

Market Indicators

	13-Sep	14-Sep	17-Sep
Mkt. T/O (S\$ mil)	1,074.5	916.1	700.8
Stock Advances	213	220	137
Stock Declines	183	154	252

Major Indices

	13-Sep	14-Sep	17-Sep
DJ Ind Avg	26,146.0	26,154.7	26,062.1
S & P 500	2,904.2	2,905.0	2,888.8
Nasdaq Comp	8,013.7	8,010.0	7,895.8
Hang Seng	27,014.5	27,286.4	26,932.9

STI Index 3,141.40 (-0.63%)

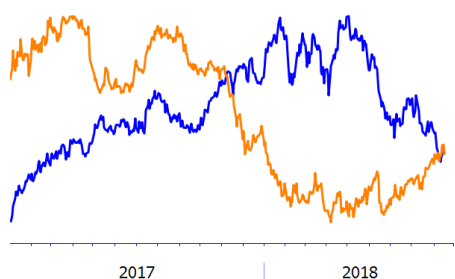


Source: Bloomberg

Commodities

	Current Price	% Chge from Close
Gold (SPOT) US\$ / oz	1,198.89	0.16%
Oil (NYMEX CWT1) US\$ / bbl	68.56	-1.20%
Baltic Dry Index	1366	-1.16%

Exchange Rates



Source: Bloomberg

Interest Rates

3-mth Sibor	1.638%
SGS (10 yr)	2.459%

KGI Market Ideas

Over the next twelve months, our strategy is to sell into strength and build up a defensive portfolio. Among names in this theme that we like are SingTel, ST Engineering, ComfortDelGro, Thai Beverage, REITS (Frasers Centrepoint Trust, Keppel DC REIT, Manulife US REIT, Mapletree Industrial Trust), Hospitals (Raffles Medical Group) and consumer staples (Sheng Siong). Under the utilities sector, we have Sembcorp Industries and Netlink NBN Trust in our defensive portfolio.

Thai Beverage: Since 2016, beer consumption in Thailand has been affected by the mourning period and excise tax but we expect beer consumption to rebound soon due to improvements in wage growth and the steep rise in the Thailand's consumer confidence index to a 3-year high in July 2018. We expect beer consumption to rebound in the coming quarter and efficient marketing strategies to continue capturing market share for the company. Based on these trends, we initiate a **BUY** with a SOTP derived target price of \$0.75.

Sheng Siong: We initiate coverage on Sheng Siong Group (SSG) with a **BUY** and DCF based TP of S\$1.24, implying a 2018F P/E of 25.1x. SSG is the third largest grocery and household products retailer locally with a 19% market share (by sales), offering a 2018F dividend yield of 3.1% supported by a cash generative business model. We believe SSG's investment proposition is twofold, as it provides stable cash returns and offers organic growth through margin expansion. We expect PATMI to grow steadily at 6.5/8.6/7.1% YoY for 2018/19/20F on the back of increased store count and further margin expansion. EPS CAGR (2017 – 2020F): 7.4%. Given its defensive business model and almost no foreign exposure, Sheng Siong's business is relatively sheltered from global economic uncertainty. Since its IPO listing in 2011, bottom line growth has continued to remain steady, driven by margin expansion from efficiency gains in the supply chain. The stock currently trades at a P/E of 23.6x, which we believe is undemanding and offers a good entry point given its resilience amid an uncertain economic environment.

Singtel: SingTel is currently trading at \$3.11 and continues to be part of our defensive portfolio component. Firm has a well-diversified portfolio with ~50% of pre-tax profits coming from regional associates. Dividend yields continue to look attractive at 5.8% and consensus expects earnings to rebound by FY20F, driven by potential earnings recovery of Bharti. Last month's merger of TPG Telecom and Vodafone Hutchison is also positive news for the company, as there will be lesser competition in Australia, which generates more than 50% of Singtel's revenue. For dividend investors, we continue to recommend a buy due to its attractive dividend yield.

REITs & Initiation Reports

- **REITs Watchlist** - Page 4
- **Sheng Siong Group (SSG SP; BUY; TP: S\$1.24):** A defensive story for the long haul - Page 7
- **Thai Beverage PCL (THBEV SP; BUY; TP: S\$0.75):** Unlocking Opportunities in Vietnam and Thailand - Page 8

KGI Securities Research Team

Recent In depth Regional Reports	
17/9	TH Total Access Communication (DTAC TB; Outperform; TP: Bt 56.00): Every dog has its day
14/9	SG Sheng Siong Group (SSG SP; BUY; TP: S\$ 1.24): A defensive story for the long haul
14/9	SG Thai Beverage PCL (THBEV SP; BUY; TP: S\$ 0.75): Unlocking Opportunities in Vietnam and Thailand
14/9	TW Mega FHC (2886 TT; Outperform; TP: NT\$29.50): Solid business in 1H18; NIM to continue to rise in 2H18F
14/9	HK Xtep (1368 HK; Neutral; TP: HK\$5.27): Growth on track; cautious on changing macro picture
14/9	TH PTT Exploration and Production (PTTEP TB; Outperform; TP: Bt 163.00): Returning to the throne
13/9	TW Vanguard (5347 TT; Neutral; TP: NT\$68.00): 3Q18F guidance revised down due to power outage
13/9	CN/HK Economy: Aggregate financing to resume growth amid relaxation of supply-side controls
13/9	TH Central Pattana (CPN TB; Outperform; TP: Bt 90.50): Brand new owner of the new CBD
13/9	TH Indorama Ventures (IVL TB; Outperform; TP: Bt 77.00): 3Q18 earnings preview: Core earnings still growing
12/9	TW Dadi (8437 TT; Outperform; TP: NT\$350.00): 3Q18F operating profit will grow 43% QoQ
12/9	TW Toung Loong Textile (4401 TT; Not Rated): 2H18F earnings momentum to be stronger than 1H18
12/9	TW TTFB Company (2729 TT; Not Rated): Faster new store adds in Taiwan & China to propel sales growth
12/9	TH Healthcare Sector (Neutral): Clear skies
11/9	TW Strategy: Rebound to follow panic selling
11/9	TW Win Semiconductors (3105 TT; Underperform; TP: NT\$130.00): ToF will not be business savior in 2019F
11/9	HK Best Pacific (2111 HK; Neutral; TP: HK\$2.60): The worst isn't over; overseas ramp-up the future driver
11/9	HK New Higher Education (2001 HK; Outperform; TP: HK\$6.20): Eye on long-term development; limited policy impact
11/9	HK Tang Palace (1181 HK; Outperform; TP: HK\$1.57): An attractive yield play
11/9	TH Commodities Update: Storm watch
11/9	TH Electronics Sector (Neutral): The last man pays
11/9	TH Carabao Group (CBG TB; Underperform; TP: Bt 45.00): Needs to stop the bleeding to boost value
11/9	TH Pylon (PYLON TB; Neutral; TP: Bt 6.90): After the storm comes the calm
11/9	TH Seafco (SEAFCO TB; Outperform; TP: Bt 10.30): Giant piling contractor with strong backlog
10/9	TW Financial Sector (Overweight): August FHC earnings down on lower investment income
10/9	TW Cement Sector: Price uptrend intact; upside to 3Q18F earnings
10/9	TW Tanvex (6541 TT; Outperform; TP: NT\$93.00): Maker of affordable biosimilar drugs
11/9	CN/HK Economy: CPI in uptrend; tax agency collecting insurance premiums to deepen stagnation
10/9	TH Contractor Sector (Overweight): Waiting in the wings
10/9	TH CH. Karnchang (CK TB; Outperform; TP: Bt 30.00): Ready for bidding
10/9	TH Sino-Thai Engineering & Construction (STEC TB; Outperform; Bt 26.70): Pure contractor play with sustainable backlog
7/9	TW Petrochemicals Sector (Overweight): Engage leading & marginal firms with capacity ramp ups
7/9	TW FENC (1402 TT; Outperform; TP: NT\$41.00): Industry chain integration efforts paying off
7/9	TW Formosa Plastics (1301 TT; Outperform; TP: NT\$128.00): Organic growth & earnings upward revision ahead
7/9	TW Nan Ya Plastics (1303 TT; Outperform; TP: NT\$100.00): Huge earnings upside
7/9	TW TPCC (4725 TT; Outperform; TP: NT\$43.00): Huge benefit from resumption of production
7/9	TW Zhen Ding (4958 TT; Outperform; TP: NT\$92.00): 3D sensing applications take off; valuation attractive
7/9	CN/HK Stock Liquidity Monitor: Weekly data – Stock incentive & employee shareholding plans
7/9	TH Intouch Holdings (INTUCH TB; Outperform; TP: Bt 73.75): High upside with high yield
7/9	TH Thaicom (THCOM TB; Underperform; TP: Bt 9.90): Short term improvement, but uncertainty ahead
6/9	TW Strategy: Buy tech on dips; sell non-tech into strength
6/9	TW Lealea (1444 TT; Outperform; TP: NT\$14.30): Strong 3Q18F core earnings momentum
6/9	TW PharmaEssentia (6446 TT; Outperform; TP: NT\$248.00): EMA to decide on Ropeg approval by end-2018F
6/9	TW TaiMed Biologics (4147 TT; Outperform; TP: NT\$312.00): A new round of challenges
6/9	HK Anacle (8353 HK; Outperform; TP: HK\$1.150): Reaping big rewards from FY19F
6/9	TH ICT Sector (Mobile) (Neutral): Short term negative sentiment flows in

For full reports, please contact Research Department at 6202 1190 or sgp.researchcom@kgi.com

Recent In depth Regional Reports

6/9	TH Banpu Power (BPP TB; Outperform; TP: Bt 30.00): New investment platform in Vietnam
5/9	TW LandMark (3081 TT; Neutral; TP: NT\$239.00): Near-term downward revision cycle nearing end
5/9	HK China Lilang (1234 HK; Outperform; TP: HK\$14.20): Spring/Summer 2019 order results & July-August SSSG in line
5/9	TH Hana Microelectronics PCL (HANA TB; Outperform; TP: Bt 45.00): Rally leg is here
5/9	TH Ladprao General Hospital (LPH TB; Neutral; TP: Bt 7.36): No pain, no gain
4/9	SG REITs Watchlist
4/9	GLOBAL Thai Roadshow Q&A: We have revised our view on Sino-US trade war
4/9	TW P-Duke (8109 TT; Not Rated): A niche power supply play with decent profitability
4/9	HK Minsheng Education (1569 HK; Outperform; TP: HK\$2.15): Interim results beat; new contributions from 2H18F
4/9	TH Commodities Update: Decline in Iran's crude exports
4/9	TH Construction Materials Sector (Neutral): It's getting better
3/9	TW Samebest (8489 TT; Not Rated): Online & offline 1H18 margins improved
3/9	CN/HK A-share Weekly: Market seeking bottom amid wait-and-see sentiment

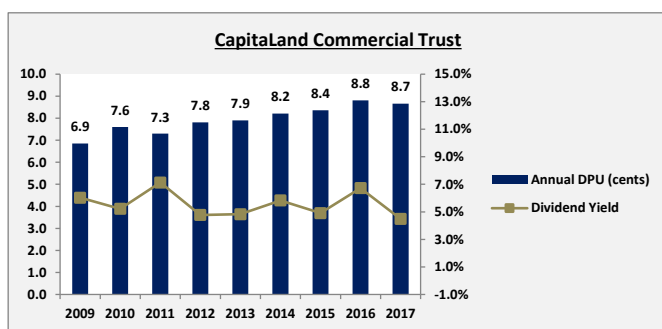
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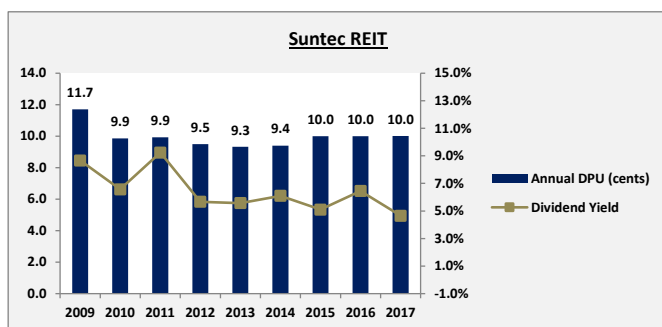
REITs Watchlist

We updated our list of S-REITs. These S-REITs offer stable dividends, decent yields (5.1% to 6.6%) and are backed by strong sponsors. All have investment-grade ratings from rating agencies except for SPH REIT (SPHREIT SP) and Keppel DC REIT (KDCREIT SP).

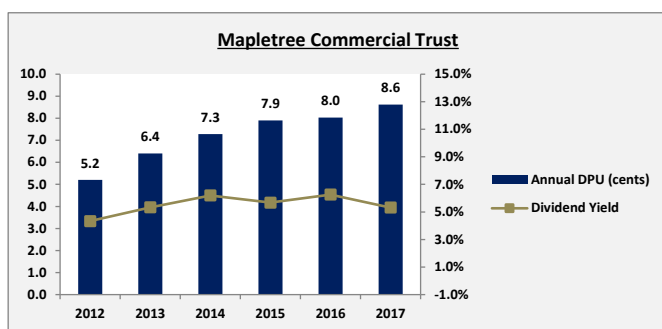
Office: CapitaLand Commercial Trust
Office & Retail: Suntec REIT, Mapletree Commercial Trust
Retail: SPH REIT, Frasers Centrepoint Trust
Industrial: Ascendas REIT, Mapletree Industrial Trust
Logistics: Mapletree Logistics Trust
Data Centre: Keppel DC REIT



Source: Company, KGI Research



Source: Company, KGI Research



Source: Company, KGI Research

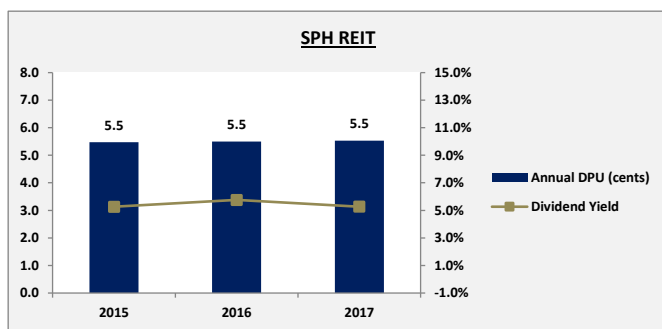
CapitaLand Commercial Trust			
Gearing	37.9%	Mkt Cap (\$\$bn)	6.6
WALE (years)	6.0	Avg Daily Traded (3M) Val (\$\$mn)	19.7
Occupancy	97.8%	Issued shares (bn)	3.7
Credit rating (S&P)	BBB+	Free float	70%
Distribution frequency	Semi-Annual	Forward dividend yield	
Major shareholders		Forward dividend yield	
CapitaLand	30%	FY18	5.1%
BlackRock	7%	FY19	5.1%
Schroders	3%	FY20	5.1%

Suntec REIT			
Gearing	37.9%	Mkt Cap (\$\$bn)	5.0
WALE (years)	3.7	Avg Daily Traded (3M) Val (\$\$mn)	15.5
Occupancy	99.0%	Issued shares (bn)	2.7
Credit rating (Moody's)	Baa3	Free float	80%
Distribution frequency	Quarterly	Forward dividend yield	
Major shareholders		Forward dividend yield	
Raffles Investments	10%	FY18	5.4%
Gordon Tang	10%	FY19	5.4%
ARA RE Investment	7%	FY20	5.4%

Mapletree Commercial Trust			
Gearing	34.7%	Mkt Cap (\$\$bn)	4.7
WALE (years)	2.6	Avg Daily Traded (3M) Val (\$\$mn)	8.7
Occupancy	96.4%	Issued shares (bn)	2.9
Credit rating (Moody's)	Baa1	Free float	66%
Distribution frequency	Quarterly	Forward dividend yield	
Major shareholders		Forward dividend yield	
Temasek Holdings	34%	FY18	5.6%
Schroders	9%	FY19	5.8%
AIA Group	5%	FY20	5.9%

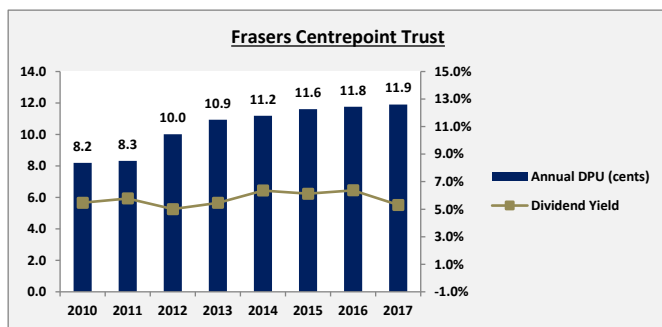
KGI Research
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See the last page for important disclosures.



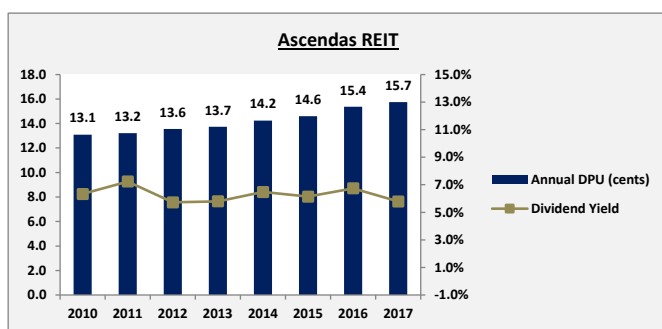
Source: Company, KGI Research

SPH REIT			
Gearing	25.4%	Mkt Cap (\$\$bn)	2.6
WALE (years)	1.9	Avg Daily Traded (3M) Val (\$\$mn)	0.8
Occupancy	99.6%	Issued shares (bn)	2.6
Credit rating	-	Free float	25%
Distribution frequency	Quarterly	Forward dividend yield	
Major shareholders		Forward dividend yield	
SPH	68%	FY18	5.6%
NTUC	5%	FY19	5.8%
SPH REIT Management	2%	FY20	5.8%



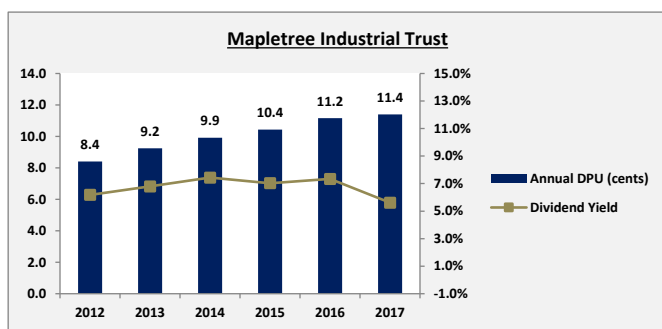
Source: Company, KGI Research

Frasers Centrepoint Trust			
Gearing	29.3%	Mkt Cap (\$\$bn)	2.1
WALE (years)	2.0	Avg Daily Traded (3M) Val (\$\$mn)	2.3
Occupancy	94.0%	Issued shares (bn)	0.9
Credit rating (S&P)	BBB+	Free float	58%
Distribution frequency	Quarterly	Forward dividend yield	
Major shareholders		Forward dividend yield	
TCC Assets	42%	FY18	5.3%
Schroders	6%	FY19	5.6%
Sumitomo Mitsui Financial	3%	FY20	5.7%



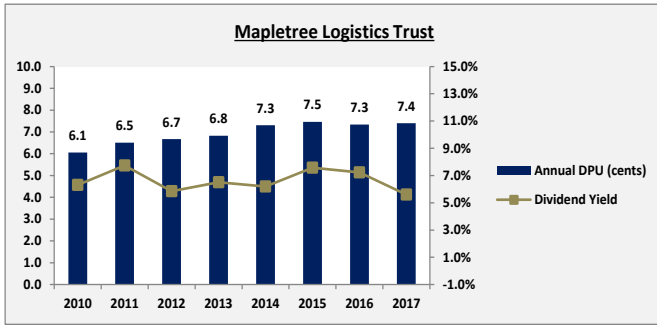
Source: Company, KGI Research

Ascendas REIT			
Gearing	35.7%	Mkt Cap (\$\$bn)	8.0
WALE (years)	4.1	Avg Daily Traded (3M) Val (\$\$mn)	21.1
Occupancy	90.5%	Issued shares (bn)	2.9
Credit rating (Moody's)	A3	Free float	80%
Distribution frequency	Semi-Annual	Forward dividend yield	
Major shareholders		Forward dividend yield	
Ascendas Pte Ltd	20%	FY18	6.1%
BlackRock	7%	FY19	6.3%
Mondrian Investment	6%	FY20	6.4%



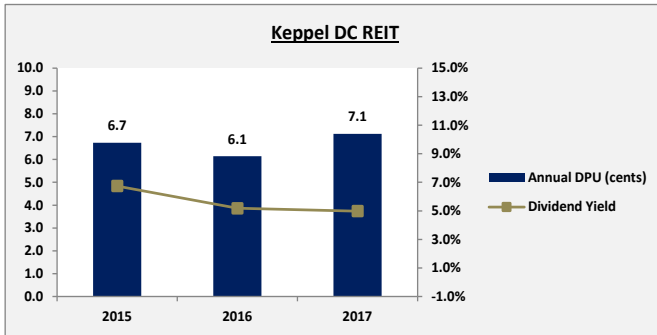
Source: Company, KGI Research

Mapletree Industrial Trust			
Gearing	35.0%	Mkt Cap (\$\$bn)	3.7
WALE (years)	3.7	Avg Daily Traded (3M) Val (\$\$mn)	6.2
Occupancy	88.3%	Issued shares (bn)	1.9
Credit rating (S&P)	BBB+	Free float	68%
Distribution frequency	Quarterly	Forward dividend yield	
Major shareholders		Forward dividend yield	
Temasek Holdings	31%	FY18	6.2%
Schroders	7%	FY19	6.5%
AIA Group	5%	FY20	6.6%



Source: Company, KGI Research

Mapletree Logistics Trust			
Gearing	36.4%	Mkt Cap (\$\$bn)	4.1
WALE (years)	3.3	Avg Daily Traded (3M) Val (\$\$mn)	8.6
Occupancy	95.7%	Issued shares (bn)	3.3
Credit rating (Moody's)	Baa2	Free float	66%
Distribution frequency	Semi-Annual	Forward dividend yield	
Major shareholders		FY18	6.2%
Temasek Holdings	34%	FY19	6.3%
Vanguard Group	2%	FY20	6.5%
Blackrock	1%		



Source: Company, KGI Research

Keppel DC REIT			
Gearing	31.7%	Mkt Cap (\$\$bn)	1.8
WALE (years)	8.8	Avg Daily Traded (3M) Val (\$\$mn)	4.9
Occupancy	92.0%	Issued shares (bn)	1.4
Credit rating	-	Free float	71%
Distribution frequency	Semi-Annual	Forward dividend yield	
Major shareholders		FY18	5.7%
Keppel Corp	25%	FY19	5.9%
Sumitomo Mitsui Financial	5%	FY20	6.3%
Vanguard Group	2%		



Sheng Siong Group Ltd

(SSG SP/SHEN.SI)

A defensive story for the long haul

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- We initiate coverage on Sheng Siong Group Ltd (SSG) with a **BUY** and DCF based TP of S\$1.24, implying a 2018F P/E of 25.1x. SSG is the third largest grocery and household products retailer locally with a 19% market share (by sales), offering a 2018F dividend yield of 3.1% supported by a cash generative business model.
- We believe SSG's investment proposition is twofold, as it provides stable cash returns and offers organic growth through margin expansion. We expect PATMI to grow steadily at 6.5/8.6/7.1% YoY for 2018/19/20F on the back of increased store count and further margin expansion. EPS CAGR (2017 – 2020F): 7.4%.

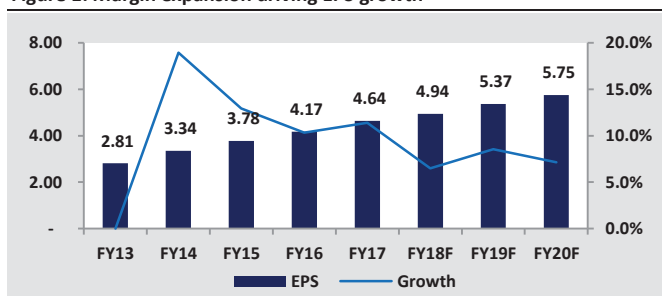
Financials & Key Operating Statistics					
YE Dec SGD mn	2016	2017	2018F	2019F	2020F
Revenue	796.7	829.9	878.7	935.2	983.9
Operating income	75.6	81.9	87.2	94.6	101.5
Net income	62.7	69.5	74.1	80.4	86.2
EPS (SG cents)	10.3	11.4	6.5	8.6	7.1
DPS (SG cents)	7.1	(12.0)	4.8	8.6	7.1
Div Yield (%)	4.0	3.6	3.1	3.4	3.6
NAV (SG cents)	16.8	18.0	19.5	18.4	19.0
Price / Book (x)	5.6	5.1	5.7	6.0	5.8
Gross Margin (%)	25.7	26.2	26.5	26.7	26.9
Net Margin (%)	7.9	8.4	8.5	8.6	8.8
ROE (%)	25.2	26.7	26.4	28.4	30.7
Net Debt/Equity		Net cash	Net cash	Net cash	Net cash

Source: Company Data, KGI Research

Defensive business model. We believe that SSG's defensive business model remains attractive for investors seeking respite from global financial market gyrations, as it is relatively sheltered from heightened global economic volatility. SSG, in our view, is one of the most appealing contenders in the local consumer staple landscape, offering stable cashflows with little to no impact from shocks in the economy.

Growth in earnings to be driven by modest margin expansion and new store openings. Gross margins have increased by 4.1ppts since its IPO listing in 2011, from 22.1% to 26.2% as of 2017, and has been a result of a shift in sales mix toward a higher proportion of fresh produce. In our view, margin expansion has not plateaued yet, and will continue modestly alongside steady increase in store count.

Figure 1: Margin expansion driving EPS growth



Source: Company Data, KGI Research

Buy (Initiation)			
Price as of 14 Sep 18 (SGD)	1.11	Performance (Absolute)	
12M TP (\$)	1.24	1 Month (%)	5.7
Previous TP (\$)	-	3 Month (%)	12.6
Upside, incl div (%)	14.9	12 Month (%)	24.4
Trading data		Perf. vs STI Index (Red)	
Mkt Cap (\$mn)	1,684		
Issued Shares (mn)	1,504		
Vol - 3M Daily avg (mn)	2.7		
Val - 3M Daily avg (\$mn)	2.9		
Free Float (%)	42.6%		
Major Shareholders		Previous Recommendations	
S & S Holdings Inc	29.9%	-	-
Lim Hock Chee	9.3%	-	-
Lim Hock Leng	9.1%	-	-

Attempts to replicate successes in China still remains to be seen with limited downside risk. As at 2Q18, China accounts for 0.8% of total revenue. Given the size of its contribution to revenue, we believe that the Chinese operations should not have a significant impact on EPS in the near term. However, if it were to scale faster than expected, EPS should see a meaningful bump in the medium term.

Forecasts. We expect 2018/19/20F earnings growth of 6.5/8.6/7.1% YoY. Our key assumptions are: (1) SSG's margin expansion driven by higher proportion of fresh produce (2) store count to reach 57 (excl. China) by 2020F and (3) a modest increase in market share over the long term. Top line growth is expected to remain fairly stable with growth coming from increased store count.

Key development to watch. SSG has submitted the highest bids for two new shops in Bukit Batok and Woodlands (6,880 sq ft and 10,730 sq ft, respectively), and is pending HDB's acceptance and grant of leases.

Valuation & Action: We initiate coverage on SSG with a **BUY** and DCF based TP of S\$1.24, which is an implied 2018F P/E of 25.1x.

Risks: Growth in top line is largely driven by its store count. New store openings are subject to a tender process. Number of supermarket locations up for tender may also be limited. Aggressive competition amongst the other major supermarket players in Singapore may offset any growth in margins from a shift in sales mix. Termination of leases and any outbreak of diseases associated with fresh produce.

CHINA
DEVELOPMENT
FINANCIAL

Thai Beverage

(THBEV SP/Y92.SI)

Unlocking Opportunities in Vietnam and Thailand

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- We initiate with a **BUY** based on a SOTP-derived TP of S\$0.75.
- Rebound in alcohol consumption in Thailand
- Market share expansion in Thailand and Vietnam
- Shrewd M&As in Vietnam to become future growth drivers

Financials & Key Operating Statistics

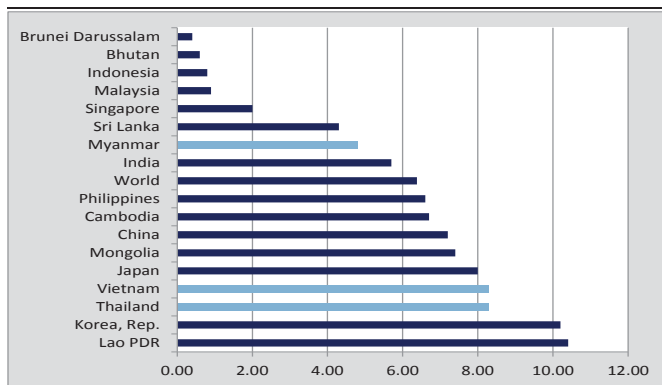
YE Jun THB (mn)	2016A	2017A	2018F	2019F	2020F
Revenue	191,204.7	190,697.1	229,173.7	235,554.1	242,493.0
Operating Profit/Loss	25,740.9	27,524.5	26,955.4	29,357.3	32,050.4
Net income	25,032.0	34,680.8	23,144.8	24,475.1	26,627.5
EPS	0.99	1.04	0.82	1.04	1.12
EPS growth (%)	-	4.3%	-20.5%	26.1%	8.3%
P/E (x)	21.2	21.6	21.5	17.1	15.8
P/B (x)	4.4	4.4	3.4	3.2	3.0
Dividend Per Share	0.60	0.67	0.54	0.67	0.75
Dividend Yield (%)	2.9	3.0	3.0	3.8	4.2
Dividend Payout Ratio (%)	60.4	64.7	65.6	64.5	66.7
Net Debt/Equity (x)	0.30	0.19	1.35	1.22	1.12
Net Margin (%)	13.17	18.25	10.13	10.42	11.01
ROE (%)	21.2	27.1	17.8	17.9	18.3

Source: Company Data, KGI Research

Beer consumption remains weak but should recover in the coming quarters, alongside a rebound in wages and consumer confidence. Since 2016, beer consumption in Thailand has been affected by the mourning period and excise tax but we expect beer consumption to rebound soon due to improvements in wage growth and the steep rise in the Thailand's consumer confidence index to a 3 year high in July 2018.

Market expansion expected to continue in Thailand, alongside strong growth in the Vietnamese beer market. ThaiBev is well positioned given that its key markets are ranked among the top alcohol consuming countries in Asia. Based on data from the World Bank, Thailand and Vietnam ranks among the top alcohol consumers in Asia, with average alcohol consumption at 8.3 litres per capita, 30% higher than the world average of 6.4 litres per capita.

Figure 1: Asia Alcohol Consumption Per Capita (2016)



Source: World Bank, KGI Research

BUY (Initiation)		Performance (Absolute)	
Price as of 14 Sep 18 (SGD)	0.64	1 Month (%)	-8.6
12M TP (\$)	0.75	3 Month (%)	-20.5
Previous TP (\$)	-	12 Month (%)	-27.9
Upside (%)	17.5		
Trading data		Perf. vs STI INDEX (Red)	
Mkt Cap (\$mn)	16,071		
Issued Shares (mn)	25,111		
Vol - 3M Daily avg (mn)	24.7		
Val - 3M Daily avg (\$mn)	17.3		
Free Float (%)	32.2%		
Major Shareholders		Previous Recommendations	
Sirwana Co Ltd	45.3%	-	-
Maxtop Management Corp	20.6%	-	-

With the acquisition of Sabeco, ThaiBev now commands ~40% of the beer market in both Thailand and Vietnam, as well as 26% of the ASEAN beer market. In our view, the merger will create economies of scale between the 2 companies, which will lead to stronger revenue growth, margins expansion and an increase in its market share in both Thailand and Vietnam. According to our estimates, these trends will lead to a 20.5% CAGR in beer revenues over the next 3 years.

Shrewd acquisitions to drive next stage of growth. Looking at ThaiBev's recent acquisitions, we believe the company has made shrewd buys that will help reduce earnings volatility and become growth drivers in the years to come. However, we do not expect these acquisitions to have significant impact on the company's profits in the near term from FY18 to FY20 and we have not included the impact of potential business synergies into our forecasts.

Forecasts. Accounting for weak recovery in alcohol consumption till date, we expect a 20.5% decline in earnings for FY18 before a 26.1%/8.3% growth in FY19/FY20, driven by a recovery in domestic alcohol consumption and an expanding market share in Thailand and Vietnam.

Valuation & Action: We initiate with a BUY with a SOTP-derived TP of S\$0.75 and apply an EV/EBITDA valuation for spirits, beer and its food business.

Risks: Persistent lacklustre demand in the domestic alcohol market, decline in market share in its key markets (Vietnam & Thailand), surge in raw material prices.

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 FY18 (%)	Div Yield FY19 (%)
FINANCIALS								
DBS SP	DBS	24.79	63,334	(0.2%)	5.9%	1.9%	4.8%	5.0%
OCBC SP	OCBC	11.05	46,297	(1.1%)	(7.9%)	0.5%	3.9%	4.1%
UOB SP	UOB	25.97	43,304	(1.3%)	2.2%	(0.1%)	4.6%	4.8%
SGX SP	SGX	7.27	7,784	(0.7%)	(1.0%)	(0.4%)	4.3%	4.4%
PROPERTIES								
AREIT SP	Ascendas REIT	2.60	7,619	0.8%	1.2%	1.7%	6.3%	6.5%
CAPL SP	CapitaLand	3.28	13,654	(0.9%)	(4.0%)	(0.3%)	3.7%	3.8%
CCT SP	CapitaLand Comm Trust	1.76	6,589	(0.6%)	(4.5%)	0.6%	5.1%	5.1%
CT SP	CapitaLand Mall Trust	2.14	7,595	0.5%	4.6%	2.4%	5.2%	5.3%
CIT SP	City Development	8.80	7,990	(0.2%)	(28.3%)	2.4%	2.0%	2.0%
HKL SP	Hongkong Land USD	6.82	22,046	(0.6%)	(0.3%)	1.3%	3.1%	3.2%
UOL SP	UOL	6.88	5,797	(0.1%)	(20.9%)	2.8%	2.5%	2.5%
TELECOMMUNICATIONS								
ST SP	SingTel	3.11	50,784	(1.3%)	(10.0%)	0.3%	5.8%	5.8%
STH SP	StarHub	1.66	2,873	0.6%	(38.2%)	1.2%	9.6%	7.4%
CONSUMER SERVICES AND GOODS								
JCNC SP	Jardine C&C	30.78	12,165	(1.7%)	(21.7%)	(1.2%)	3.9%	4.1%
JM SP	Jardine Matheson USD	60.50	61,206	(0.5%)	2.2%	0.0%	2.8%	2.9%
JS SP	Jardine Strategic Holding	35.17	53,531	(0.5%)	(10.4%)	0.4%	1.0%	1.0%
GENS SP	Genting Singapore	1.02	12,286	(1.9%)	(19.7%)	(1.0%)	3.4%	3.5%
SPH SP	SPH	2.76	4,411	0.7%	6.4%	(1.1%)	5.3%	5.2%
THBEV SP	ThaiBev	0.65	16,322	2.4%	(27.2%)	3.2%	3.1%	3.4%
VMS SP	Venture Corp	16.51	4,756	(0.2%)	(16.0%)	(1.9%)	4.2%	4.1%
TRANSPORT								
SIA SP	Singapore Airlines	9.57	11,328	(0.4%)	(7.6%)	(0.6%)	4.1%	4.1%
CD SP	ComfortDelGro	2.33	5,044	0.4%	23.2%	4.5%	4.5%	4.9%
COMMODITIES								
GGR SP	Golden Agri	0.25	3,120	0.0%	(33.6%)	(2.0%)	2.8%	3.4%
WIL SP	Wilmar	3.14	19,866	(1.3%)	5.0%	(0.3%)	3.5%	3.5%
OFFSHORE & MARINE/INDUSTRIALS								
KEP SP	Keppel Corp	6.46	11,708	(1.4%)	(8.6%)	1.6%	4.3%	4.2%
SCI SP	Sembcorp Industries	2.86	5,109	(1.0%)	(4.3%)	1.1%	1.9%	2.7%
YZJSGD SP	Yangzijiang SGD	1.09	4,301	(2.7%)	(22.7%)	0.9%	3.9%	3.9%
SATS SP	SATS	4.93	5,506	(1.6%)	(3.0%)	(1.8%)	3.8%	4.0%
STE SP	ST Engineering	3.50	10,918	(0.8%)	12.1%	6.4%	4.4%	4.5%
HPHT SP	HPH Trust USD	0.24	2,872	0.0%	(37.2%)	0.0%	9.8%	9.7%

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

Source: Bloomberg

STI Reserve List (by market cap) - STI next review date: March 2018

Ticker	Company Name	Last Price (Lcl)	Market Cap (SGDm)	1 Day Change (%)	Total Return YTD (%)	Total Return 1 Week (%)	Div Yield FY18 (%)	Div Yield FY19 (%)
SUN SP	Suntec REIT	1.86	4,962	0.0%	(10.1%)	2.2%	5.4%	5.4%
MCT SP	Mapletree Commercial	1.64	4,735	0.0%	5.5%	2.5%	5.5%	5.6%
KREIT SP	Keppel REIT	1.18	4,021	0.0%	(3.0%)	0.0%	5.0%	5.0%
SMM SP	Semcorp Marine	1.78	3,718	(2.2%)	(2.8%)	0.6%	0.9%	1.0%

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 17 Sep 18	Yield (%)
Riverstone Hldgs	7-Aug-18	2Q18	RM 0.0130	18-Sep-18	20-Sep-18	5-Oct-18	SGD 1.170	
Asian Pay Television Trust	6-Aug-18	1Q18	SGD 0.01625	19-Sep-18	21-Sep-18	28-Sep-18	SGD 0.355	4.6
Shangri-La Asia	23-Aug-18	1H18	HKD 0.0800	24-Sep-18	26-Sep-18	5-Oct-18	HKD 11.280	0.7
Ellipsiz	20-Aug-18	FY18	SGD 0.020000	25-Sep-18	29-Sep-18	20-Nov-18	SGD 0.475	4.2
Ellipsiz - Special	20-Aug-18	FY18	SGD 0.010000	25-Sep-18	29-Sep-18	20-Nov-18	SGD 0.475	2.1
Singapore Exchange	27-Jul-18	FY18	SGD 0.0500	26-Sep-18	28-Sep-18	5-Oct-18	SGD 7.270	0.7
Singapore Exchange - Variable	27-Jul-18	FY18	SGD 0.1000	26-Sep-18	28-Sep-18	5-Oct-18	SGD 7.270	1.4
Lian Beng Group Ltd	26-Jul-18	FY18	SGD 0.01250	3-Oct-18	5-Oct-18	15-Oct-18	SGD 0.505	2.5
HC Surgical Specialists Ltd	19-Jul-18	FY18	SGD 0.01000	4-Oct-18	8-Oct-18	18-Oct-18	SGD 0.660	1.5
UMS Holdings	14-Aug-18	2Q18	SGD 0.0100	9-Oct-18	11-Oct-18	26-Oct-18	SGD 0.700	1.4

Latest Listing Issue Announcement

Company	Offer Price	Closing Date	Offeror
Vard Hldgs	SGD 0.25 Cash	5.30 p.m. on 19 Sep 2018	Fincantieri Oil & Gas S.p.A.
Wheelock Properties	SGD 2.10 Cash	5.30 p.m. on 21 Sep 2018	Star Attraction Ltd

Source: SGX Announcement

Appendix 2: Financial Calendar

Monday	Tuesday	Wednesday	Thursday	Friday
17-Sep	18-Sep	19-Sep	20-Sep	21-Sep
24-Sep	25-Sep	26-Sep	27-Sep	28-Sep *Q4: China Environmental Resources
1-Oct-18	2-Oct	3-Oct	4-Oct	5-Oct
8-Oct	9-Oct	10-Oct	11-Oct *Q4: Spore Press Hldgs	12-Oct
15-Oct	16-Oct	17-Oct *Q3: First REIT	18-Oct	19-Oct *Q1: Spore Exchange

* Tentative

Source: Bloomberg

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