

Market Indicators

	13-Nov	14-Nov	15-Nov
Mkt. T/O (S\$ mil)	1,196.7	1,637.1	1,273.6
Stock Advances	255	155	135
Stock Declines	217	319	325

Major Indices

	13-Nov	14-Nov	15-Nov
DJ Ind Avg	23,439.7	23,409.5	23,271.3
S & P 500	2,584.8	2,578.9	2,564.6
Nasdaq Comp	6,757.6	6,737.9	6,706.2
Hang Seng	29,182.2	29,152.1	28,851.7

STI Index 3,368.70 (-0.89%)

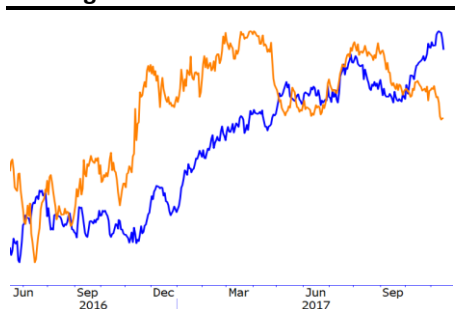


Source: Bloomberg

Commodities

	Current Price	% Chge from Close
Gold (SPOT) US\$ / oz	1,279.58	-0.35%
Oil (NYMEX CWT1) US\$ / bbl	55.28	0.20%
Baltic Dry Index	1405	-2.77%

Exchange Rates



USD : SGD 1.3567 / MYR : SGD 3.0795

Source: Bloomberg

Interest Rates

3-mth Sibor	1.127%
SGS (10 yr)	2.111%

Market Colour

Tax reform uncertainties in the U.S. continue to weigh in on sentiments. In Singapore, the electronics surge is widely expected to continue in FY18. This comes amid the slew of new product launches (e.g., iPhone X) that helped lift growth in the manufacturing sector. Meanwhile, the decline in property counters yesterday may offer an attractive entry point to investors.

Results Update

➤ **Frencken Group Limited (FRKN SP; BUY; TP: S\$0.660):** Opportunity to accumulate - Page 2

News

Cromwell European Reit (Cereit): Australia-listed Cromwell Property Group has lodged an amended prospectus to list Cereit, after having previously cited "market conditions" when it put the brakes on the process. Cereit hopes to raise gross proceeds of 866m euros (S\$1.4b) – down from an initial target of 1.2b euros (S\$1.9b) – at an issue price of 0.55 euro (S\$0.88) per unit. The planned portfolio is now spread across Denmark, France, Germany, Italy and the Netherlands. Forecasted distribution yield FY18: 7.8%. The IPO is expected to open next Wednesday, and will close on Nov 28.

RE&S: Japanese restaurant group RE&S Holdings has priced its initial public offering of 38m shares at S\$0.22 a share. Heliconia Capital Management, a wholly-owned subsidiary of Temasek Holdings, has agreed to subscribe for 16m cornerstone shares at this price, through Orchid 2 Investments, a vehicle it manages and controls. The offer will open at 9pm on Wednesday night, and close at noon on Nov 20. Trading of its shares will begin at 9am on Nov 22.

CapitaLand: Bought a 14,474 sqm site in Ho Chi Minh City, Vietnam, for US\$38.9m, to develop into residences. The property developer said that the acquisition is part of its strategy to diversify its real estate portfolio and to strengthen its foothold in Vietnam. At present, its existing portfolio in Vietnam includes an integrated development in Ho Chi Minh City – 6 serviced residences and 9 residential projects in various Vietnamese cities. **Consensus has a fair value of S\$4.45, implying a 20.7% upside.**

Tencent: 3Q17 net profit jumped 69% YoY to 18bn yuan (S\$3.7bn), beating consensus estimates. Revenues in the quarter rose 61% YoY to 65bn yuan. Tencent's market capitalisation has more than doubled this year, reaching US\$472 billion as of Wednesday, making it Asia's most valuable company. **Consensus has a fair value of HK\$423.5, implying a 11% upside.**

Business Times / Bloomberg / Straits Times / The Edge Markets / SGX

Commentaries From The Trading Desk

8/11	A narrative of a stock entering its 'blow-off' phase
6/11	DBS firing well, however will old exposures haunt it?
27/10	Tapering announced, but no tantrum by stocks! Or is this simply a premature assumption?
Note: The comments and views in this section are those of the Trading Desk team and do not necessarily coincide with the views of the Fundamental Equities Research team.	

Frencken Group Limited

(FRKN SP/FREN.SI)

BUY - Maintain

Price as of 15 Nov 2017	0.54
12M target price (S\$)	0.66
Previous target price (S\$)	0.73
Upside (%)	23.5

Trading data

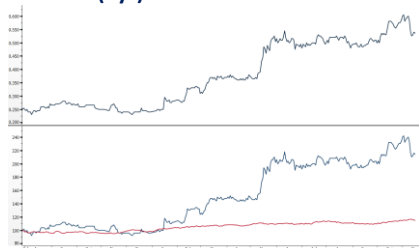
Mkt Cap (S\$m) / (US\$m)	222.7 / 164
Issued Shares (m)	416.3
Ave Daily Traded (3-Month) Vol / Val	1.0m / \$0.5m
52 week lo / hi	\$0.23 / \$0.62
Free Float	59.6%

Major Shareholders

Gooi Soon Chai	22.0%
Lim Mee Hwa	6.0%

Previous Recommendations

Date	Rating	Share Price (S\$)	Target Price (S\$)
15-Aug-17	BUY	0.520	0.730
15-May-17	BUY	0.450	0.630

FRKN SP (1yr) VS STI


Source: Bloomberg

Joel Ng
65 6202 1192
joel.ng@kgi.com

See the last page for important disclosures.

Opportunity to accumulate
Event

Frencken reported a 3Q17 net profit of S\$5.0m (+15% YoY), slightly below our expectations and making up 68% of our full year forecasts. The lower-than-expected results was due mainly to lower gross profit margins following a change of product mix.

Impact

We lower our FY17-19F earnings forecasts by 6-9% to account for lower margins. Our revised earnings, implying a 9.5/8.2/7.5x FY17-19F P/E, would still make Frencken undervalued compared to its peers who are trading at an average 12x forward P/E.

Price pressure due to a fund selling down. We noted that Yeoman 3-Rights Value Asia Fund had decreased its stake on 30 Oct to below the 5% threshold where they are not required to disclose further transactions. This may be a short-term overhang on Frencken's share price. On a positive note, management and major shareholder Dato' Gooi have been buying back shares in recent months.

Valuation & Action

We reiterate our BUY recommendation on Frencken and peg a fair value of S\$0.66 based on 10x FY18F earnings. We like Frencken's diversified business model of having five key segments that have kept the company profitable for the last 15 years. The only exception was the losses incurred in FY12 due to quality issues at its automotive segment, a business unit which it has since sold off earlier this year.

Risks

Frencken's main business segments are cyclical in nature. A spending slowdown in its key business segments, namely semiconductor, automotive and analytical machines may impact margins and new orders. However, its track record has shown revenue resilience which may be due to the well-diversified mix of its business.

Financials & Key Operating Statistics

YE Dec (S\$m)	2015	2016	2017F	2018F	2019F
Revenue	439.4	466.4	525.2	551.4	579.0
PATMI	9.2	15.9	33.4	27.1	29.4
Core PATMI	15.2	15.9	23.2	27.1	29.4
Core EPS	3.7	3.9	5.7	6.6	7.2
Core EPS grth (%)	25.3	3.9	45.7	16.8	8.6
Core P/E (x)	14.3	13.8	9.5	8.1	7.5
DPS (SGCents)	0.8	1.2	2.0	2.3	2.5
Div Yield (%)	1.4	2.2	3.7	4.3	4.7
Net Margin (%)	2.1	3.4	6.4	4.9	5.1
Gearing (%)	18.1	18.8	-1.0	-4.4	-8.8
Price / Book (x)	1.1	1.0	0.9	0.9	0.8
ROE (%)	4.5	7.4	13.9	10.5	10.6

Source: Company Data, KGI Research

STI Components and Key Metrics

Ticker	Company Name	Last Price (Lcl)	Market Cap (SGDm)	1 Day Change (%)	Total Return YTD (%)	Total Return 1 Week (%)	Div Yield FY16 (%)	Div Yield FY17 (%)
FINANCIALS								
DBS SP	DBS	23.61	60,386	(0.6%)	40.3%	(0.6%)	2.8%	3.1%
OCBC SP	OCBC	11.55	48,385	(1.2%)	33.8%	(1.8%)	3.2%	3.4%
UOB SP	UOB	24.88	41,373	(0.8%)	25.7%	(1.3%)	2.9%	3.1%
SGX SP	SGX	7.54	8,076	(0.8%)	9.3%	(2.5%)	4.0%	4.3%
PROPERTIES								
AREIT SP	Ascendas REIT	2.63	7,590	(0.8%)	23.2%	(1.1%)	6.1%	6.3%
CAPL SP	CapitaLand	3.53	14,992	(0.6%)	20.1%	(3.0%)	2.9%	3.0%
CCT SP	CapitaLand Comm Trust	1.83	6,603	0.0%	34.8%	1.1%	4.8%	4.8%
CT SP	CapitaLand Mall Trust	2.04	7,235	1.0%	14.4%	1.0%	5.4%	5.4%
CIT SP	City Development	11.83	10,757	(2.2%)	45.0%	(4.3%)	1.3%	1.3%
GLP SP	Global Logistic	3.33	15,642	0.3%	54.1%	0.0%	1.8%	2.0%
HKL SP	Hongkong Land USD	7.18	22,904	(1.0%)	16.5%	(2.7%)	2.8%	2.9%
UOL SP	UOL	8.60	7,237	(1.7%)	46.6%	(1.9%)	1.7%	1.7%
TELECOMMUNICATIONS								
ST SP	SingTel	3.69	60,255	(0.3%)	3.9%	(2.4%)	5.6%	4.9%
STH SP	StarHub	2.83	4,893	0.7%	7.1%	3.7%	5.7%	5.5%
CONSUMER SERVICES AND GOODS								
JCNC SP	Jardine C&C	39.00	15,414	(0.8%)	(3.2%)	(1.1%)	2.8%	3.0%
JM SP	Jardine Matheson USD	65.22	64,219	(2.8%)	20.8%	(4.1%)	2.4%	2.6%
GENS SP	Genting Singapore	1.33	15,994	0.0%	50.9%	2.3%	2.3%	2.3%
SPH SP	SPH	2.75	4,396	2.2%	(20.7%)	2.6%	5.0%	4.9%
THBEV SP	ThaiBev	0.95	23,855	0.0%	14.9%	(1.0%)	3.1%	3.2%
TRANSPORT								
SIA SP	Singapore Airlines	10.69	12,641	(0.9%)	11.7%	(0.6%)	2.5%	2.3%
CD SP	ComfortDelGro	2.09	4,521	0.5%	(11.8%)	4.5%	5.0%	5.1%
COMMODITIES								
GGR SP	Golden Agri	0.39	4,903	(1.3%)	(8.9%)	(1.3%)	1.8%	2.5%
WIL SP	Wilmar	3.22	20,367	0.9%	(8.4%)	(3.6%)	2.3%	2.8%
OFFSHORE & MARINE/INDUSTRIALS								
KEP SP	Keppel Corp	7.34	13,306	(3.3%)	30.7%	(3.0%)	2.9%	3.3%
SCI SP	Sembcorp Industries	3.07	5,478	(2.5%)	10.2%	(4.7%)	2.5%	3.2%
YZJSGD SP	Yangzijiang SGD	1.71	6,787	2.4%	116.8%	8.6%	2.8%	2.7%
SATS SP	SATS	4.96	5,551	(3.7%)	4.5%	4.4%	3.5%	3.7%
SIE SP	SIA Engineering	3.23	3,612	(0.6%)	0.5%	0.3%	4.1%	4.3%
STE SP	ST Engineering	3.30	10,283	(2.1%)	6.3%	(3.2%)	4.5%	4.7%
HPHT SP	HPH Trust USD	0.43	5,019	0.0%	5.9%	(1.2%)	6.2%	6.4%

Dividend Yield based on Bloomberg consensus. Total return includes dividends.
Source: Bloomberg

STI Reserve List (by market cap) - STI next review date: 30 November 2017

Ticker	Company Name	Last Price (Lcl)	Market Cap (SGDm)	1 Day Change (%)	Total Return YTD (%)	Total Return 1 Week (%)	Div Yield FY16 (%)	Div Yield FY17 (%)
SUN SP	Suntec REIT	1.96	5,199	0.5%	25.4%	0.3%	5.1%	5.0%
MCT SP	Mapletree Commercial	1.56	4,491	1.3%	18.5%	(1.0%)	5.7%	5.7%
VMS SP	Venture Corp	20.46	5,817	(3.7%)	115.3%	(3.5%)	3.0%	3.0%
SIE SP	SIA Engineering	3.23	3,612	(0.6%)	0.5%	0.3%	4.1%	4.3%
KREIT SP	Keppel REIT	1.19	4,003	0.0%	22.9%	0.8%	5.0%	5.0%

Dividend Yield based on Bloomberg consensus. Total return includes dividends.
Source: Bloomberg

Appendix 1: Corporate Action

Company	Results Ann Date	Period	DPS	Ex-Date	Book Close	Payable	Share Price 15 Nov 17	Yield (%)
Golden Energy and Resources	13-Nov-17	3Q17	SGD 0.00210	17-Nov-17	21-Nov-17	30-Nov-17	SGD 0.430	0.5
Datapulse Technology Ltd	21-Sep-17	FY17	SGD 0.0050	20-Nov-17	22-Nov-17	1-Dec-17	SGD 0.405	1.2
Golden Agri-Resources Ltd	14-Nov-17	3Q17	SGD 0.00693	20-Nov-17	22-Nov-17	29-Nov-17	SGD 0.385	1.8
Hi-P International Ltd	6-Nov-17	3Q17	SGD 0.0200	20-Nov-17	22-Nov-17	4-Dec-17	SGD 1.930	1.0
Japan Foods	7-Nov-17	1H18	SGD 0.0080	20-Nov-17	22-Nov-17	8-Dec-17	SGD 0.430	1.9
SATS	9-Nov-17	2Q18	SGD 0.0600	21-Nov-17	23-Nov-17	8-Dec-17	SGD 4.960	1.2
Singapore Airlines	7-Nov-17	2Q18	SGD 0.1000	21-Nov-17	23-Nov-17	5-Dec-17	SGD 10.690	0.9
Sunright Ltd	22-Sep-17	FY17	SGD 0.0030	21-Nov-17	23-Nov-17	8-Dec-17	SGD 0.775	0.4
Valuetronics Hldgs	9-Nov-17	2Q18	HKD 0.0700	21-Nov-17	23-Nov-17	5-Dec-17	SGD 1.000	1.2
AEM Holdings Ltd	2-Nov-17	3Q17	SGD 0.03000	22-Nov-17	24-Nov-17	8-Dec-17	SGD 3.340	0.9
Bund Center Investment Ltd	13-Nov-17	3Q17	SGD 0.02000	23-Nov-17	27-Nov-17	4-Dec-17	SGD 0.785	2.5
Sysma Holdings Ltd	20-Sep-17	FY17	SGD 0.0050	23-Nov-17	27-Nov-17	7-Dec-17	SGD 0.169	3.0
Civmec Ltd	22-Aug-17	FY17	SGD 0.0070	28-Nov-17	30-Nov-17	14-Dec-17	SGD 0.555	1.3
Old Chang Kee Ltd	13-Nov-17	1H18	SGD 0.0150	29-Nov-17	1-Dec-17	15-Dec-17	SGD 0.755	2.0

Latest Rights Issue Announcement

Company	Particulars	Ex-Date	Book Close	Rights Trading Period	
				From	To
CFM Hldgs	6 Rights Share @ S\$0.015 for each Rights Share for every 7 existing shares held	21-Nov-17	23-Nov-17		
CWX Global	1 Rts Share @ S\$0.009 for each Rights Share for every 1 existing ord share held, 1 free detachable and transferable warrants (exercise price S\$0.015) for every 4 Rights Shares subscribed	17-Nov-17	21-Nov-17		
Z-Obee Holdings	2 offer shares @ US\$0.16 (equivalent to approximately HK\$1.248) per offer share for every 5 consolidated shares held		27-Oct-17 at 5.00 p.m.	Delisting from SGX: 28-Nov-17	

Source: SGX Announcement

Latest Bonus & Listing Issue Announcement

Company	Particulars	Ex-Date	Book Close	Payable / Crediting Date	Listing Date
Oxley Holdings	1 Bonus share for every 10 existing ord share	17-Nov-17	21-Nov-17		

Source: SGX Announcement

Company	Offer Price	Closing Date	Offeror
GP Batteries International	SGD 1.30 Cash	5.30 p.m. on 17 Nov 2017	GP Industries Limited
Indiabulls Properties Investment Trust	SGD 0.90 Cash	5.30 p.m. on 22 Nov 2017	Brenformexa Ltd
New Wave Holdings Ltd.	S\$0.0130 Cash	5.30 p.m. on 30 Nov 2017	JK Global Assets Pte. Ltd.
Poh Tiong Choon Logistics	SGD 1.30 Cash	5.30 p.m. on 20 Nov 2017	Respond Logistics Pte. Ltd.

Source: SGX Announcement

Appendix 2: Financial Calendar

Monday	Tuesday	Wednesday	Thursday	Friday
<p>13-Nov</p> <p>Q1: Health Mgt Int'l Q2: Accordia Golf Trust / Foreland Fabrictech Hldgs Q3: Amara Hldgs / Asian Pay Television Trust / China Everbright Water / China Sunshine Chemical Hldgs / Sinarmas Land / Spore Reinsurance / Utd Engineers / Wilmar Int'l</p>	<p>14-Nov</p> <p>Q1: ASL Marine Hldgs Q2: RHT Health Trust / Serrano / Shanghai Turbo Enterprise / Spore Post / Tat Hong Hldgs Q3: Fuxing China Grp / Golden Agri-Resources / Hong Leong Asia / Straco Corp / TeleChoice Int'l</p>	<p>15-Nov</p> <p>Q1: EMS Energy Q3: Olam Int'l</p>	<p>16-Nov</p>	<p>17-Nov</p>
<p>20-Nov</p> <p>IPO: RE&S Hldgs (Catalist): Close @ 12.00 noon</p>	<p>21-Nov</p>	<p>22-Nov</p> <p>IPO: RE&S Hldgs (Catalist): Commence Trading @ 9.00 a.m.</p>	<p>23-Nov</p> <p>SG (Oct 2017): CPI *Q3: TPV Technology</p>	<p>24-Nov</p> <p>SG: 3Q17 GDP (Not later than 24 Nov)</p>
<p>27-Nov</p>	<p>28-Nov</p>	<p>29-Nov</p>	<p>30-Nov</p> <p>STI Review</p>	<p>1-Dec-17</p>
<p>4-Dec</p>	<p>5-Dec</p>	<p>6-Dec</p>	<p>7-Dec</p>	<p>8-Dec</p> <p>Q3: Cogent Hldgs</p>
<p>11-Dec</p>	<p>12-Dec</p>	<p>13-Dec</p>	<p>14-Dec</p>	<p>15-Dec</p>

* Tentative

Source: Bloomberg

Disclaimer This report is provided for information only and is not an offer or a solicitation to deal in securities or to enter into any legal relations, nor an advice or a recommendation with respect to such securities. This report is prepared for general circulation. It does not have regard to the specific investment objectives, financial situation and the particular needs of any recipient hereof. You should independently evaluate particular investments and consult an independent financial adviser before dealing in any securities mentioned in this report.

This report is confidential. This report may not be published, circulated, reproduced or distributed and/or redistributed in whole or in part by any recipient of this report to any other person without the prior written consent of KGI Securities. This report is not intended for distribution and/or redistribution, publication to or use by any person in any jurisdiction outside Singapore or any other jurisdiction as KGI Securities may determine in its absolute discretion, where the distribution, publication or use of this report would be contrary to applicable law or would subject KGI Securities and its connected persons (as defined in the Financial Advisers Act, Chapter 110 of Singapore) to any registration, licensing or other requirements within such jurisdiction.

The information or views in the report ("Information") has been obtained or derived from sources believed by KGI Securities to be reliable. However, KGI Securities makes no representation as to the accuracy or completeness of such sources or the Information and KGI Securities accepts no liability whatsoever for any loss or damage arising from the use of or reliance on the Information. KGI Securities and its connected persons may have issued other reports expressing views different from the Information and all views expressed in all reports of KGI Securities and its connected persons are subject to change without notice. KGI Securities reserves the right to act upon or use the Information at any time, including before its publication herein.

Except as otherwise indicated below, (1) KGI Securities, its connected persons and its officers, employees and representatives may, to the extent permitted by law, transact with, perform or provide broking, underwriting, corporate finance-related or other services for or solicit business from, the subject corporation(s) referred to in this report; (2) KGI Securities, its connected persons and its officers, employees and representatives may also, to the extent permitted by law, transact with, perform or provide broking or other services for or solicit business from, other persons in respect of dealings in the securities referred to in this report or other investments related thereto; and (3) the officers, employees and representatives of KGI Securities may also serve on the board of directors or in trustee positions with the subject corporation(s) referred to in this report. (All of the foregoing is hereafter referred to as the "Subject Business".)

However, as of the date of this report, neither KGI Securities nor its representative(s) who produced this report (each a "research analyst"), has any proprietary position or material interest in, and KGI Securities does not make any market in, the securities which are recommended in this report.

Each research analyst of KGI Securities who produced this report hereby certifies that (1) the views expressed in this report accurately reflect his/her personal views about all of the subject corporation(s) and securities in this report; (2) the report was produced independently by him/her; (3) he/she does not carry out, whether for himself/herself or on behalf of KGI Securities or any other person, any of the Subject Business involving any of the subject corporation(s) or securities referred to in this report; and (4) he/she has not received and will not receive any compensation that is directly or indirectly related or linked to the recommendations or views expressed in this report or to any sales, trading, dealing or corporate finance advisory services or transaction in respect of the securities in this report. However, the compensation received by each such research analyst is based upon various factors, including KGI Securities's total revenues, a portion of which are generated from KGI Securities's business of dealing in securities.

Copyright 2017. KGI Securities (Singapore) Pte. Ltd. All rights reserved.