Venture Corporation is a buy after a strong third quarter, with the shares near their low

Description

The call

Venture Corporation (SGX: V03), the Singapore electronics manufacturer, is our pick today, and the call is buy, for investors who want income and earnings growth together.

The shares closed at S$14.55 on Tuesday, 10 November 2026, up S$0.26, or 1.8%, on the day. That was the first session after the companyâ??s third-quarter business update, released after the market closed on Friday, 6 November. Tuesdayâ??s close is the latest price going into this morningâ??s session.

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The 52-week range is S$14.09 to S$18.75. The high came on 7 May 2026 and the low on 6 November, the day of the results. The stock is about 22% below its high and about 3% above its low. Market value is about S$4.2 billion.

Growth is speeding up

In the three months to 30 September 2026, revenue rose 26.0% to S$790.4 million and net profit rose 21.9% to S$67.8 million. Earnings per share were 23.5 cents, up 22.2% (Venture 3Q 2026 business update, SGX, 6 November 2026).

The trend matters as much as the quarter. UOB Kay Hian points out that revenue growth went from 1.9% in the first quarter to 12.5% in the second and 26.0% in the third (UOB Kay Hian, 10 November 2026). Phillip Securities Research calls it the strongest growth in 16 quarters. For the first nine months, revenue rose 13.6% to S$2,145.1 million and net profit 11.0% to S$187.1 million.

The result beat expectations. UOB Kay Hianâ??s technology sector note of 20 October 2026 looked for 13% earnings growth in the quarter, and a secondary write-up of Maybank Research says the result beat that houseâ??s estimates.

Most of the growth is coming from what Venture calls Portfolio B: test and measurement, networking and communications, semiconductor equipment, advanced payment and advanced industrial products. Its revenue rose 38.1% to about S$560 million, roughly 71% of the group. Venture puts this down to production ramp-ups and market share gains. Phillip links it to AI-related products such as networking cards, transceivers and test equipment, and DBS Group Research cites network interface cards and memory accelerators for hyperscale data centres.

The rest of the business has turned too. Portfolio A, which covers life science, medtech and lifestyle consumer products, grew 4.0% in the quarter after a fall of about 10% in the first half, on DBSâ??s

figures. That decline came largely from lifestyle consumer, where improved reliability of a customerâ??s key product meant fewer replacements in FY2025. Venture reports â??continued progress on the next generation productâ?•, and DBS expects that product to launch around the fourth quarter of 2026.

A cash pile and a rising dividend

Venture had no debt and net cash of S$1,108.5 million at 30 June 2026, after paying its FY2025 final dividend and buying back shares (Venture 1H 2026 results, 6 August 2026). That is about a quarter of the companyâ??s market value. The figure is before the interim dividend paid in September, and Venture did not give a net cash number at the third quarter beyond calling it â??strongâ?•.

The interim dividend rose 20% to 30 cents, with last yearâ??s 5-cent special folded into the ordinary payout. The FY2025 total was 80 cents, up 6.7% (Venture FY2025 results, 26 February 2026). On the 80 cents paid over the past 12 months, the yield at S$14.55 is about 5.5%. DBS says Venture had bought back about S$46 million of shares by August 2026.

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Why the targets fell

UOB Kay Hian, Phillip and Maybank all kept their buy ratings after the results and all cut their targets. In each case the cut came from a lower valuation multiple, not a weaker earnings outlook.

Phillip lowered its multiple to 22 times from 25 times FY2026 earnings, â??in line with US peersâ?•, and left its FY2026 earnings forecast unchanged. A secondary write-up of Maybank Research says the house cited the â??global technology sectorâ??s valuation de-ratingâ?• and raised its FY2026 and FY2027 profit forecasts by 2.2%. UOB Kay Hian now values the shares at 20.2 times 2027 earnings.

Put simply, the people who follow the company most closely are holding or raising their profit forecasts while the share price has fallen. The shares slid from S$16.70 on 29 September to S$14.29 on 6 November, and we found no company-specific news that explains the whole drop.

The case against

Cash conversion is weak. Working capital rose to S$1.06 billion at 30 September from S$830.8 million at the end of 2025 as Venture stocked up on critical components. In the first half, operating cash flow was only S$12.9 million against S$154.0 million of operating profit before working capital changes. If demand slows with this much inventory on hand, write-downs become a risk.

Margins are not keeping pace. Profit grew more slowly than revenue in the third quarter, 21.9% against 26.0%, and in the first half, 5.6% against 7.4%. Venture cites â??a fast-changing and inflationary cost environmentâ?•. UOB Kay Hian describes nine-month earnings as only â??broadly in lineâ?•, at 76.6% of its full-year forecast, even though revenue was ahead at 80.4%.

The customer base is concentrated. CGS International notes that two customers each made up more than 10% of revenue in FY2025, one in test and measurement and one in lifestyle consumer. FY2025 showed what one customerâ??s product cycle can do, when revenue fell 7.4%.

The growth is cyclical. Portfolio B depends on spending by hyperscalers and semiconductor makers. UOB Kay Hianâ??s October sector note describes semiconductor valuations as â??relatively richâ?•. A pause in AI spending would hit the part of Venture that is doing the heavy lifting.

Some investors may not be able to own it. CGS International says it believes, based on its own channel checks, that Venture makes e-cigarettes, which could keep some funds away. The company has not confirmed this.

Not every broker is a buyer. UBS is at neutral with a S$17.80 target, dated 30 September 2026, and Morgan Stanley is at hold with S$17.00, dated 3 July 2026, according to S&P Global data.

The numbers behind the call

These measures use Tuesdayâ??s close of S$14.55. The calculations are ours unless stated.

Measure	Value	Basis
Price to earnings, trailing 12 months	about 17.1 times	85.1 cents of diluted EPS over the four quarters to September 2026
Forward P/E, FY2026	about 16.7 times	Consensus EPS of S$0.87 (S&P Global, 11 analysts)
Forward P/E, FY2027	about 15.3 times	DBS forecast EPS of 95.3 cents
P/E excluding net cash	about 12.6 times	Net cash of about S$3.86 a share at 30 June 2026
Dividend yield	about 5.5%	80 cents paid over the past 12 months
Price to book	about 1.5 times	NAV of S$9.54 a share at 30 September 2026

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Venture is not at a trough multiple. CGS Internationalâ??s figures put its 20-year average forward P/E at about 15 times, with one standard deviation above at 18 times. At about 16.7 times FY2026 earnings it sits between the two. US electronics manufacturing peers traded at about 24.6 times on DBSâ??s September figures, though they are growing faster.

The fourth quarter does not need heroics. A secondary write-up of Maybank Research puts its FY2026 core profit forecast at S$255.1 million, which implies about S$68.0 million for the last quarter, on our arithmetic, roughly 16% above a year earlier and level with the S$67.8 million just reported.

What the brokers say

Each rating carries the date of the brokerâ??s report. Dates and figures come from the broker notes where we opened them, from secondary write-ups, or from S&P Global data. Maybank Researchâ??s 9 November figures are from a secondary write-up. The UBS and Morgan Stanley lines are from S&P Global data only.

Broker	Rating	Target price	Report date	Change from S$14.55
UOB Kay Hian	Buy (maintained)	S$18.30, from S$21.10	10 November 2026	about +26%
Phillip Securities Research	Buy (maintained)	S$19.50, from S$22.10	10 November 2026	about +34%
Maybank Research	Buy (maintained)	S$19.30, from S$21.40	9 November 2026	about +33%
DBS Group Research	Buy	S$22.90	14 September 2026	about +57%
CGS International	Add (reiterated)	S$18.94	18 September 2026	about +30%
UBS	Neutral	S$17.80	30 September 2026	about +22%
Morgan Stanley	Hold	S$17.00	3 July 2026	about +17%

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The DBS and CGS International targets predate the results. Across 11 analysts polled by S&P Global, the consensus is buy, with an average target of S$18.68 and a median of S$18.30, as at 10 November 2026.

What to watch

The FY2026 results are the next test. Venture has not given a date; last yearâ??s came on 26 February. A final dividend of at least 50 cents, last yearâ??s level, would confirm the higher payout, and investors will want to see net cash and operating cash flow recover as inventory is worked down.

Before then, the launch of the new lifestyle consumer product, which DBS expects around the fourth quarter, and any step-up in buybacks near the low would both help. A secondary write-up of Maybank Research says the house sees scope for higher dividends and buybacks from the cash pile, though that is a brokerâ??s view, not company guidance.

The verdict

At S$14.55, Venture trades close to its low for the year just after a quarter in which revenue rose 26% and profit 22%. The company is upbeat on FY2026, the dividend is rising, a quarter of the market value is cash, and brokers are holding or lifting their profit forecasts. The lowest post-results buy target, UOB Kay Hianâ??s S$18.30, implies about 26% upside before dividends.

This is a total-return case, built on yield plus growth, rather than a deep-value one. The risks are real: thin cash conversion, two large customers, margins lagging revenue, and an AI spending cycle that could turn.

We would move to hold if the FY2026 results show net cash falling further on inventory without a matching lift in fourth-quarter revenue, or if the final dividend comes in below 50 cents. We would move

to sell on evidence that a major customer has been lost, or on an inventory write-down.

Research by Warren.

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