diversion opportunity for Malaysia glove manufacturers. Shift towards high-specialty higher-margin healthcare gloves alongside inventory destocking approaching the tail-end should propel the healthcare glove division. The sole rubber glove manufacturer still posting double-digit core profit margins while continuing its consistent dividend payouts (FY25 yield: 5%).

Note: Market Cap = Small Cap is <SGD1bn, Mid Cap is <SGD3bn

Source: Bloomberg, RHB

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