

## MONTHLY REVIEW AND OUTLOOK

**REVIEW:** The FSSTI increased 1.5% mom in Jun 23 to 3,205.9. For the month, the index was mainly lifted by gains in the shipyard (+9.6% mom), aviation (+6.5% mom), land transport (+5.5%) and healthcare (+4.6%) sectors, but offset by losses in the plantation (-3.1% mom) and technology (-3.0% mom) sectors.

Singapore's factory activity continued to fall, but by a lesser extent during the month. The PMI rose 0.2ppt in Jun 23 to 49.7, mainly due to a slower contraction in new orders, new exports and factory output. The electronics PMI posted an eleventh successive monthly contraction of 0.1ppt mom to 49.0 from the continued slump in demand for electronic goods from major trading partners.

With the risk of an extended electronics sector downcycle, particularly in the US and EU markets, both of which are Singapore's major trading partners, growth is forecasted at 0.5% to 2.5%. On top of this, semiconductor demand is further impacted by the US chip restrictions on China, as Singapore chipmakers are mostly dependent on US technology, which is then subject to US export controls. Coupled with continued input price inflation, Singapore's manufacturing sector is poised for weaker growth this year.

**STRATEGY:** Some of our top large-cap picks are CapitaLand Ascott Trust, Raffles Medical, Sembcorp Industries, SIA Engineering and Thai Beverage. As for the small/mid-cap sector, our top picks are Civmec, CSE Global, Delfi and LHN.

## TOP BUY

| Company          | Target Price (S\$) | Last Price (S\$) | Return (%) |
|------------------|--------------------|------------------|------------|
| CapLand Ascott T | 1.39               | 1.08             | 28.7       |
| Keppel Corp      | 9.09               | 6.71             | 35.5       |
| Lendlease REIT   | 0.87               | 0.66             | 31.8       |
| O C B C          | 17.32              | 12.28            | 41.0       |
| Raffles Medical  | 1.9                | 1.36             | 39.7       |
| Seatrium         | 0.17               | 0.125            | 36.0       |
| Sembcorp Ind     | 4.64               | 5.75             | (19.3)     |
| SIA Engineering  | 2.67               | 2.49             | 7.2        |
| Thai Beverage    | 0.75               | 0.58             | 29.3       |
| YZJ ShipBldg SGD | 1.65               | 1.5              | 10.0       |
| Civmec           | 1.23               | 0.745            | 65.1       |
| CSE Global       | 0.42               | 0.39             | 7.7        |
| Delfi            | 1.71               | 1.29             | 32.6       |
| LHN              | 0.55               | 0.37             | 50.7       |

Source: Bloomberg, UOB Kay Hian

\*last price based on closing price on 30 Jun 23

## TOP SELL

| Company  | Target Price (S\$) | Last Price (S\$) | Return (%) |
|----------|--------------------|------------------|------------|
| Rex Intl | 0.1                | 0.152            | (34.2)     |

Source: Bloomberg, UOB Kay Hian

\*last price based on closing price on 30 Jun 23

## Singapore Research Team

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| Sector        | mom (% chg) | Recommendation | Top Buys                      | Analyst's Views  |
|---------------|-------------|----------------|-------------------------------|--|
| FSSTI         | 1.5         |                |                               |  |
| Shipyard      | 9.6         | Overweight     | Keppel Corp, SCI, SMM, YZJSGD | -  |
| Others        | (1.2)       | -              | -                             | -  |
| Telecoms      | 0.4         | Market Weight  | Singtel                       | -  |
| Technology    | (3.0)       | Overweight     | Venture                       | -  |
| Property      | (0.4)       | Overweight     | CLI, City Devt                | -  |
| Plantation    | (3.1)       | Market Weight  | Wilmar                        | -  |
| Finance       | 1.9         | Overweight     | DBS, OCBC                     | -  |
| REITs         | (0.7)       | Overweight     | CLAS, CLAR, FLT, MLT, MINT    | We are cautiously optimistic that inflation would ease gradually in 2023. The external environment remains uncertain with geopolitical rivalry persisting. We focus on defensive S-REITs with resilient balance sheets. S-REITs would benefit from easing interest rates in 2024 in the event economic growth slows down or falters. Maintain OVERWEIGHT. BUY CLAR (Target: S\$3.30), CLAS (Target: S\$1.39), FLT (Target: S\$1.56), MINT (Target: S\$2.82) and MLT (Target: S\$1.99). |
| Aviation      | 6.5         | Market Weight  | SIA Engrg, SATS, ST Engrg     | -  |
| Healthcare    | 4.6         | Overweight     | Raffles Medical               | -  |
| LandTransport | 5.5         | Market Weight  | -                             | -  |

Source: Bloomberg, UOB Kay Hian

## OUR TOP YIELD STOCK PICKS

| Company          | Rec | Target Price (\$S) | Price 30 Jun 23 (\$S) | Upside (%) | Monthly Performance % Chg | PE 2022 (x) | PE 2023F (x) | Yield 2023F (%) |
|------------------|-----|--------------------|-----------------------|------------|---------------------------|-------------|--------------|-----------------|
| Prime US ReitUSD | BUY | 0.61               | 0.21                  | 190.5      | (2.3)                     | 3.7         | 4.0          | 26.4            |
| ManulifeReit USD | BUY | 0.47               | 0.173                 | 171.7      | 2.4                       | 4.4         | 4.0          | 23.5            |
| KepPacOakReitUSD | BUY | 0.68               | 0.315                 | 115.9      | 5.0                       | 3.7         | 6.0          | 15.9            |
| UtdHampshReitUSD | BUY | 0.71               | 0.44                  | 61.4       | 0.0                       | 9.4         | 9.2          | 11.3            |
| Sasseur Reit     | BUY | 0.96               | 0.705                 | 36.2       | (5.4)                     | 11.1        | 10.0         | 8.9             |

## OUR TOP LARGE MARKET CAPITALISATION STOCK PICKS

| Company          | Rec  | Target Price (\$S) | Price 30 Jun 23 (\$S) | Upside (%) | Monthly Performance % Chg | PE 2022 (x) | PE 2023F (x) | Yield 2023F (%) |
|------------------|------|--------------------|-----------------------|------------|---------------------------|-------------|--------------|-----------------|
| CapLand Ascott T | BUY  | 1.39               | 1.08                  | 28.7       | 1.9                       | 34.1        | 22.8         | 5.8             |
| Keppel Corp      | BUY  | 9.09               | 6.71                  | 35.5       | 6.3                       | 12.9        | 12.9         | 3.1             |
| Lendlease REIT   | BUY  | 0.87               | 0.66                  | 31.8       | (0.8)                     | 13.2        | 17.8         | 7.1             |
| O C B C          | BUY  | 17.32              | 12.28                 | 41.0       | 0.1                       | 9.7         | 8.0          | 6.1             |
| Raffles Medical  | BUY  | 1.9                | 1.36                  | 39.7       | 4.6                       | 17.6        | 18.6         | 2.6             |
| Rex Intl         | SELL | 0.1                | 0.152                 | (34.2)     | (7.3)                     | n.a.        | 3.9          | 13.1            |
| Seatrium         | BUY  | 0.17               | 0.125                 | 36.0       | 1.6                       | n.a.        | n.a.         | -               |
| Sembcorp Ind     | BUY  | 4.64               | 5.75                  | (19.3)     | 14.3                      | 12.1        | 16.0         | 1.9             |
| SIA Engineering  | BUY  | 2.67               | 2.49                  | 7.2        | 5.5                       | 42.1        | 23.2         | 3.6             |
| Thai Beverage    | BUY  | 0.75               | 0.58                  | 29.3       | 3.6                       | 12.1        | 13.0         | 3.8             |
| YZJ ShipBldg SGD | BUY  | 1.65               | 1.5                   | 10.0       | 22.0                      | 10.8        | 9.4          | 2.7             |

## OUR TOP MID-SMALL MARKET CAPITALISATION STOCK PICKS

| Company    | Rec | Target Price (\$S) | Price 30 Jun 23 (\$S) | Upside (%) | Monthly Performance % Chg | PE 2022 (x) | PE 2023F (x) | Yield 2023F (%) |
|------------|-----|--------------------|-----------------------|------------|---------------------------|-------------|--------------|-----------------|
| Civmec     | BUY | 1.23               | 0.745                 | 65.1       | 4.9                       | 7.5         | 7.5          | 4.8             |
| CSE Global | BUY | 0.42               | 0.39                  | 7.7        | 16.4                      | 43.8        | 13.0         | 7.1             |
| Delfi      | BUY | 1.71               | 1.29                  | 32.6       | (3.0)                     | 13.0        | 12.4         | 4.0             |
| LHN        | BUY | 0.55               | 0.37                  | 50.68      | 2.82                      | 8.73        | 5.99         | 6.30            |

Source: Bloomberg, UOB Kay Hian

## OUR INSTITUTIONAL RESEARCH COVERAGE

| Company               | Rec  | Target Price (\$S) | Price 30 Jun 23 (\$S) | Upside (%) | Monthly Performance % Chg | PE 2022 (x) | PE 2023F (x) | Yield 2023F (%) | Analyst's Views  |
|-----------------------|------|--------------------|-----------------------|------------|---------------------------|-------------|--------------|-----------------|--|
| <b>AVIATION</b>       |      |                    |                       |            |                           |             |              |                 |  |
| SIA                   | SELL | 7.07               | 7.15                  | (1.1)      | 11.5                      | 9.9         | 7.4          | 5.3             |  |
| ★ SIA Engineering     | BUY  | 2.67               | 2.49                  | 7.2        | 5.5                       | 42.1        | 23.2         | 3.6             | Flight activities at Changi Airport recovered to 87% of pre-pandemic levels in May 23 and are expected to further pick up, driven by the tailwinds from China's reopening. With an 80% market share of Changi Airport's line maintenance service volume, SIA Engineering is set to benefit from Changi Airport's flight activity recovery. SIA Engineering has also recently renewed its Comprehensive Services Agreements with SIA and Scoot. Although SIA Engineering's management declined to provide more details about the terms of the new contracts, we believe it should allow SIA Engineering to pass down at least some inflationary cost pressure to these major customers. The positive impacts on margins, if any, are likely to be felt in SIA Engineering's 1QFY24 results, which are expected to be released on 25 Jul 23. Maintain BUY and PE-based target price of S\$2.67.  |
| SATS                  | BUY  | 3.02               | 2.58                  | 17.1       | 0.0                       | n.a.        | 58.3         | 0.7             |  |
| ST Engineering Sector | BUY  | 4.00               | 3.68                  | 8.7        | 0.5                       | 21.4        | 21.9         | 4.3             |  |
|                       |      |                    |                       |            |                           | 14.4        | 11.0         | 4.5             |  |
| <b>FINANCE</b>        |      |                    |                       |            |                           |             |              |                 |  |
| DBS                   | BUY  | 41.00              | 31.51                 | 30.1       | 4.0                       | 10.0        | 8.6          | 5.3             |  |
| ★ OCBC                | BUY  | 17.32              | 12.28                 | 41.0       | 0.1                       | 9.7         | 8.0          | 6.1             | OCBC is highly cost-efficient with operating expenses tightly controlled, increasing marginally by 3% yoy in 1Q23. Staff costs also increased 7% yoy and its cost-to-income ratio (CIR) was below 40% in 1Q23. Management intends to maintain dividend payout ratio at 50% going forward. OCBC provides attractive dividend yield of 6.1% for 2023. CET-1 CAR improved 0.7ppt qoq to 15.9% in 1Q23. OCBC is comfortable with CET-1 CAR receding lower to 14.0% over the short to medium term (3-5 years). Management will consider all options for capital management, including special dividends. Maintain BUY with a target price of S\$17.32, based on 1.42x 2023F P/B, derived from the Gordon Growth Model.  |
| SGX                   | HOLD | 9.57               | 9.61                  | (0.4)      | 3.6                       | 22.8        | 22.9         | 3.7             |  |
| UOB @ Sector          | NR   | n.a.               | 28                    | n.a.       | 0.2                       | 10.4        | 8.4          | 5.7             |  |
|                       |      |                    |                       |            |                           | 10.2        | 8.6          | 5.6             |  |
| <b>HEALTHCARE</b>     |      |                    |                       |            |                           |             |              |                 |  |
| ★ Raffles Medical     | BUY  | 1.90               | 1.36                  | 39.7       | 4.6                       | 17.6        | 18.6         | 2.6             | Given the Singapore government's renewed focus in Transitional Care Facilities (TCF), we expect the TCF to operate till Jun 24 minimally. With healthy margins due to its asset-light nature and contributing nearly 40% of 2022 operating profit, this would support RFMD's profit for 2023-24. Potential upside may come from RFMD winning the upcoming tender for a new TCF, partnering with Ng Teng Fong Hospital in the west of Singapore. At 20% of hospital segmental revenue as of end-22, we reckon there is much further recovery upside, driven by the reopening of Singapore's borders and global air travel. With the removal of China's zero-COVID policy, hospital staff and patients are now able to commute freely in China. We are now more positive on the prospects of RFMD's Chinese hospitals and reckon that it would be RFMD's core revenue driver moving forward. Maintain BUY with a PE-based target price of S\$1.90. |
| Sector                |      |                    |                       |            |                           | 17.6        | 18.6         | 2.6             |  |

## OUR INSTITUTIONAL RESEARCH COVERAGE

| Company               | Rec  | Target Price (\$) | Price 30 Jun 23 (\$) | Upside (%) | Monthly Performance % Chg | PE 2022 (x) | PE 2023F (x) | Yield 2023F (%) | Analyst's Views  |
|-----------------------|------|-------------------|----------------------|------------|---------------------------|-------------|--------------|-----------------|--|
| <b>LAND TRANSPORT</b> |      |                   |                      |            |                           |             |              |                 |  |
| ComfortDelGro         | HOLD | 1.27              | 1.16                 | 9.5        | 5.5                       | 14.5        | 15.2         | 4.3             |  |
| <b>Sector</b>         |      |                   |                      |            |                           | <b>14.5</b> | <b>15.2</b>  | <b>4.3</b>      |  |
| <b>PLANTATION</b>     |      |                   |                      |            |                           |             |              |                 |  |
| Bumitama              | HOLD | 0.55              | 0.55                 | 0.0        | 1.9                       | 3.7         | 6.2          | 6.5             |  |
| FirstRes              | HOLD | 1.55              | 1.39                 | 11.5       | (7.9)                     | 4.9         | 7.9          | 8.9             |  |
| Wilmar                | BUY  | 5.50              | 3.8                  | 44.7       | (2.8)                     | 7.2         | 9.5          | 5.5             |  |
| <b>Sector</b>         |      |                   |                      |            |                           | <b>6.7</b>  | <b>8.9</b>   | <b>6.0</b>      |  |
| <b>PROPERTY</b>       |      |                   |                      |            |                           |             |              |                 |  |
| CapitalLandInvest     | BUY  | 4.27              | 3.31                 | 29.0       | 0.0                       | 19.7        | 16.3         | 3.7             |  |
| CityDev               | BUY  | 8.00              | 6.72                 | 19.0       | (0.4)                     | 4.8         | 12.5         | 1.6             |  |
| <b>Sector</b>         |      |                   |                      |            |                           | <b>4.7</b>  | <b>12.5</b>  | <b>1.6</b>      |  |
| <b>SHIPYARD</b>       |      |                   |                      |            |                           |             |              |                 |  |
| ★ Keppel Corp         | BUY  | 9.09              | 6.71                 | 35.5       | 6.3                       | 12.9        | 12.9         | 3.1             | <p>Since its robust 1Q23 business update, Keppel (KEP) has remained busy, announcing a spate of new contracts or businesses in its various segments. These include: a) three Memorandum of Understandings (MOU) to provide energy-as-a-service (EaaS) to one customer in Guangzhou, China, and two customers in Bangkok, Thailand; b) two EaaS contracts in Bangkok, Thailand, for a hotel and a shopping mall; c) a 30-year S\$950m contract to design, build, own and operate large scale District Cooling System in Jurong Lake District; d) an operations and maintenance contract for a District Cooling System in Bangkok; e) acquisition of a 49% stake in two adjacent residential projects (11.8ha) in Ho Chi Minh City, Vietnam, for S\$187m; and f) the S\$6.9m acquisition of a 16.3% stake in a 17MW wind farm in Sweden together with Keppel Infrastructure Fund. We maintain BUY with an SOTP-based target price of S\$9.09.</p> <p>On 21 Feb 23, the company reported better-than-expected 2022 results with net profit from continuing operations (before exceptional items) up nearly four-fold to S\$727m. The robust performance was due to the renewables and conventional energy business segments, both of which registered &gt;100% yoy net profit increases. Apart from a S\$0.04 final dividend, a special dividend of S\$0.04 was also declared. In 4Q22, SCI entered into strategic partnerships with the Japanese government and various companies to explore hydrogen and other decarbonisation initiatives. These include: a) an MOU with Japan Bank for International Cooperation (JBIC) to assist SCI in its hydrogen project, b) MOU with Sojitz Corporation for green hydrogen production, battery energy storage and net zero industrial parks, and c) MOU with IHI Corporation to build out an integrated green ammonia supply chain. Maintain BUY with a PE-based target price of S\$4.64.</p> |
| ★ Sembcorp Ind        | BUY  | 4.64              | 5.75                 | (19.3)     | 14.3                      | 12.1        | 16.0         | 1.9             |  |

## OUR INSTITUTIONAL RESEARCH COVERAGE

| Company            | Rec | Target Price (\$) | Price 30 Jun 23 (\$) | Upside (%) | Monthly Performance % Chg | PE 2022 (x) | PE 2023F (x) | Yield 2023F (%) | Analyst's Views   |
|--------------------|-----|-------------------|----------------------|------------|---------------------------|-------------|--------------|-----------------|---|
| ★ Seatrium         | BUY | 0.17              | 0.125                | 36.0       | 1.6                       | n.a.        | n.a.         | 0.0             | <p>Seatrium attended a group meeting with investors where the company outlined its path towards sustainable growth and profitability, with the key being retention of people and talent to take advantage of opportunities in the offshore marine space. On top of the four FPSOs that it has from Petrobras, Seatrium will look to bid for two with each priced at about US\$3b and a few other floating production units at US\$1b each which are highly likely to be from repeat customers such as ExxonMobil. In addition, offshore wind projects in developed markets like the US and Europe remain highly promising. Management affirmed that it has the capacity to accept more projects but given the shortage of global yard capacity and strong level of enquiries it will not "sell slots". After market closed on 1 Jun 23, FTSE Russell announced that STM will be included in the STI starting from 19 Jun 23. At present, its weighting in the index is unknown. However, in our view, this should lead to increased passive funds flow into the stock. We maintain BUY on STM with a P/B-based target price of S\$0.17.</p> <p>In 1H23, YZJ won new orders for 46 vessels with a total contract value of US\$4.42b. YZJ currently has 180 vessels in its orderbook totalling US\$14.6b which is its highest ever. Ytd, the company has US\$5.6b in new orders, thus exceeding its 2023 target of US\$3b. We expect management to revise this target up to at least US\$7b at its 1H23 results announcement in mid- to late-Aug 23. We note that Chinese steel costs have come down on a yoy basis, thus potentially setting YZJ up for a strong 1H23 result. We have a BUY recommendation on the stock and we recently raised our PE-based target price to S\$1.65 (previously S\$1.58). We view this as fair given: a) the company's earnings growth in 2023 and 2024, b) sustainability of its earnings due to its US\$14b orderbook at present, and c) earnings visibility having improved to 2027 given the recent spate of new orders.</p> |
| ★ YZJ ShipBldg SGD | BUY | 1.65              | 1.5                  | 10.0       | 22.0                      | 10.8        | 9.4          | 2.7             |   |
| <b>Sector</b>      |     |                   |                      |            |                           | <b>17.5</b> | <b>16.0</b>  | <b>2.1</b>      |   |
| <b>TECHNOLOGY</b>  |     |                   |                      |            |                           |             |              |                 |   |
| Sea Ltd (in US\$)  | BUY | 94.34             | 56.88                | 65.9       | (0.9)                     | n.a.        | 34.0         | 0.0             |   |
| Venture Corp       | BUY | 16.99             | 14.71                | 15.5       | (3.0)                     | 11.6        | 13.4         | 5.4             |   |
| <b>Sector</b>      |     |                   |                      |            |                           | <b>11.6</b> | <b>13.4</b>  | <b>5.4</b>      |   |
| <b>TELECOMS</b>    |     |                   |                      |            |                           |             |              |                 |   |
| NetLink NBN Tr     | BUY | 1.05              | 0.855                | 22.8       | (1.2)                     | 30.5        | 27.9         | 6.3             |   |
| SingTel            | BUY | 3.15              | 2.5                  | 26.0       | 0.4                       | 18.5        | 17.0         | 4.0             |   |
| StarHub            | BUY | 1.37              | 1.04                 | 31.7       | 3.0                       | 33.5        | 14.1         | 4.8             |   |
| <b>Sector</b>      |     |                   |                      |            |                           | <b>19.4</b> | <b>17.3</b>  | <b>4.2</b>      |   |
| <b>OTHERS</b>      |     |                   |                      |            |                           |             |              |                 |   |
| DFIRG USD          | BUY | 3.72              | 2.75                 | 35.3       | (2.1)                     | n.a.        | 22.2         | 2.7             |   |
| Genting SP         | BUY | 1.25              | 0.94                 | 33.0       | (6.9)                     | 33.3        | 15.5         | 4.3             |   |

## OUR INSTITUTIONAL RESEARCH COVERAGE

| Company               | Rec  | Target Price (\$) | Price 30 Jun 23 (\$) | Upside (%) | Monthly Performance % Chg | PE 2022 (x) | PE 2023F (x) | Yield 2023F (%) | Analyst's Views  |
|-----------------------|------|-------------------|----------------------|------------|---------------------------|-------------|--------------|-----------------|--|
| ★ Thai Beverage       | BUY  | 0.75              | 0.58                 | 29.3       | 3.6                       | 12.1        | 13.0         | 3.8             | Backed by improving tourist arrivals, a better mix of the higher-margin brown spirits and a price adjustment in 1QFY23, 1HFY23 EBITDA margins improved 0.9ppt to 25.6%. Management noted that there was still further room to increase brown spirits ASPs which would be reflected in 2HFY23. Also, we expect the spirits segment to continue its strong performance moving into 2HFY23, as anticipated government handouts from a newly-elected government would spur consumption. Despite a disappointing 2QFY23, we reckon that the return of Chinese tourists to Vietnam in 3QFY23, along with Thailand's elections in 2HFY23, would boost beer consumption levels. Management noted that the group has halved its market share gap between the number one competitor and THBEV, which we estimate at 3-4ppt now. The group also has plans to maximise A&P spending efficiency in 2HFY23, protecting segmental profitability. Maintain BUY with an SOTP-based target price of S\$0.75. |
| SingPost Sector       | HOLD | 0.46              | 0.45                 | 2.2        | 1.1                       | 77.6        | 21.0         | 1.9             |  |
|                       |      |                   |                      |            |                           | 17.2        | 14.2         | 3.9             |  |
| <b>REITS</b>          |      |                   |                      |            |                           |             |              |                 |  |
| CapLand Ascendas Reit | BUY  | 3.30              | 2.72                 | 21.3       | 0.7                       | 20.5        | 18.3         | 5.6             |  |
| ★ CapLand Ascott T    | BUY  | 1.39              | 1.08                 | 28.7       | 1.9                       | 34.1        | 22.8         | 5.8             | Portfolio RevPAU surged 90% yoy to S\$127 in 1Q23 due to higher occupancies and room rates. On a pro forma basis, RevPAU is at 93% of pre-pandemic levels. Key markets Australia, Japan, Singapore and the US performed at pre-pandemic levels or above. Japan RevPAU jumped 351% yoy to ¥12,166 (105% of pre-pandemic levels on a same store basis), following the country's reopening to independent leisure travellers in Oct 22. CLAS invested S\$420m in 15 accretive acquisitions in 2022, comprising 12 longer-stay properties and three serviced residences. Longer-stay properties currently account for 19% of total assets. CLAS has acquired its sponsor's 45% stake, bringing its total interest in Standard at Columbia to 90%. Maintain BUY. Our target price of S\$1.39 for CLAS is based on DDM (cost of equity: 7.25%, terminal growth: 2.8%).   |
| CapLand IntCom T      | BUY  | 2.29              | 1.91                 | 19.9       | (4.5)                     | 16.7        | 18.2         | 6.0             |  |
| CDL Htrust            | BUY  | 1.55              | 1.22                 | 27.0       | 5.2                       | 21.0        | 19.3         | 5.7             |  |
| DigiCore Reit USD     | BUY  | 0.67              | 0.475                | 41.1       | 13.1                      | 18.9        | 13.3         | 7.6             |  |
| Far East HTrust       | BUY  | 0.75              | 0.63                 | 19.0       | 5.9                       | 25.3        | 16.2         | 6.1             |  |
| Frasers Cpt Tr        | BUY  | 2.52              | 2.19                 | 15.1       | 2.8                       | 18.7        | 18.7         | 5.7             |  |
| Frasers L&C Tr        | BUY  | 1.56              | 1.25                 | 24.8       | 0.8                       | 34.7        | 21.4         | 5.7             |  |
| Kep REIT              | BUY  | 1.12              | 0.9                  | 24.4       | 3.4                       | 24.8        | 19.0         | 6.3             |  |
| KepPacOakReitUSD      | BUY  | 0.68              | 0.315                | 115.9      | 5.0                       | 3.7         | 6.0          | 15.9            |  |

If year-end is before June, earnings are shown in the previous period

## OUR INSTITUTIONAL RESEARCH COVERAGE

| Company                  | Rec  | Target Price (S\$) | Price 30 Jun 23 (S\$) | Upside (%) | Monthly Performance % Chg | PE 2022 (x) | PE 2023F (x) | Yield 2023F (%) | Analyst's Views   |
|--------------------------|------|--------------------|-----------------------|------------|---------------------------|-------------|--------------|-----------------|---|
| ★ Lendlease REIT         | BUY  | 0.87               | 0.66                  | 31.8       | (0.8)                     | 13.2        | 17.8         | 7.1             | LREIT delivered good results with 1HFY23 DPU increasing 2.1% yoy to 2.45 S cents. Jem and 313@Somerset achieved positive rental reversion of 2%. Jem, which contributed for the full six months and whose occupancy has hit 100%, accounting for 46% of portfolio valuation. 313@Somerset accounts for 27% of portfolio valuation, and benefits from the reopening of China and return of tourists to Orchard Road. The multi-functional event space constructed on Grange Road Car Park is expected to be completed by end-23. LREIT provides attractive FY23 distribution yield of 7.1%. Maintain BUY with a DDM-based target price of S\$0.87. |
| ManulifeReit USD         | BUY  | 0.47               | 0.173                 | 171.7      | 2.4                       | 4.4         | 4.0          | 23.5            |   |
| Mapletree PanAsia Com Tr | BUY  | 2.02               | 1.62                  | 24.7       | (1.8)                     | 17.8        | 18.0         | 6.2             |   |
| MapletreeInd             | BUY  | 2.82               | 2.21                  | 27.6       | (2.6)                     | 16.7        | 16.1         | 6.2             |   |
| MapletreeLog             | BUY  | 1.99               | 1.62                  | 22.8       | (2.4)                     | 28.4        | 21.0         | 5.4             |   |
| PLife REIT               | BUY  | 4.49               | 3.9                   | 15.1       | 8.6                       | 24.7        | 20.3         | 3.6             |   |
| Prime US ReitUSD         | BUY  | 0.61               | 0.21                  | 190.5      | (2.3)                     | 3.7         | 4.0          | 26.4            |   |
| Sasseur Reit             | BUY  | 0.96               | 0.705                 | 36.2       | (5.4)                     | 11.1        | 10.0         | 8.9             |   |
| Suntec REIT              | HOLD | 1.40               | 1.29                  | 8.5        | (1.5)                     | 19.8        | 22.5         | 5.7             |   |
| UtdHampshReitUSD         | BUY  | 0.71               | 0.44                  | 61.4       | 0.0                       | 9.4         | 9.2          | 11.3            |   |

### Sector

If year-end is before June, earnings are shown in the previous period

## OUR RETAIL RESEARCH COVERAGE

| Company      | Rec  | Target Price (\$) | Price 30 Jun 23 (\$) | Upside (%) | Monthly Performance % Chg | PE 2022 (x) | PE 2023F (x) | Yield 2023F (%) | Analyst's Views  |
|--------------|------|-------------------|----------------------|------------|---------------------------|-------------|--------------|-----------------|--|
| AEM          | SELL | 2.87              | 3.71                 | (22.6)     | 3.1                       | 9.0         | 14.9         | 1.7             |  |
| Aztech Gbl   | BUY  | 1.00              | 0.72                 | 38.9       | 3.6                       | 8.3         | 6.2          | 7.3             |  |
| BRC Asia     | HOLD | 1.73              | 1.65                 | 4.8        | 0.6                       | 5.0         | 6.7          | 6.1             |  |
| Centurian    | BUY  | 0.43              | 0.375                | 14.7       | 7.1                       | 4.4         | 5.3          | 3.8             |  |
| ChinaSunsine | BUY  | 0.575             | 0.41                 | 40.2       | (1.2)                     | 3.0         | 4.3          | 4.4             |  |
| ★ Civmec     | BUY  | 1.23              | 0.745                | 65.1       | 4.9                       | 7.5         | 7.5          | 4.8             | <p>We expect Civmec to deliver record earnings growth of 11% yoy in FY23 and a potential dividend surprise given a strong balance sheet, backed by a robust orderbook of around A\$1.2b. 9MFY23 earnings grew 20% yoy with net margin growing 1.5ppt yoy to 7.8%. Civmec sees a strong pipeline of new projects in the sectors it operates in and new opportunities in the green energy space. Civmec successfully secured several notable contracts in 3QFY23. These are: a) three contracts for Albermarle's Kemerton Lithium refinery trains 3 and 4, b) additional fabrication work for the Iron Bridge magnetite project, c) several contracts for the manufacture of dump truck tray bodies on the east coast of Australia, and d) a time critical contract to manufacture components for rebuilding a flood-damaged bridge. Civmec continues to see strong tendering activity across all sectors. It continues to focus on securing good return projects, optimising workforce utilisation and maintaining a strong, high-quality orderbook. Also, Civmec is increasingly regarded by its clients as the go-to contractor for reliable delivery and time-critical services. Maintain BUY with a 12% higher target price of S\$1.23.</p> |
| ★ CSE Global | BUY  | 0.42              | 0.39                 | 7.7        | 16.4                      | 43.8        | 13.0         | 7.1             | <p>CSE's 1Q23 revenue of S\$159m (+36% yoy) was in line, forming 26% of our full-year estimate. The higher revenue was mainly attributable to growth in infrastructure revenue in Australia and the Americas region as well as contributions from recent new acquisitions. CSE secured S\$159.6m of new orders in 1Q23 vs S\$232.3m in 1Q22. In 1Q22, CSE secured two major contracts worth S\$78.1m. Excluding the effect of these two major contracts secured in 1Q22, CSE's order intake for 1Q23 grew 3.5% yoy. As CSE pursues more orders, it is committed to preserving margins and strategically allocating resources to support growth. We think that the supply chain disruptions, particularly in chip sets, should ease given the easing of restrictions across the regions and the falling demand of semiconductor chips as recently announced by the major chip producers including Intel and Samsung. As a result, project execution timeframes which have been facing delays previously due to supply chain issues could normalise. Maintain BUY and target price of S\$0.42. CSE offers an attractive 2023 dividend yield of around 8%.</p>  |



## OUR RETAIL RESEARCH COVERAGE

| Company          | Rec  | Target Price (\$S) | Price 30 Jun 23 (\$S) | Upside (%) | Monthly Performance % Chg | PE 2022 (x) | PE 2023F (x) | Yield 2023F (%) | Analyst's Views  |
|------------------|------|--------------------|-----------------------|------------|---------------------------|-------------|--------------|-----------------|--|
| ★ Delfi          | BUY  | 1.71               | 1.29                  | 32.6       | (3.0)                     | 13.0        | 12.4         | 4.0             | Delfi is a manufacturer and distributor of many popular chocolate confectionery products in Indonesia, with a dominant market share of around 41%. Indonesia demonstrates vast potential based on its macro industry trends of a fast-growing middle class, a young population and high domestically-driven GDP growth. Delfi has been focusing on its premiumisation strategy to offer differentiated products based on changing consumer tastes. In 2022, core profit grew 68.7% yoy to US\$43.6m, mainly driven by strong performance in Delfi's main operating market, Indonesia, which recorded revenue of US\$317.4m (+17.5%). This was attributable to Delfi's premium brands SilverQueen and Cha Cha, which both saw double-digit growths. We expect healthy double-digit growth in 2023-25 as Indonesian consumers emerge stronger from the pandemic. Maintain BUY with a target price of S\$1.71 based on 17x 2023F EPS, or its long-term historical mean.   |
| Emperador Inc.   | HOLD | 0.57               | 0.52                  | 9.6        | 1.0                       | 32.2        | 28.1         | 1.5             |  |
| Food Empire      | BUY  | 1.33               | 1.02                  | 30.4       | 5.2                       | 6.6         | 8.0          | 4.3             |  |
| Frencken         | HOLD | 1.08               | 0.9                   | 20.0       | 5.3                       | 7.4         | 15.0         | 2.0             |  |
| iFAST            | HOLD | 4.81               | 4.60                  | 4.6        | 2.9                       | n.a.        | 47.3         | 0.7             |  |
| Japfa            | HOLD | 0.23               | 0.215                 | 7.0        | (8.5)                     | 39.0        | 8.6          | 4.7             |  |
| Kimly            | HOLD | 0.36               | 0.345                 | 4.3        | 1.5                       | 12.6        | 12.3         | 4.9             |  |
| ★ LHN            | BUY  | 0.55               | 0.37                  | 50.7       | 2.82                      | 8.73        | 5.99         | 6.30            | LHN has established itself as the market leader in the newly emerged co-living sector in Singapore with a 32% market share and has a robust growth pipeline. Demand for co-living space is expected to be driven by recovering foreign demand. We expect about a 70% increase in the number of co-living keys to drive LHN's FY23 core earnings by 46% yoy. More value unlocking activities after the divestment of the logistics business may lead to higher special dividends. On 9 Jun 23, LHN received an offer to take over its 84%-owned subsidiary LHN Logistics. This is expected to generate a disposal gain of S\$21m and cash proceeds of S\$32m (21% of LHN's market cap). LHN owns 12 properties, estimated to be worth S\$178m as of FY22, which could be divested to unlock more value. Initiate coverage with BUY and a target price of S\$0.55, pegged to 9x FY23F PE (based on long-term mean PE). We think that LHN's current valuation of 6x FY24F PE and dividend yield of 6.3% are attractive, given the group's leading market share in the co-living space, robust expansion pipeline and strong EPS growth. |
| MarcoPolo Marine | BUY  | 0.06               | 0.055                 | 9.1        | 10.0                      | 8.9         | 12.9         | 0.0             |  |
| MM2 Asia         | BUY  | 0.098              | 0.04                  | 145.0      | (2.4)                     | 11.7        | 5.8          | 0.0             |  |
| Nanofilm         | HOLD | 1.61               | 1.35                  | 19.3       | (8.2)                     | 20.3        | 23.8         | 0.8             |  |
| PropNex          | BUY  | 1.16               | 1.01                  | 14.9       | (2.9)                     | 12.0        | 11.6         | 6.9             |  |

## OUR RETAIL RESEARCH COVERAGE

| Company       | Rec  | Target Price (S\$) | Price 30 Jun 23 (S\$) | Upside (%) | Monthly Performance % Chg | PE 2022 (x) | PE 2023F (x) | Yield 2023F (%) | Analyst's Views  |
|---------------|------|--------------------|-----------------------|------------|---------------------------|-------------|--------------|-----------------|--|
| ★ Rex Intl    | SELL | 0.10               | 0.152                 | (34.2)     | (7.3)                     | n.a.        | 3.9          | 13.1            | One year after the successful hook-up and commissioning of the new floating storage tanker and Mobile Offshore Production Unit (MOPU) at its key Yumna asset offshore Oman, production has continued to disappoint. Prior to the upgrades, Rex had guided for the new facility to double its liquids processing capacity to 30,000bpd. However, since Jun 22, production remains at around 4,300bpd of oil vs production of 7,500-10,600bpd in the six months prior to the change out of the MOPU. Over the past two years, Yumna's production has declined by >60%, with the latest May 23 data showing a 10% mom decline. Additionally, it seems that there are corporate governance issues. Since Dec 22, the company has undertaken three interested-party transactions with one of them involving investment in a drone technology company and another in cancer therapy. We have a SELL rating with a target price of S\$0.10. |
| RH PetroGas   | BUY  | 0.26               | 0.181                 | 40.9       | (2.2)                     | 5.4         | 5.4          | 0.0             |  |
| Riverstone    | HOLD | 0.67               | 0.62                  | 8.1        | 1.6                       | 10.8        | 10.1         | 8.4             |  |
| Sheng Siong   | BUY  | 1.97               | 1.64                  | 20.1       | 1.2                       | 18.5        | 17.9         | 3.9             |  |
| UMS           | HOLD | 0.97               | 1.06                  | (8.5)      | 0.0                       | 7.2         | 10.3         | 4.7             |  |
| Valuetronics  | HOLD | 0.56               | 0.54                  | 3.7        | 1.9                       | 10.6        | 9.9          | 4.1             |  |
| <b>Sector</b> |      |                    |                       |            |                           |             |              |                 |  |

Source: Bloomberg, UOB Kay Hian

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