CIO Weekly GLOBAL EQUITIES

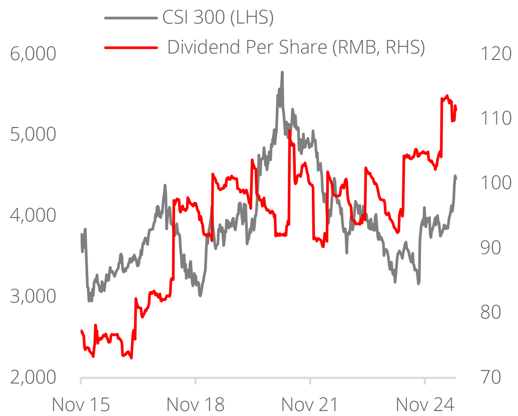
1 Oct 2025

Equities Market Overview

	YTD Returns (%)	1Y Returns (%)	1Y Fwd P/E (x)
Global Equities	16.5	15.9	21.21
US	13.5	17.3	25.38
Europe	9.4	6.5	16.01
Asia ex-Japan	24.1	14.4	16.52
Japan	11.0	15.3	17.42
Global Sectors			
Comm Services	27.8	33.3	21.5
Cons. Disc.	9.6	16.0	26.3
Cons. Staples	5.2	-2.3	20.1
Energy	9.2	2.4	14.4
Financials	20.3	23.9	14.1
Healthcare	1.2	-10.2	17.6
Industrials	20.9	14.9	23.7
Materials	20.6	2.7	19.2
Real Estate	6.5	-3.4	26.2
Technology	21.4	29.1	33.0
Utilities	17.8	6.7	16.8

Source: Bloomberg as at 30 Sep 2025

Figure 1: Dividend per share expansion in China market



Source: Bloomberg, DBS

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Focus of the Week

China's market: Structural re-rating gains momentum. Fundamental improvements are crystallising, as seen in the recent 20.4% y/y increase in industrial profit growth. This reverses three consecutive months of decline and marks the biggest jump since Nov 2023. This improvement, alongside higher producer prices and stabilising corporate earnings, reflects the early benefits of targeted anti-involution policies aimed at breaking deflationary cycles. We expect further social welfare initiatives and regulatory clarity to help bolster consumer and corporate confidence. With domestic market EPS revisions turning positive and FY26 earnings projected to grow at a mid-teens pace, China's growth trajectory is poised to accelerate. We see structural tailwinds from policy stability and economic rebalancing that support a sustainable recovery, particularly in technology and consumption-driven sectors.

Shareholder returns are gaining prominence as a key investment thesis. Dividend per share expansion and robust free cash flow generation underscore improved capital allocation discipline among listed companies. This trend is attracting renewed institutional interest – both from underweight global funds seeking exposure to undervalued assets and domestic investors reallocating wealth away from subdued property markets amid lower rates. We favour sectors with leverage to AI adoption, internet platform giants, consumption recovery, and financials that offer compelling dividend yields. As household wealth shifts from deposits to equities, China's re-rating story remains in its early innings.

Equity fund flows: During the week ended 24 Sep, Developed Market (DM) Equity Funds recorded USD12.9bn of inflows when risk assets rallied across the board as the Fed cut policy rate by 25 bps in the September FOMC. In particular, Europe Equity Funds logged inflows of USD2.1bn, and US Equity Funds also saw inflows of USD6.6bn. Global Emerging Markets (EM) recorded inflows of USD6.7bn, with China accounting for USD4.8bn of that amount as investors seek to capture the upside momentum from Fed easing and ride on China's AI trajectory.

Equity Research Highlights

United States & Europe

Moderna Guidance trimmed despite EPS beat	Nico Chen
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DBS

30 Sep 2025

Moderna Inc

Guidance trimmed despite EPS beat

Company Overview

Moderna, Inc. is a biotechnology company based in America that invents and develops messenger RNA (mRNA) therapeutics and vaccines. The revenue mix breakdown in FY24 was mainly COVID-19 vaccines (96%). The revenue breakdown by geography was: US (53%); Rest of world (47%).

Investment Overview

COVID-19 booster demand and aggressive cost cutting limited losses in a challenging revenue season. In 2Q25, Moderna posted a loss per share of USD2.13 per share, outperforming consensus by c.USD0.84, while revenue fell 41% y/y to USD142mn, yet surpassing analyst expectations. This was boosted by stronger-than-anticipated spring booster uptake and effective cost reductions yielding USD800mn savings in 1H25. The Spikevax COVID-19 vaccine accounted for USD114mn in revenue, significantly above forecasts even as total sales remain far below pandemic peaks. Operational discipline and structural cost cuts helped narrow the loss margin, enabling the company to preserve liquidity amid a steep decline in vaccine demand.

Outlook remains cautious as demand softens and delivery delays prompt revenue guidance cut. Moderna lowered its revised FY25 revenue forecast to USD1.5bn to USD2.2bn, USD300mn below prior guidance, citing delayed UK deliveries that push a significant portion of contracted revenue into early 2026. Management affirmed the ambition to reach cash breakeven by 2028, contingent on continued cost reduction, and generating savings via a planned 10% workforce reduction. While the company is advancing next-gen mRNA products including a COVID–flu combo and RSV vaccines, regulatory setbacks have delayed their commercialisation, leaving near-term revenue heavily reliant on COVID booster demand.

Commercial headwinds are set to intensify as the COVID vaccine market normalises. The sharp decline in global COVID-19 booster demand remains the most significant drag, with volumes expected to erode further as population immunity stabilises and payer appetite wanes. Moderna's heavy reliance on COVID sales (still >80% of 2Q25 revenue) leaves earnings vulnerable to even modest shortfalls in autumn booster uptake, particularly in the US and Europe where seasonal vaccination campaigns are under pressure from pricing negotiations and government procurement cutbacks. Competitive intensity from Pfizer/BioNTech and Novavax in COVID vaccines, alongside new entrants in RSV and flu, may further erode pricing power and market share.

We have a HOLD rating on Moderna, with TP of USD26. Our TP is based on a 2.0x 25F P/B, 1.0 SD below its five-year average. Moderna is suffering from its plummeting Covid-19 vaccine sales, and its pipeline is only likely to generate significant sales in 2027.

Risks

Technical problems with developing mRNA therapeutics. Despite the success of mRNA COVID-19 vaccines, RNA therapeutics have been hindered by challenges such as inherent instability and potential immunogenicity for quite some time. RNA is vulnerable in nature and can be easily degraded within the human body. One of the challenges is to deliver the RNA drug to the target sites before its degradation. As Moderna focuses on development of mRNA drugs, its future performance may largely be affected by technical issues.

Analyst

Nico Chen | dbsvhk@dbs.com

Key Financial Data (FY Dec)

Bloomberg Ticker	MRNA US
Sector	Pharmaceuticals, Biotechnology & Life Sciences
Share Price(USD)	24.49
DBS Rating	HOLD
12-mth Target Price(USD)	26.00
Market Cap (USDbn)	9.53
3m Avg. Daily Val (USDmn)	281.74
Dividend yield (%)	na
Net Debt/Equity (x)	Cash
Fwd. P/E (x)	-2.97
P/Book (x)	0.86
ROE (%)	-25.30

9.53

Closing Price as of 26/09/2025

Source: Twelve Data, DBS, Visible Alpha

Moderna Inc Share Price

Source: Twelve Data

The full report and disclaimers are accessible here:

US EQUITY RESEARCH

29 Sep 2025

Qualcomm

Diversifying and growing beyond smartphones

Analysts
Fang Boon Foo | groupresearch@dbs.com
Ling Lee Keng | groupresearch@dbs.com

Company Overview

Qualcomm Inc is a leading wireless technology innovator. It develops and supplies integrated circuits and system software based on 3G/4G/5G and other technologies, including radio-frequency front end (RFFE), for use in mobile devices, automotives, consumer electronic devices, and industrial devices. Its segments include the QCT (Qualcomm CDMA Technologies) semiconductor business and QTL (Qualcomm Technology Licensing) business.

Investment Overview

Leading communications semiconductor & solutions company. QCOM is a beneficiary of the growing 5G opportunities in the premium handset, automotive, IoT, and edge networking segments. Recently announced product line-up as well as its blue-chip customer bases attest to its competitive edge in each of the respective sub-sectors, e.g., Apple and Samsung in handset; Mercedes and BMW in automotive; and partners like Windows and Microsoft in IoT. Inroads into 1) Gen AI smartphones through Snapdragon as well as 2) PC chips market are further positive developments to watch.

Diversification away from handset to more stable, fast-growing sectors. Current Apple agreement that is expected to last until 2026 and growing partnership with leading Chinese OEMs ensure earnings visibility for the handset segment. Looking further, QCOM looks to diversify its business into the non-handset segments to (i) offset cyclicality associated with the global smartphone industry, and (ii) tap into areas of higher growth potential. In its 5-year growth roadmap, management has guided for diversification away from its core handset business, with an additional USD22bn in annual revenue through its other operating segments. Its projection puts automotive as the largest growth driver, with an annual revenue target of USD8bn (vs. USD1bn as of 2QFY25). Others including PC, industrials and other IoT segments are expected to see annual revenue increases of c. USD4bn.

Stability in consistent capital return policy. We have a positive view on QCOM's strategy to strongly position itself in the QCT business, diversify into fast growing segments, improve operating efficiency, and obtain stability in the licensing business. QCOM's consistent capital return policy shines among the cyclical, low-yielding semiconductor industry. The company continues to grow its dividend per share each year, with a trailing 2%+ dividend yield at May-25 levels. Management's commitment to raise its capital return target to 100% of its free cash flows for FY25 reflects its strong cash flow generation ability.

We maintain our BUY rating on QCOM with lower TP of USD180 per share (prev. USD215), pegged slightly above 6.5X P/BV (or -0.5SD of 5-year average). While we are positive on QCOM's longer-term outlook, the 3QFY25 guidance nevertheless reflect uncertainties involving tariffs impact and consumer demand over the near-term. While management emphasised that no material direct impact from tariffs has been observed thus far owing to its diversified global supply chain and strong market positioning, the potential for indirect effect through softer consumer demand cannot be ruled out entirely. Its higher proportion of sales to China (46% of revenues in FY24) may also be a point of contention should the US-China tensions escalate further.

Risks

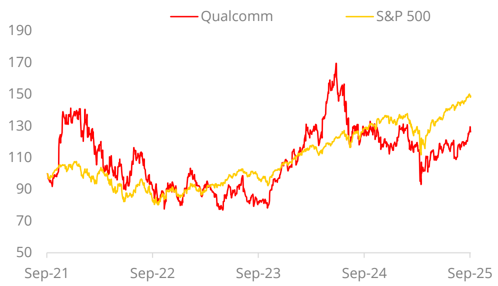
Include (i) weaker-than-expected outlook for smartphones (64% of FY24 revenue), and (ii) slower-than-expected recovery in China's demand (46% of FY24 revenue)

Key Financial Data

Bloomberg Ticker	QCOM US
Sector	Information Technology
Share Price (USD)	169.20
DBS Rating	BUY
12-mth Target Price (USD)	180.0
Market Cap (USDbn)	182.6
Volume (mn shares)	4.8
Free float (%)	99.4
Dividend yield (%)	2.1
Net Debt to Equity (%)	8.1
Fwd. P/E (x)	14.2
P/Book (x)	6.7
ROE (%)	44.6

Closing Price as of 25 Sep 2026
Source: Bloomberg, DBS

Indexed Share Price vs Composite Index Performance



Source: Bloomberg

The full report and disclaimers are accessible here:

DBS

30 Sep 2025

BlackRock Inc

Resilience amid tariff risks

Company Overview

BlackRock Inc. provides a range of investment management and technology services to institutional and retail clients. The company's product offerings cover equities, fixed income, alternatives, and money market instruments. Its products are offered directly and through intermediaries in a range of vehicles, including mutual funds, iShares exchange-traded funds (ETFs) and separate accounts etc. The company also offers technology services, including its investment and risk management technology platform Aladdin, Aladdin Wealth, eFront, and Cachematrix, as well as advisory services and solutions.

Investment Overview

Leveraging scale for long-term market share gains. BlackRock is the largest asset manager by both AUM and revenue. It is also one of the few with total solution capability, thanks to its global reach, expertise across asset classes, and proprietary technology platform. Its unparalleled ETF scale has strengthened its brand and client penetration. We believe BlackRock is set to expand its market share in the highly fragmented market, where the top 5 players only take up roughly 10% of revenue share.

Resilient-than-peers growth outlook. Amid heightened economic uncertainty, BlackRock's diversified platform positions it to outperform peers in capturing client allocations. Unlike peers reliant on narrower strategies, BlackRock's breadth—spanning ETFs, active fixed income, and systematic equities—ensures resilience against market swings. The HPS acquisition will scale private credit AUM, solidifying its traction in alternatives which offer more stable fees. Technology services, with Aladdin's 16% organic ACV growth, also provide steady, market-insensitive revenue.

Navigating Recession and Tariff Risks. Recession fears and tariff announcements pose near-term challenges to fee outlook. A potential economic slowdown could dampen inflows into equity or lead to market correction, affecting AUM-linked base fees especially in public markets. Tariffs may spur inflation, raising yields and shifting allocations toward fixed income, where BlackRock's USD3tn franchise excels, but could also disrupt global trade, impacting its USD6.2tn equity AUM. However, BlackRock's pivot to private markets (16% of base fees, growing) and technology (8% of revenue) mitigates exposure, as these streams are less tied to public market volatility.

Maintain BUY with TP of USD1175. Our target valuation is based on 22x FY26F P/E, slightly higher than the 5-year historical average of 20x, reflecting (1) improving investor sentiment amid de-escalation of trade tensions, (2) the stronger private market franchise after consolidating GIP, HPS and Preqin, and (3) expected market share gains as investors seek re-positioning.

Risks

The US's economic slowdown, prolonged high market interest rates, noticeable contraction in market liquidity, and a substantial correction in global asset valuation.

Analyst

Ken Shih | kenshih@dbs.com

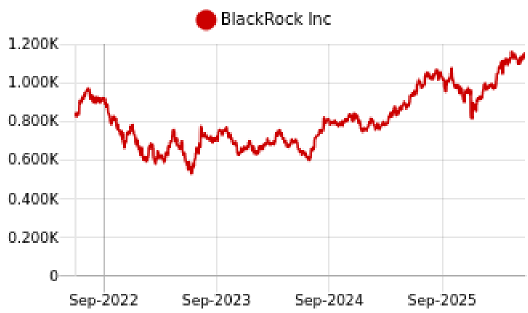
Key Financial Data (FY Dec)

Bloomberg Ticker	BLK US
Sector	Financial Services
Share Price(USD)	1,156.45
DBS Rating	BUY
12-mth Target Price(USD)	1,175
Market Cap (USDbn)	179.08
3m Avg. Daily Val (USDmn)	620.27
Dividend yield (%)	1.76
Net Debt/Equity (x)	Cash
Fwd. P/E (x)	22.20
P/Book (x)	3.77
ROE (%)	15.17

Closing Price as of 26/09/2025

Source: Twelve Data, DBS, Visible Alpha

BlackRock Inc Share Price



Source: Twelve Data

The full report and disclaimers are accessible here:

30 Sep 2025

Kering SA

Eyes on strategic recovery

Company Overview

Company Overview: Kering SA owns the luxury brands of Gucci, Saint Laurent, Bottega Veneta, Balenciaga, Alexander McQueen, Brioni, Boucheron, Pomellato, DoDo, Qeelin, Ginori 1735, as well as Kering Eyewear and Kering Beauté. It manufactures and sells an array of products, including leather goods, apparel, accessories, footwear, and jewelry, with a total of approximately 1,800 directly operated stores worldwide, of which c.500 are Gucci stores.

Investment Overview

Striving for sustainable long-term expansion. Kering is a global luxury goods company known for its focus on sustainable luxury and a portfolio of high-end fashion brands. Its niche lies in its collection of iconic fashion brands like Gucci, Saint Laurent, Bottega Veneta, and Balenciaga, and its focus on a customer-centric business approach to sustain long-term growth. The company places a strong emphasis on reducing its environmental footprint and promoting ethical practices.

A further slowdown in 2Q25. On the back of challenging macroeconomic conditions, Kering saw a 15% y/y decline in group revenue to EUR3.7bn on constant currency basis (1Q25: -14%), seeing Asia-Pacific down 19% (1Q25: -25%), North America down 10% (1Q25: -13%), while Western Europe declined by 17% (1Q25: -13%) and Japan also dropped significantly by 29% (1Q25: -11%) amid lower tourist consumption. Specifically, Gucci's revenue decreased by 25% (1Q25: -25%) on comparable basis; Yves Saint Laurent also posted a 10% sales decline (1Q25: -9%).

Short-term pain, long-term gain. Kering's sales momentum deteriorated slightly further in 2Q25, notably for its core brands along with strategic repositioning that exacerbated the downward pressure on the topline. Considering the falling revenue trend, together with the company's investments to support the long-term desirability and overall appeal of its brands, management is taking actions to further optimize its store footprint and cost structure in the current challenging situation.

HOLD with TP of EUR164 per share. Our TP is based on its average 20x FY26 PE. Kering is focused on investing in its luxury fashion brands to enhance their desirability, exclusivity, and sustainability while delivering high-quality experiences for customers. Despite economic and geopolitical uncertainties, the company remains committed to its long-term strategy. It is hoped that the current weakness in its performance is a short-term interruption towards rebuilding better foundations and paving a gradual recovery.

Risks

Risks: Supply chain disruptions, unfavourable forex impact, intensifying competition, resurgence of pandemic, slower-than-expected tourism recovery, etc.

Analyst

Mavis Hui | dbsvhk@dbs.com

Key Financial Data (FY Dec)

Bloomberg Ticker	KER FP
Sector	Consumer Durables & Apparel
Share Price(EUR)	275.00
DBS Rating	HOLD
12-mth Target Price(EUR)	164.00
Market Cap (USDbn)	39.57
3m Avg. Daily Val (USDmn)	79.49
Dividend yield (%)	2.18
Net Debt/Equity (x)	1.0
Fwd. P/E (x)	36.83
P/Book (x)	2.26
ROE (%)	8.25

Closing Price as of 26/09/2025

Source: Twelve Data, DBS, Visible Alpha

Kering SA Share Price

Source: Twelve Data

The full report and disclaimers are accessible here:

EUROPE EQUITY RESEARCH

29 Sep 2025

Enel

Analyst
Pei Hwa Ho | grouppresearch@dbs.com

Leading utilities play in Europe

Company Overview

Enel SpA is an Italy-based integrated operator in the power, gas and renewables markets across 30 countries, with over 82GW of installed capacity. Renewable energy – Hydro, Wind, Solar & Other - accounts for nearly two third of capacity. Its key business segments are: 1. Grids (c.35%); 2. Retail (c.25%); 3. Renewables (c.20%); and 4. Generation & Trading (c.20%). Geographical business split: Italy (c.50%), Spain (c.20%) and Latin America (c.25%).

Investment Overview

Largest integrated utilities company in Italy. Enel held the highest market share for energy supply to Italian consumers, at over 30%, and is among the largest utilities companies in Europe by market cap. Furthermore, it has an integrated business model – from power generation to distribution and sale of energy to consumers, and a clear roadmap to reduce exposure to fossil-related assets, with over two third of generation from renewables. This puts ENEL in a strong position to lead the energy transition story in European power space.

Steady growth in earnings. Enel expects a ~3% increase in net income to EUR6.7bn–6.9bn (from EUR6.6bn FY24 pro-forma net income excl. disposals), supported by its renewables expansion and stable grid performance. ENEL has huge project pipeline of c.450GW, of which c.12 GW of new renewable capacity (~15% of net capacity of 81GW as of end 2024) are targeted for completion by 2027, including significant investments in battery energy storage systems (BESS) and solar and wind projects. Coupled with a continued focus on cost optimisations and grid resilience, ENEL is poised to meet its long-term growth ambitions.

Stronger balance sheet could allow dividend upside. The prudent investment strategies and asset divestment program to deleverage underscore management's emphasis on debt reduction and selective capital allocation to maximize group risk/return profile. Annual DPS has grown at 10% CAGR since 2013, from Eur0.15 to fixed minimum of Eur0.46 or c.6% dividend yield through 2027. This implies only 60-65% of dividend payout based on estimated net ordinary income forecasts. Assuming usual 70% payout, DPS could go up to Eur0.52 on net ordinary income guidance of EUR7.1-7.5bn for 2027, implying ~7% dividend yield.

HOLD for attractive yield with Eur8.10 TP. ENEL is trading at c.6.4x EV/EBITDA, slightly above its 5-year mean. We value ENEL based on 6.7x EV/EBITDA, arriving at a target price of Eur8.10. This is in line with +0.35SD of ENEL's 5-year mean and 35% discount to peers' average. Attractive dividend yield of c.6-7%. Current share buyback program shall also provide support to share price.

Risks

Potentially higher earnings volatility with lower regulated earnings (~35% in 2023-2024 from 45% on average in 2020-2022) following divestment of some grid assets and higher investment in renewables capacity; Forex volatility, especially from the Chilean peso, and regulatory uncertainties in Spain.

Key Financial Data

Bloomberg Ticker	ENEL IM
Sector	Utilities
Share Price (EUR)	7.97
DBS Rating	HOLD
12-mth Target Price (EUR)	8.1
Market Cap (USDbn)	94.8
Volume (mn shares)	16.6
Free float (%)	76.3
Dividend yield (%)	5.9
Net Debt to Equity (%)	120.0
Fwd. P/E (x)	11.7
P/Book (x)	3.1
ROE (%)	23.7

Closing Price as of 25 Sep 2025
Source: Bloomberg, DBS

Indexed Share Price vs Composite Index Performance

Source: Bloomberg

The full report and disclaimers are accessible here:

DBS

CH/HK EQUITY RESEARCH

30 Sep 2025

JD Logistics Inc

Analyst
Zoe Zhang | zoezhangbb@dbs.com

Building long-term momentum

Company Overview

JD Logistics Inc is an investment holding company principally engaged in the provision of supply chain solutions and logistics services. The Company's technology-driven products and solutions cover key supply chain logistics processes across logistics parks, warehousing, sortation, transportation and delivery. The Company's logistics infrastructure and networks include warehouse network, line-haul transportation network, last-mile delivery network, bulky item logistics network, cold chain logistics network and cross border logistics network. The Company provide industry-specific integrated supply chain solutions and service products to customers in fast-moving consumer goods (FMCG), home appliances and home furniture, computer, communication and consumer electronics (3C), apparel, automotive, and fresh produce, and other industries.

Investment Overview

Strong 2QFY25 results, driven by reinforced customer expansion capabilities. Non-IFRS net profit grew 5.4% y/y in 2Q25, surpassing market consensus due to robust revenue growth. This was particularly evident in the internal ISC (integrated supply chain) segment, where revenue accelerated from 14.1% y/y growth in 1Q25 to 31.2% y/y in 2Q25, benefitting from flourishing demand amid subsidy stimulus. External ISC revenue also improved significantly, growing 17.8% y/y in 2Q25 (up from 11.6% y/y in 1Q25), as the number of customers and average revenue per customer rose 13.8% y/y and 3.5% y/y, respectively, in 2Q25 (vs. +13.1% y/y and -1.3% y/y in 1Q25). Concurrently, improving resource utilisation efficiency contributed to boost the gross margin from 7.2% in 1Q25 to 10.6% in 2Q25 (although still below 11.9% in 2Q24), which in turn enhanced the non-IFRS net margin from 1.6% in 1Q25 to 5.0% in 2Q25 (compared to 5.6% in 2Q24).

Optimisation of overseas presence to enrich service offerings and enhance service capability. The company is optimising its overseas presence by aiming to double its self-owned overseas warehouse capacity by 2025F and recently launched "JoyExpress", a self-owned express delivery brand in Saudi Arabia in Jun 2025. This launch marks a milestone in optimising its localised service capability.

Foreseeable synergies from food delivery business despite short-term cost pressure from upfront investment. JDL's recruitment of full-time riders in 2Q25 for JD Food Delivery raises concerns regarding upfront investment and potential cost pressure. Looking ahead, we anticipate long-term synergies with existing last-mile delivery operations. This will be supported by the development of a more flexible and scalable network, underpinned by improved efficiency through lean management and technology advancements.

Maintain BUY rating, TP unchanged at HKD18.0. Given the adoption of a cost-plus pricing model for JD Food Delivery services, the impact on overall profitability is expected to be minimal. We maintain our non-IFRS net profit forecasts and maintain a BUY rating with TP unchanged at HKD18.0, implying 11.4x FY26F PE, in line with its one-year historical average PE.

Risks

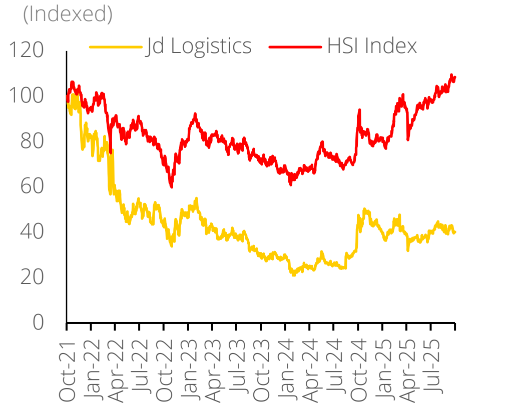
Intensified market competition, weaker-than-expected logistics demand.

Key Financial Data

Bloomberg Ticker	2618 HK
Sector	Industrials
Share Price (HKD)	13.02
DBS Rating	BUY
12-mth Target Price (HKD)	18.00
Market Cap (USDb)	11.1
Volume (m shares)	12.5
Free float (%)	29.5
Dividend yield (%)	0.0
Net Debt to Equity (%)	CASH
Fwd. P/E (x)	9.0
P/Book (x)	1.3
ROE (%)	11.8

Closing Price as of 29 Sep 2025
Source: Bloomberg, DBS HK

Indexed Share Price vs Composite Index Performance



Source: Bloomberg

The full report and disclaimers are accessible here:

DBS

CH/HK EQUITY RESEARCH

30 Sep 2025

PetroChina

Analyst
Pei Hwa HO | peihwa@dbs.com

Strong earnings resilience

Company Overview

PetroChina Co Ltd is a China-based company principally engaged in the production and distribution of oil and natural gas. The Company primarily operates businesses through five segments. The Oil, Gas and New Energy segment is engaged in the exploration, development, production, transportation and marketing of crude oil and natural gas and new energy business. The Refining, Chemicals and New Materials segment is engaged in the refining of crude oil and petroleum products, the production and marketing of primary petrochemical products, derivative petrochemical products, other chemical products and new materials business. The Marketing segment is engaged in the marketing of refined products and non-oil products, and the trading business. The Natural Gas Sales segment is engaged in the transportation and sales of natural gas. The Head Office and Other segment is engaged in cash management and financing activities, the corporate center, research and development, and other business services.

Key Financial Data

Bloomberg Ticker	857 HK
Sector	Energy
Share Price (HKD)	7.28
DBS Rating	BUY
12-mth Target Price (HKD)	8.00
Market Cap (USDb)	205.4
Volume (m shares)	151.2
Free float (%)	100.0
Dividend yield (%)	7.0
Net Debt to Equity (%)	0.0
Fwd. P/E (x)	7.8
P/Book (x)	0.8
ROE (%)	11.1

Closing Price as of 29 Sep 2025
Source: Bloomberg, DBS HK

Investment Overview

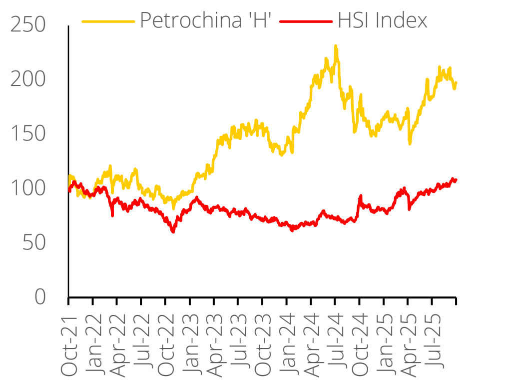
Best oil proxy with green initiatives. PetroChina is the largest integrated oil major in China. It is instrumental in driving China's carbon neutrality policy and leads the country's energy transformation. Natural gas – the transitional, cleaner fossil fuel – accounts for c.50% of its production. With a target of oil, gas, and green energies to each make up a third of its portfolio by 2035, PetroChina has implemented various clean energy initiatives, including a growing renewables portfolio, building hydrogen refuelling stations, and R&D for carbon capture and storage.

Earnings and cash flow to remain elevated and support decent dividend yield of ~7%. We expect PetroChina's net profit to remain steady in anticipation of healthy oil prices of around USD65/bbl and downstream recovery. This should support its capex and dividend payout. At a 52% payout ratio, PetroChina could pay DPS of HKD0.48, translating to a decent dividend yield of 7% for the next two years.

All eyes on downstream recovery. PetroChina's share price has outperformed peers in 8M25, rising over 20% vs. the other two Chinese oil majors' muted price movement. This is attributable to PetroChina's more resilient and steadier earnings. Looking ahead, we anticipate oil prices will remain rangebound, within USD65-75/bbl. A gradual recovery in the downstream segment is also likely, driven by easing oversupply pressure as the government pushes for the closure of inefficient "teapot" refiners.

Reiterate BUY with TP of HKD8.00 (vs.HKD7.30 previously). Our SOTP-based TP is HKD8.00, and the exploration and production (E&P) segment represents c.58% of the total equity value. Natural gas & pipeline, refining & chemicals, and marketing account for the remaining 23%, 10%, and 9%, respectively. The share's current valuation of 0.7x P/BV and 7x PE is compelling against 10% ROE and 7% dividend yield.

Indexed Share Price vs Composite Index Performance (Indexed)



Source: Bloomberg

Risks

Upside risks: Stronger demand or geopolitical tension leading to higher oil prices; Downside risks: Execution disappointment and natural gas losses as well as regulatory risks.

The full report and disclaimers are accessible here:

CH/HK EQUITY RESEARCH

30 Sep 2025

HSBC Holdings

Analysts
Manyi Lu | manyilu@dbs.com
Ken Shih | kenshih@dbs.com

Strong fee income growth

Company Overview

HSBC Holdings PLC. The Group's principal activity is providing banking and related financial services. The Group operates through its customer groups: Personal Financial Services, provides current and savings accounts, mortgages and secured and unsecured personal loans, credit cards, and local payment services; Commercial Banking, provides financing, payments and cash management, treasury and capital markets, commercial cards, investment banking, wealth management services, insurance and trade services; Global Banking and Markets; Private Banking, provides investment services, global wealth solutions, advisory and banking services and Others includes property, valuation of freehold and leasehold land and buildings and legal proceedings. The Group operates through an international network of over 10,000 offices in 86 countries and territories in Europe, the Asia-Pacific, Middle East, Africa, North America and Latin America.

Investment Overview

Strong fee income growth. HSBC saw strong fee income growth in 1Q25, as 1) FX-related revenue increased by USD0.3bn, or 22% y/y, as volatility drove higher volumes and demand for hedging solutions; and 2) wealth income grew c.23% y/y to USD2.3bn. Looking ahead, we expect the strong growth momentum to continue, driven by HSBC's competitive advantage as a global bank with a wide product range. In 1Q25, HSBC added 301k new-to-bank customers and USD22bn in net new invested assets in HK, positioning it for future wealth fee income growth.

Factoring strong fee income growth momentum while higher ECL charge for FY25-27F. We expect HSBC to continue to deliver double-digit growth in wealth fee income in FY25-27F, making wealth management the main growth driver during the rate cut cycle and anticipated weakness in net interest income (NII). We have revised up our credit cost assumptions slightly to 38-40bps for FY25-27F to reflect higher uncertainty associated with US tariffs while our cost assumptions are largely unchanged.

Sustainable ROTE to support shareholder returns. Given the positive outlook for FY25-27F earnings growth, we assume a 15%-16% return on tangible equity (ROTE, excluding notable items) for FY25-27F. Additionally, HSBC has announced USD3bn in share buybacks in its 1Q25 results. We expect HSBC to maintain a reasonable level of share buybacks during FY25-27F, supported by its sustainable earnings. We view this as a key share price catalyst for the stock.

Reiterate BUY with TP unchanged at HKD98.7. Our TP is based on the DDM model, with unchanged assumptions of 10.4% COE, 15% ROTE, and 0% terminal growth. Our TP implies 1.18x FY25F P/BV, which is +2SD above its five-year average of 0.8x. We expect the high ROTE visibility to further support a re-rating. The stock continues to offer attractive shareholder returns with a dividend yield of >5.5% for FY25F.

Risks

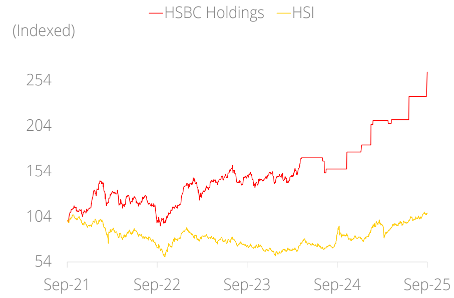
Geopolitical risks, global economic slowdown due to US tariff-related impacts, and operational efficiency being lower than expected.

Key Financial Data

Bloomberg Ticker	5 HK
Sector	Financial
Share Price (HKD)	108.8
DBS Rating	BUY
12-mth Target Price (HKD)	98.70
Market Cap (USDb)	241.6
Volume (m shares)	20.8
Free float (%)	82.7
Dividend yield (%)	6.2
Fwd. P/E (x)	12.2
P/Book (x)	1.4
ROE (%)	14.8

Closing Price as of 29 Sep 2025
Source: Bloomberg, DBS HK

Indexed Share Price vs Composite Index Performance



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SINGAPORE EQUITY RESEARCH

29 Sep 2025

Capitaland Ascendas REIT

Focus on value-add strategy

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Company Overview

CapitaLand Ascendas REIT, formerly Ascendas Real Estate Investment Trust, is a Singaporebased real estate investment trust (REIT). It owns approximately 228 properties across three segments, which include Business Space and Life Science, Logistics and Industrial and Data Centres. The Company has a portfolio of properties in Singapore, Australia, the United States, and the United Kingdom/Europe. It has over 95 properties are located in Singapore, approximately 36 properties in Australia, over 48 properties in the United States and approximately 49 properties in the United Kingdom/Europe. It has a range of industries and activities, including data centers, information technology, engineering, logistics and supply chain management, biomedical sciences, financial services (back-room office support), electronics, government, and other manufacturing and services industries. The Company is managed by CapitaLand Ascendas REIT Management Limited.

Investment Overview

Attractively valued relative to other large-cap peers. CLAR currently offers an attractive c.6.0% yield, which is among the highest compared to its other larger cap industrial S-REIT peers. CLAR has been very proactive in carrying out AEIs and redevelopment of several older properties. Combined with its acquisitions over the past year, we expect CLAR to report a relatively stable DPU in FY25 and FY26.

Multiple structural tailwinds in place. We believe that investors have neglected CLAR's myriad of structural tailwinds from e-commerce, data centres, and office decentralisation, which would drive earnings and capital values higher in the longer term. Its proactive rejuvenation of its portfolio, which adds value to older properties and taps into unutilised plot ratios, will create a further upside to earnings.

Unlocking value from rejuvenation of science park assets. While CLAR can tap its sponsor for an attractive pipeline of new economy properties, there is significant value from the potential redevelopment of its science park assets. The redevelopment of 1 Science Park Drive, together with its sponsor, paves the way for c.S$5.6bn in gross development value to be unlocked from its assets at Science Parks 1 and 2.

Our target price of SGD3.20 is based on DCF. Our DCF-based TP of S$3.20 is based on a WACC of 6.4% and a risk-free rate of 3.5%.

Redevelopment upside. We believe that investors have not priced in the NAV uplift from the redevelopment of its other science park assets into properties with higher specifications and higher plot ratios.

Risks

Rising financing cost. A sustained high interest rate environment with further surge in interest rates will negatively impact earnings and dividend distributions. Although CLAR's financing costs has been inching up, it has been largely mitigated by the high proportion of its loans hedged to fixed rates and the well-staggered debt maturity profile.

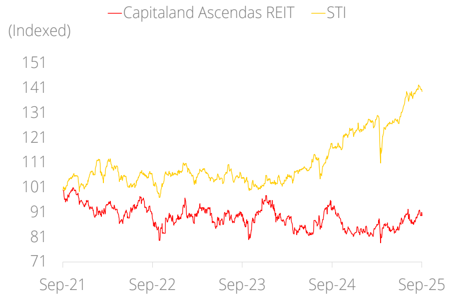
Key Financial Data

Bloomberg Ticker	CLAR SP
Sector	Real Estate
Share Price (SGD)	2.78
DBS Rating	BUY
12-mth Target Price (SGD)	3.20
Market Cap (USDb)	9.49
Volume (m shares)	17.3
Free float (%)	75.5
Dividend yield (%)	5.5
Net Debt to Equity (%)	0.7
Fwd. P/E (x)	19.1
P/Book (x)	1.2
ROE (%)	7.5

Closing Price as of 25 Sep 2025

Source: Bloomberg, DBS

Indexed Share Price vs Composite Index Performance



Source: Bloomberg

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DBS

THAILAND EQUITY RESEARCH

29 Sep 2025

Airports of Thailand

Analysts
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HOLD for potential upsides

Company Overview

Airports of Thailand Public Company Limited is a Thailand-based company engaged in airport business and other services related to airport operation. The Company is primarily engaged in airport management business, hotel business, ground aviation services, security business and project on perishable goods business. The Company operates six international airports, such as Suvarnabhumi Airport (BKK), Don Mueang Airport (DMK), and four regional international airports, such as Chiang Mai (CNX), Hat Yai (HDY), Phuket (HKT) and Mae Fah Luang - Chiang Rai (CEI). The Company's operations involve both aeronautical and non-aeronautical activities. Its aeronautical activities are related to air traffic, such as landing and parking charges, departure passenger service charges and aircraft service charges. Its non-aeronautical activities include office and state property rents, service revenues and concession revenues. Its subsidiaries include Suvarnabhumi Airport Hotel Company Limited.

Investment Overview

Prime beneficiary of Thailand's tourism recovery in the mid- to long-term. We believe AOT is well positioned to benefit from rising international travel demand, supported by its monopoly-like characteristics. Its revenue is directly linked to the number of passengers and aircraft at its airports. In the longer term, AOT has several projects in the works – such as the airport city project and airport expansion plan – to unlock capacity constraints and support passenger growth.

Hiccups in FY25F. We expect AOT's passenger volume to increase from 119mn in FY24 to 125mn/136mn in FY25F/FY26F (vs. 142mn in FY19) compared to AOT's target of min. 130mn in FY25F. We estimate lower concession revenue this year due to the reclamation of duty-free areas and the renegotiation of the duty-free contract with King Power in Don Mueang (DMK) and regional airports. We also conservatively assume that the duty-free concession contract at Suvarnabhumi Airport (BKK) to be changed to 20% sharing from July 2025 instead of minimum guarantee per head.

Spike in trade A/R raises concerns on potential provisions. As of end-September 2025, the trade A/R relating to deferred concession payment (mainly from King Power) saw a substantial increase and stood at c.THB10bn. Given that King Power requested for additional deferred payment from three duty-free contracts spanning June to October, we expect this trade A/R to likely increase in 4QFY25F before starting to decline in 1QFY26F. In the worst-case scenario, AOT may need to set aside certain provisions if King Power's financial situation weakens.

Upgrade to HOLD with a higher TP of THB38.00. We raised our earnings forecast for FY26F based on the assumption that AOT will be able to raise the PSC by THB100 for both domestic and international passengers starting February 2026 (timeline guided by management). As a result, our DCF-based TP has increased from THB32.00 to THB38.00. With limited downside and potential upsides from higher-than-expected PSC raise for international pax, we upgraded our rating from FULLY VALUED to HOLD.

Risks

A slowdown in Thailand's tourism industry recovery, a further reclamation of commercial areas, the termination of existing concession agreements, and regulatory risks.

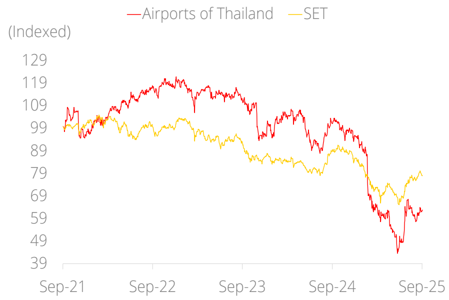
Key Financial Data

Bloomberg Ticker	AOT TB
Sector	Industrials
Share Price (THB)	39.25
DBS Rating	FULLY VALUED
12-mth Target Price (THB)	32.0
Market Cap (USDb)	17.3
Volume (m shares)	35.4
Free float (%)	30.0
Dividend yield (%)	2.0
Net Debt to Equity (%)	CASH
Fwd. P/E (x)	32.2
P/Book (x)	4.5
ROE (%)	16.3

Closing Price as of 25 Sep 2025

Source: Bloomberg, DBSVTH

Indexed Share Price vs Composite Index Performance



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