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ULTRAGREEN.AI LIMITED (SGX: ULG)

Initiation of Coverage | 11 February 2026		**Rating:**	**BUY**
Analyst : Jaimes Chao		**Last Close:**	**US$1.730**
+65 6011 1700 | research@tickrs.com.sg		**Target Price:**	**US$2.100**

The Fluorescence Monopoly:
Dominant ICG Franchise Powers a 50% Margin Engine

FY2025E profit to reach US$70m; 68% global ICG market share, 84% gross margins, and Asia-Pacific expansion create a durable growth runway — tempered by valuation premium, rising tax rates, and platform execution risk

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1. Executive Summary

UltraGreen.ai Limited ("UltraGreen" or "the Company") is the undisputed global leader in indocyanine green ("ICG"), the most widely used fluorescence agent in fluorescence-guided surgery ("FGS"), commanding approximately 68% of the global ICG market by vials sold and 63% by revenue as at FY2024. The Company listed on the SGX Mainboard on 3 December 2025 under the stock code ULG, raising US$150 million in gross proceeds from the offering of 112.07 million new shares at US$1.45 per share, with an additional US$237.5 million in cornerstone commitments bringing total proceeds to approximately US$400 million. UltraGreen's ecosystem spans ICG vials (marketed as IC-GREEN in the US and Verdye outside North America), the IC-Flow handheld near-infrared imaging system, and the forthcoming AI-powered UltraGreen Data Platform incorporating PerfusionWorks quantification software.

We initiate coverage with a **BUY** rating and a 12-month target price of **US$2.10**, representing 21.4% upside from the current price. Our target is derived from a blended valuation of 28x FY2026E P/E (60% weight) and 22x FY2025E EV/EBITDA (40% weight), benchmarked against the DBS peer median of 22 – 24x for comparable medical consumables companies with a premium reflecting UltraGreen's superior growth profile and profitability. A DCF cross-check yields a range of US$1.22–1.85 depending on assumptions (see §7.3), underscoring the inherent tension between franchise-quality pricing and discounted cash flow fundamentals.

At current prices, the stock trades at 27.3x FY2025E P/E, which we consider a reasonable entry point for a specialty pharmaceutical company with UltraGreen's margin and growth profile, though investors should note the relatively short trading history (listed December 2025) and the valuation premium to medtech peers. The global ICG market was valued at US$173.2 million in 2024 according to Frost & Sullivan and is projected to grow at an 11.7% CAGR to US$335.4 million by 2030, with Asia-Pacific representing the fastest-growing region at a 16.6% CAGR.

⚠️ **Key Qualification:** UltraGreen was incorporated in September 2024 and has been publicly traded for approximately 10 weeks. While the underlying business (operated through subsidiary Diagnostic Green) has a multi-year track record, investors should weigh the limited post-listing price history and the concentrated ownership structure (Renew Group retains 62%) when assessing conviction levels. We adopt a more conservative valuation multiple than our blended model might otherwise suggest, consistent with DBS and UOBKH's approach at initiation.

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2. Key Metrics

2.1 Share Data

Metric	Value
Share Price	US$1.730
Market Capitalisation	US$1,908m (S$2,490m)
52-Week Range	US$1.310 – US$1.810
Shares Outstanding	1,103.1 million
Free Float	~243.7m (22.1%)
Average Daily Volume (3M)	~1,612,000 shares

2.2 Valuation Multiples

Metric	Value
P/E (FY2024A)	34.1x
P/E (FY2025E)	27.3x
P/E (FY2026E)	22.7x
P/B (FY2024A, pro forma)	13.5x
EV/EBITDA (FY2025E, current)	~19.5x
Dividend Yield (FY2024A)	N/M (pre-listing)
Target Dividend Yield (FY2025E)	~1.3%

2.3 Profitability Metrics (FY2024A)

Metric	Value
ROE (pro forma)	54.60%
ROA (pro forma)	43.90%
Net Margin	48.80%
EBITDA Margin	63.40%
Effective Tax Rate	16.2% (rising from 6.2% in FY2022)

ℹ **ROE Context:** The 54.6% ROE is calculated against pro forma equity of US$102.4M, which is artificially low due to the US$142.8M merger reserve created when UltraGreen acquired its operating subsidiaries from Renew Group. On a post-IPO equity base of ~US$142M, the normalised ROE would be ~39%, still exceptional but materially lower.

3. Financial Highlights

3.1 Revenue and Profit Trajectory

Metric	FY2022	FY2023	FY2024	1H2025	FY2025E
Revenue (US$m)	49.2	72.0	114.7	70.1	142.0
YoY Growth	—	46.40%	59.30%	20.30%	31.50%
Gross Profit (US$m)	37.2	56.8	96.6	59.6	120.0
Gross Margin	75.50%	78.80%	84.20%	84.90%	84.50%
Operating Profit (US$m)	23.8	38.5	66.3	42.7	85.0
EBITDA (US$m)	**28.4**	**42.5**	**72.7**	**37.0**	**92.0**
EBITDA Margin	**57.70%**	**59.00%**	**63.40%**	**52.70%**	**64.80%**
Net Profit (US$m)	**23.5**	**33.0**	**55.9**	**25.7**	**70.0**
Net Margin	47.80%	45.90%	48.80%	36.60%	49.30%
Effective Tax Rate	6.20%	12.80%	16.20%	24.00%	~18.00%

EBITDA sourced from prospectus EBITDA reconciliation (page 113): Net Profit + Interest Expense + Income Tax + Depreciation of PPE + Amortisation of Intangibles + Depreciation of ROU Assets.

Rising Effective Tax Rate: The effective tax rate has escalated sharply from 6.2% (FY2022) to 24.0% (1H2025). This represents a material headwind to the net margin expansion narrative. If the ETR stabilises at 22–24%, the "50%+ net margin" profile compresses towards 44–46%. Our FY2025E estimate of ~18% ETR assumes a blended full-year rate reflecting the first half's elevated rate partially offset by jurisdictional mix and the absence of a US$7M FX loss in the second half.

3.2 Revenue Growth Trajectory (US$m)

3.3 Margin Evolution

	Gross Margin	EBITDA Margin	Net Margin
FY2022	75.5%	57.7%	47.8%
FY2023	78.8% ▲	59.0% ▲	45.9% ▼
FY2024	84.2% ▲	63.4% ▲	48.8% ▲
1H2025	84.9% ▲	52.7% ▼ *	36.6% ▼ *

* 1H2025 depressed by US$8.4m non-cash / FX items (see §3.4)

3.4 1H2025 Net Margin Decomposition

The 1H2025 net margin of 36.6% was depressed by approximately US$8.4 million in charges recorded within "Other expense": a US$7.0 million foreign exchange loss (primarily EUR/USD translation), a US$1.1 million loss on disposal of intangible assets, and a US$0.3 million remeasurement loss on the Perfusion Tech acquisition. Excluding these items, the underlying net margin would have been approximately 48.6%, consistent with the historical trend. However, FX losses are a structural operational exposure (the European subsidiary reports in EUR while the Group reports in USD) rather than a truly non-recurring item. Management is considering changing the subsidiary's reporting currency to USD from 1 January 2026 to mitigate this.

3.5 Effective Tax Rate Trajectory

FY2022 6.2%

FY2023 12.8%

FY2024 16.2%

1H2025 24.0% ← Material headwind

3.6 Segmental Performance (1H2025)

Segment	Ext. Revenue	Inter-Seg Revenue	Total Revenue	Op. Profit	Comment
DxG Americas	$51.3M	~$16.5M	~$67.8M	$8.8M	+17.4% YoY external
DxG Rest of World	$15.4M	~$19.2M	~$34.6M	$47.3M	+36.4% YoY external
UltraLinQ / Data Platform	$3.5M	—	$3.5M	($0.7M)	Divested Aug 2025

Segmental Profit Context — Inter-Segment Transfer Pricing: The DxG Rest of World segment's US$47.3M operating profit on US$15.4M external revenue (apparent 307% margin) reflects its role as the Group's manufacturing and licensing hub. The European entity (Diagnostic Green GmbH) manufactures ICG, holds key licences, and earns substantial inter-segment transfer pricing revenue from supplying the Americas entity. In FY2024, inter-segment revenue for RoW was US$38.4M versus external revenue of US$22.0M. The Americas segment's lower margin (17.2% on external revenue) is the mirror image — it bears the inter-segment cost of goods. On a consolidated basis, the Group's 60.8% operating margin is the economically relevant figure.

3.7 Pro Forma Results (Excluding UltraLinQ)

Metric	PF FY2024	PF 1H2025
Revenue (US$m)	108.0	66.7
Gross Margin	83.9%	84.6%
EBITDA (US$m)	72.5	—
EBITDA Margin (PF)	67.1%	—
Net Profit (US$m)	55.9	25.0
Pro Forma EPS (adj.)	US$0.0507	US$0.0233

4. Business Overview

UltraGreen.ai is a Singapore-incorporated global leader in fluorescence-guided surgery, offering a vertically integrated platform spanning ICG diagnostic agents, near-infrared imaging devices, and AI-driven surgical analytics. The Company was incorporated in Singapore on 9 September 2024, consolidating the operations of Renew Group's medical technology subsidiaries through a restructuring exercise, and subsequently listed on the SGX Mainboard on 3 December 2025.

4.1 ICG: The Core Franchise

ICG is a water-soluble, tricarbocyanine dye used primarily as a fluorescence imaging agent in surgical procedures. As at FY2024, UltraGreen held approximately 68% of the global ICG market by vials sold (83% in the US, 94% in Europe), making it by far the dominant player — 2.6x and 6.8x the size of the second-largest competitor by revenue and vials sold respectively (DBS/Frost & Sullivan). The Company has sold approximately 5.3 million vials of ICG across 54 countries since 2015.

4.2 Competitive Moat Architecture

Source: UltraGreen.ai Limited - Prospectus dated 26 November 2025

4.3 Revenue Segments

The Group operates across two principal continuing segments following the August 2025 divestment of UltraLinQ (sold to Core Sound Imaging LLC for US$33.3M total consideration comprising US$28.3M base + US$5.0M contingent, generating a pro forma gain of approximately US$25.4M):

DxG Americas (74.9% of FY2024 revenue, US$86.0M): Distributes ICG through three major US pharmaceutical wholesalers. The top three customers accounted for 68.2% of total Group revenue in FY2024, reflecting the concentrated US wholesale distribution channel.

DxG Rest of World (19.2% of FY2024 revenue, US$22.0M): Covers Europe, Middle East, Africa, and Asia-Pacific markets through Diagnostic Green GmbH in Germany. This segment also serves as the Group's manufacturing and licensing hub, earning substantial inter-segment revenue (US$38.4M in FY2024).

4.4 Corporate Structure and Ownership

⚠️ **Renew Group Relationship:** UltraGreen was carved out of Renew Group Private Limited, which retains **62% ownership** post-IPO. Key structural events:

1. UltraGreen incorporated Sep 2024
2. Acquired operating subsidiaries from Renew Group Nov 2024, creating a US$142.8M promissory note
3. Promissory note converted to equity Aug 2025, creating the negative equity position in statutory accounts
4. Share split (1-for-7) Nov 2025
5. IPO Dec 2025

Pre-IPO investors include 65 Equity Partners (Temasek-backed, via Anchor VI Pte. Ltd., 8.2%) and Vitruvian Partners (via Verde Taano Pte. Ltd., 7.0%).

Post-IPO Ownership Structure

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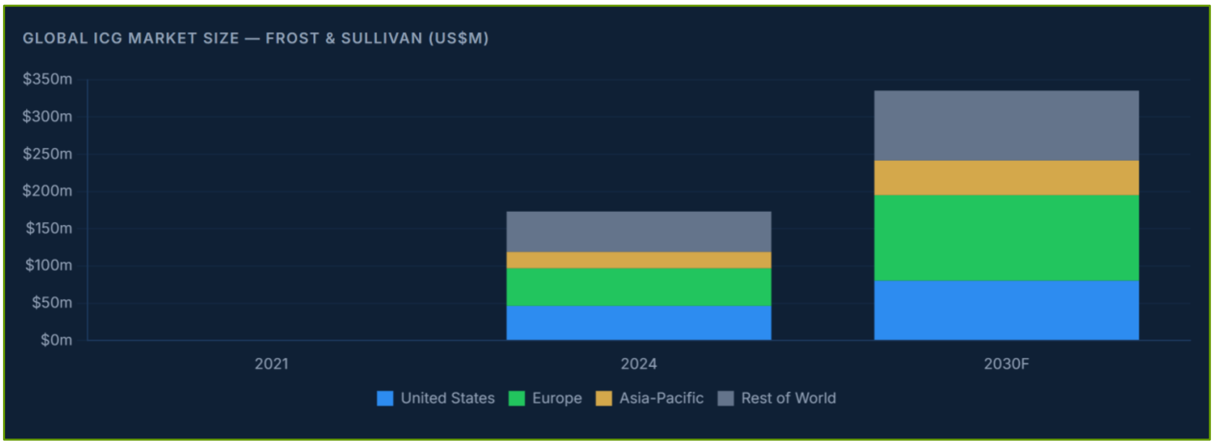
5. ICG Market Landscape

5.1 Global ICG Market Size — Frost & Sullivan

According to Frost & Sullivan (as cited in both the prospectus and DBS research), the global ICG market was valued at **US$173.2 million** in 2024 and is projected to reach **US$335.4 million by 2030**, representing an 11.7% CAGR.



Source: UltraGreen.ai Limited - Prospectus dated 26 November 2025

Regional Breakdown (2024 → 2030F):

Region	**2024**	**2030F**	**CAGR**
United States	$46.4M	$80.2M	~9.5%
Europe	$50.4M	$114.8M	~14.7%
Asia-Pacific	$22.1M	$46.6M	**~16.6%**
Rest of World	$54.3M	$93.8M	~9.5%
Total	**$173.2M**	**$335.4M**	**11.7%**

Market Size Reconciliation Note: Some third-party market research sources (e.g., Valuates/QYResearch) cite a significantly smaller global ICG market of US$83M. This likely reflects a narrower definition measuring only raw ICG dye value. At UltraGreen's stated 63% revenue market share, the implied total market is US$108M / 0.63 = US$171M, aligning with the Frost & Sullivan figure of US$173.2M that captures the full value chain including formulation, distribution, and related products. We use the Frost & Sullivan figures throughout this report as the methodologically consistent measure.

5.2 Growth Drivers

Key ICG market growth drivers include: rising FGS penetration (currently less than 25% for established US procedures such as cholecystectomy, colectomy, and breast reconstruction per Frost & Sullivan); expansion into new surgical applications (gynaecology, endocrine, plastic reconstruction); aging populations driving higher surgical volumes; and the proliferation of robotic and minimally invasive surgery platforms that increasingly integrate fluorescence imaging. ICG remains the preferred FGS agent due to its superior safety profile (FDA-approved since 1959), cost-effectiveness (US$45–180 per vial versus US$285 per dose for Methylene Blue and US$3,591 per dose for 5-ALA), and compatibility with existing imaging systems.

ICG Cost Advantage vs Competing FGS Agents (US$ per dose)

Source: UltraGreen.ai Limited - Prospectus dated 26 November 2025

6. Investment Thesis

6.1 Dominant Global Market Share with Regulatory (Not Patent) Moat

UltraGreen's 68% global ICG market share by volume represents an exceptional competitive position, underpinned by high switching costs (regulatory approvals, physician familiarity, formulary status) and significant barriers to entry (5–6 years regulatory preparation, complex manufacturing). However, investors should note that **ICG itself carries no patent protection** — it has been generic since the 1950s. The moat is regulatory and operational rather than IP-based, which is fundamentally different from patent-protected pharma franchises. That said, as DBS notes, the relatively modest market size (US$173M) means larger competitors are unlikely to invest heavily to displace UltraGreen's singular focus.

6.2 Structural Growth in Fluorescence-Guided Surgery

The global ICG market is projected to grow at an 11.7% CAGR through 2030 (Frost & Sullivan). UltraGreen is actively expanding ICG's addressable market through new surgical applications and surgeon training programmes. Asia-Pacific is expected to be the fastest-growing region at a 16.6% CAGR to 2030. **However, we note that UltraGreen's actual APAC revenue is currently negligible** — the DxG RoW segment (US$15.4M in 1H2025) is predominantly European. Recent regulatory approvals in the Philippines and Malaysia (January/February 2026) are positive steps. The APAC growth story is aspirational and medium-term in nature.

6.3 Vertical AI Integration Creates Optionality (Not Yet Revenue)

The forthcoming UltraGreen Data Platform, incorporating AI-powered PerfusionWorks quantification software, represents a potential growth vector. However, this technology originates from Perfusion Tech ApS, which had **zero revenue and cumulative losses of US$2.5M in FY2024** before being acquired in full in June 2025 for US$5.7M (generating US$8.2M in provisional goodwill). The platform is expected to launch commercially in 2027. We treat this as genuine optionality — a "show-me story" (DBS's characterisation) rather than a de-risked platform, and assign no explicit value to it in our target price.

6.4 Exceptional Profitability and Capital-Light Model

UltraGreen's financial profile is remarkable among SGX-listed companies: 84% gross margins, 58% operating margins, and 49% net margins (FY2024). The capital-light model utilises third-party CMOs for manufacturing, supporting strong cash flow generation (US$54.3M operating cash flow in FY2024). However, this outsourced model carries supply concentration risk — the prospectus discloses a lyophilisation disruption in FY2024 that delayed ICG release by several months, and the Company plans to build its own manufacturing facility in Singapore to mitigate this.

6.5 Fortress Balance Sheet Post-IPO

Net IPO proceeds of US$141.8M, combined with pro forma cash of US$14.5M, provide an estimated ~US$154M net cash position post-IPO. Proceeds are allocated to core product development, Asia-Pacific expansion, and working capital. The Company targets a long-term net debt/adjusted EBITDA ratio of 2.0–2.5x, suggesting a willingness to deploy leverage for future M&A.

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7. Valuation

7.1 Methodology

Our 12-month target price of **US$2.10** is derived from a blended approach, calibrated against both DBS (TP US$2.05, 26x FY26F P/E) and UOB Kay Hian (TP US$2.00, 26x FY26F P/E). Our TP implies a slight premium to both institutional brokers, reflecting our marginally more optimistic FY2026E growth assumptions and our view that UltraGreen's singular global positioning warrants a modest scarcity premium:

Methodology	Multiple	Earnings Base	Implied Value	Weight
P/E	28x FY2026E	US$84M	US$2.13	60%
EV/EBITDA	22x FY2025E	US$92M	US$1.94	40%
Blended			**US$2.06**	
Rounded Target Price			**US$2.10**	

Rationale for 28x FY2026E P/E: Our 28x multiple represents a ~15–20% premium to the DBS peer median of 22–24x for medical consumables and imaging-agent peers with comparable growth profiles, justified by UltraGreen's dominant market share (68%), exceptional margins (84% gross, 49% net), and structural growth runway. We apply the multiple to **forward-year (FY2026E) earnings** rather than current-year earnings, consistent with the methodology employed by both DBS and UOBKH. Our FY2026E net profit of US$84M assumes ~20% growth from the FY2025E base of US$70M, broadly consistent with DBS's FY2026F estimate of US$87M and the prospectus-implied earnings CAGR. At the current share price, UltraGreen trades at approximately 19–20x FY2025E EV/EBITDA; our target EV/EBITDA multiple of 22x implies modest re-rating from current levels.

7.2 Broker Comparison

Broker	Target Price	Multiple	Rating
Tickrs (this report)	**US$2.10**	**28x FY2026E P/E**	**BUY**
DBS	US$2.05	26x FY2026F P/E	BUY
UOB Kay Hian	US$2.00	26x FY2026F P/E	BUY

7.3 DCF Cross-Check and Sensitivity

Scenario	WACC	Terminal Growth	Implied Value	vs Current
Conservative	10%	3%	US$1.22	-29.5%
Mid-case	9%	3%	US$1.55	-10.4%
Optimistic	9%	4%	US$1.85	+6.9%

DCF vs Target Price Gap: The conservative DCF (10% WACC / 3% TGR) yields US$1.22, which is 42% below our target price and 29.5% below the current market price. This gap reflects the inherent difficulty of capturing franchise value and pricing power in a DCF framework for a company with UltraGreen's market dominance — the DCF models commoditised cash flows while the multiples-based approach captures the scarcity premium of the only globally diversified ICG player. We present the full sensitivity range for transparency and note that investors anchored to intrinsic value methodologies may find the current price challenging to justify.

7.4 Scenario Analysis

Scenario	P/E (FY2026E)	Target	Upside/Downside
Bear Case	20x	US$1.52	-12.1%
Base Case (Our Target)	**28x**	**US$2.10**	**+21.4%**
Bull Case	35x	US$2.66	+53.8%

7.5 Peer Comparison

Company	Mkt Cap	P/E (FY26E)	EV/EBITDA	Gross Margin	Net Margin
UltraGreen.ai (ULG)	**US$1.9B**	**22.7x**	**~19.5x**	**84.2%**	**48.8%**
Guerbet (GBT FP)	US$218M	26.0x	5.9x	~50%	~5%
Lantheus (LNTH)	US$4.5B	12.2x	8.2x	~66%	~39%
Mani Inc (7730 JP)	US$1.0B	22.0x	12.0x	~55%	~20%
Stryker (SYK)	US$130B	~28x	~22x	64%	16%

UltraGreen's gross and net margins substantially exceed all peers. On an FY2026E basis, the stock's 22.7x P/E sits within the peer range, with the premium justified by its dominant market position and margin profile. We note that peers like Stryker and Intuitive Surgical benefit from extensive patent portfolios — a competitive advantage that UltraGreen does not share for its core ICG product.

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8. Risk Assessment

8.1 HIGH SEVERITY RISKS

Customer Concentration: Top 3 customers = 68.2% of revenue. Concentrated in US Big 3 wholesalers (McKesson, Cardinal Health, AmerisourceBergen). Loss of any single customer would be devastating to revenue.

No Patent Protection on ICG: ICG has been generic since the 1950s. DBS explicitly flags "lack of independent patent protection for the ICG product" as a key risk. While the prospectus notes that UltraGreen holds 14 issued patents and 35 pending applications relating to PerfusionWorks software, the core ICG product is unprotected. Competitive entry, while difficult, is not structurally prevented by IP. None of UltraGreen's competitors hold ICG patents either.

Rising Effective Tax Rate: ETR escalated from 6.2% (FY2022) to 24.0% (1H2025). If 22–24% becomes the new normal, net margins compress materially below the historical 48–50% level. The Company has not publicly guided on a sustainable ETR.

Supplier / Manufacturing Concentration: Fully outsourced to third-party CMOs for all API production and vial filling. Prospectus discloses a FY2024 lyophilisation disruption that delayed ICG release by several months and reduced RoW vial volumes. Single-point-of-failure risk until the planned Singapore manufacturing facility is built.

8.2 MEDIUM SEVERITY RISKS

Controlling Shareholder Structure: Renew Group retains 62%. Pre-IPO dividend extraction of US$39.75M (Aug–Oct 2025) may raise governance concerns for some investors. Low free float (22%) creates liquidity risk.

Platform Execution Risk: UltraGreen Data Platform based on Perfusion Tech (zero-revenue, loss-making at acquisition). Commercial launch targeted 2027. Unproven technology; US$8.2M goodwill at risk of impairment.

FX Volatility (EUR/USD): 1H2025 FX loss of US$7.0M. European subsidiary reports in EUR while Group reports in USD. Natural but unhedged operational exposure. Planned reporting currency change may help.

Short Trading History / Price Discovery: Listed 3 Dec 2025 (~10 weeks). 52-week range of $1.31–$1.81 (38% range). Stock traded below IPO price ($1.43) as recently as 12 December 2025. Weekly volatility 7.6% vs industry average 4.0% over the past 10 weeks (SimplyWallSt).

Pre-IPO Dividend Extraction: Three interim dividends totalling **US$39.75M** were paid to pre-IPO shareholders in August (US$5.0M), September (US$6.75M), and October 2025 (US$28.0M). The aggregate represents approximately 71% of FY2024 net profit, extracted 1–3 months before the IPO brought in public capital at US$1.45/share. While the dividends are disclosed in the prospectus and are legally permissible, investors should note the governance optics: insiders crystallised substantial cash returns immediately prior to diluting their ownership through the public offering.

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9. Balance Sheet & Cash Flow

9.1 Balance Sheet (Pro Forma, US$ Thousands)

Metric	FY2022	FY2023	FY2024 PF	30 Jun 2025 PF
Total Assets	91,274	130,355	127,426	162,218
Total Equity	55,474	83,302	102,439	141,711
Cash & Bank	23,160	15,951	56	14,451
Borrowings	26,909	34,176	9,314	2,390
Net Cash / (Debt)	(3,749)	(18,225)	(9,258)	12,061
Current Ratio	1.57x	1.45x	2.74x	4.99x

9.2 Cash Flow Summary (US$ Thousands)

Metric	FY2022	FY2023	FY2024	1H2025
Operating Cash Flow	23,744	25,474	54,340	27,587
Investing Cash Flow	(1,556)	(21,273)	(14,887)	(7,074)
Financing Cash Flow	(6,547)	(11,711)	(42,381)	(7,543)
Net Change in Cash	15,641	(7,510)	(2,928)	12,970
Cash Conversion (OCF/EBITDA)	83.6%	60.0%	74.7%	74.6%

10. Dividend Policy

The Company does not currently have a fixed dividend policy. Prior to listing, three interim dividends totalling US$39.75M were paid to pre-IPO shareholders. We estimate FY2025E DPS of approximately US$0.022, implying a yield of ~1.3% at the current price and a payout ratio of approximately 35%. DBS estimates a higher FY2025 DPS of 3.7 US cents (2.2% yield). We expect the Company to establish a formal dividend policy following the FY2025 results announcement on 26 February 2026.

11. Catalysts

FY2025 Results (26 February 2026): First full-year results post-listing; we expect revenue of ~US$142M and net profit of ~US$70M (pro forma), plus the ~US$25.4M gain from UltraLinQ disposal.

Fluorescein ANDA Approval: Submission completed in 2025; approval and 2026 commercial launch would add a complementary revenue stream.

Sell-Side Coverage Expansion: DBS initiated January 2026; additional broker coverage expected to improve price discovery for a stock with only 22% free float.

Asia-Pacific Regulatory Approvals: Philippines and Malaysia approvals (Jan/Feb 2026) are first steps; further ASEAN approvals and Singapore manufacturing facility buildout expected.

Perfusion Tech Integration: Full consolidation of AI analytics capabilities; 2027 commercial launch would validate the platform thesis.

12. Recommendation

We initiate coverage on UltraGreen.ai Limited (SGX: ULG) with a **BUY** rating and a 12-month target price of **US$2.10**, representing 21.4% upside from the current price of US$1.730.

The investment case rests on the intersection of four pillars: (1) a dominant 68% global ICG market share with regulatory moat and 84% gross margins; (2) a structural growth runway in fluorescence-guided surgery (11.7% CAGR to 2030); (3) a fortress post-IPO balance sheet with ~US$154M net cash; and (4) optionality from the AI-powered UltraGreen Data Platform (unvalued in our target).

These strengths must be weighed against material risks: no patent protection on the core product, extreme customer concentration (top 3 = 68.2%), a rising effective tax rate that threatens the net margin narrative, a controlling shareholder with 62% ownership who extracted US$39.75M in pre-IPO dividends, a "show-me" AI platform based on zero-revenue technology, and a stock with barely 10 weeks of trading history and 7.6% weekly volatility.

UltraGreen is not merely an ICG supplier; it is building an end-to-end fluorescence imaging ecosystem. For a company with this margin profile, market dominance, and growth trajectory, we believe the current valuation represents a reasonable entry point — though one that demands patience and tolerance for the execution risks that accompany any recently listed, founder-controlled specialty pharmaceutical company. The fluorescence monopoly is real; the question is whether the market is pricing it correctly. On balance, we see UltraGreen as a rare, high-margin "fluorescence monopoly" where the quality of the franchise justifies a measured valuation premium.

Appendix: Valuation Footnotes and Methodology

For the full income statement, balance sheet, and cash flow summary, see §3.1, §9.1, and §9.2 respectively. Alternatively, the IPO Prospectus is accessible from the link below.
https://links.sgx.com/FileOpen/UltraGreen.ai%20Limited%20-%20Prospectus%20dated%2026%20November%202025.ashx?App=IPO&FileID=6709

FY2025E estimates based on annualised 1H2025 trends, pro forma revenue growth of ~31%, and net profit of US$70M (excluding UltraLinQ disposal gain). DBS estimates FY2025 reported net profit of US$81M (including disposal gain) and pre-exceptional net profit of US$67M. Share count: 1,103.1 million post-offering shares (post-share split of 1-for-7 in November 2025). Pro forma adjustments reflect: (a) capitalisation of US$142.8M promissory note, (b) dividends paid in August, September, and October 2025, (c) UltraLinQ divestment. EPS calculated on post-offering weighted average share count. At target price of US$2.10, implied P/E of 33.1x FY2025E and 27.6x FY2026E. EBITDA figures sourced from the prospectus EBITDA reconciliation (page 113) using the formula: Net Profit + Interest Expense + Income Tax + Depreciation of PPE + Amortisation of Intangibles + Depreciation of ROU Assets. ICG market size data from Frost & Sullivan as cited in the prospectus (US$173.2M in 2024).

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