

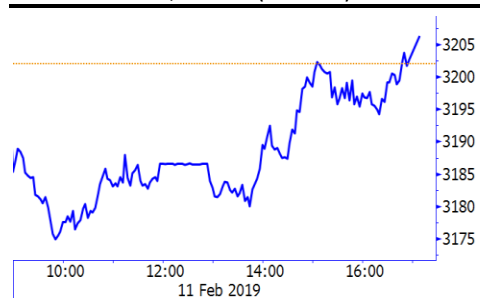
## Market Indicators

	7-Feb	8-Feb	11-Feb
Mkt. T/O (S\$ mil)	899.3	951.9	1,047.3
Stock Advances	205	150	191
Stock Declines	137	221	192

## Major Indices

	7-Feb	8-Feb	11-Feb
DJ Ind Avg	25,169.5	25,106.3	25,053.1
S & P 500	2,706.1	2,707.9	2,709.8
Nasdaq Comp	7,288.4	7,298.2	7,308.0
Hang Seng	Close	27,946.3	28,143.8

**STI Index** 3,206.27 (+0.13%)

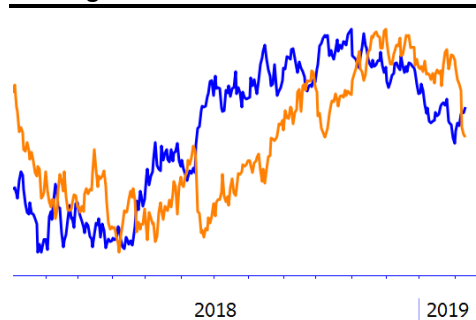


Source: Bloomberg

## Commodities

	Current Price	% Chge from Close
Gold (SPOT) US\$ / oz	1,307.74	0.25%
Oil (NYMEX CWT1) US\$ / bbl	52.34	0.04%
Baltic Dry Index	601	-1.48%

## Exchange Rates



Source: Bloomberg

## Interest Rates

3-mth Sibor	1.891%
SGS (10 yr)	2.137%

KGI Securities Research Team

## KGI Market Ideas

**Earnings season continues and companies we will be watching this week include Accordia Golf Trust (Wed), ComfortDelGro (Wed), Thai Bev (Thurs), SingTel (Thurs), SATS (Thurs) and StarHub (Thurs). Next week will be highly anticipated as Finance Minister Heng Swee Keat delivers the Singapore Budget 2019 statement at 3:30pm on Monday, 18 February, following the results of DBS before market opens.**

**China Aviation Oil (CAO SP):** SGX-listed companies with significant revenue contribution from China have been clear outperformers YTD vs the STI index's 4% YTD gains. Among the top gainers are Citic Envirotech (+38% MoM), Best World (+24% MoM), Sunpower (+23% MoM), China Everbright (+14% MoM), Yangzijiang (+12% MoM) and China Aviation (+5% MoM). As a short-term tactical trade, China Aviation's undemanding valuations (cheapest P/E among our China companies watchlist), 3.7% dividend yield and underperformance compared to the other companies offer an attractive risk-reward opportunity. China's policy stimulus to boost domestic demand and stabilise GDP growth would likely provide a tailwind to China Aviation's business, which mainly depends on the growth of air travel in China. China Aviation is due to report its 2018 full-year earnings on Thursday, 28 February.

**JB Foods (JBF SP):** JBF is a top 10 cocoa processing company globally, with a production capacity of 145,000mt. The group is riding on positive tailwinds from low cocoa prices and strong demand from customers like Mars, Mondelez and Nestlé. JBF is only trading at 5x T12M P/E, which we believe undervalues the company when compared to peers who are trading between 10-20x P/E. JBF is due to report its FY2018 results on 28 February.

**Capitaland Retail China Trust (CRCT SP):** CRCT owns 11 shopping malls across 8 regions in China. At the current price of S\$1.42, dividend yield looks attractive at 7.2%. We expect CRCT to follow suit with other S-REITs holding largely foreign assets, which have led the share price rally YTD. Fundamentally, positive asset recycling efforts in Hohhot (Inner Mongolia, China) and government policies emphasizing domestic consumption should start to be realised in the short to mid-term period. Overall occupancy stood at 97.5% in spite of three underperforming malls. Rental yields of these malls are coming in below market rate now, and we expect this to revert with continued stabilisation efforts. CRCT's rental reversion was a positive 10.9% YoY, with an occupancy rate of 97.5% and weighted lease expiry of 2.9 years.

## KGI REITs Watchlist, Credit Note, Results Update & Company Update

- **KGI REITs Watchlist** - Page 4
- **ABNANV 4.75% 04/01/26 (ABNANV):** Intermediate-Term Carry - Page 10
- **BPCE 4.5% 06/03/26 (BPCEGP):** Intermediate-Term Carry - Page 11
- **Japan Foods Holding (JFOOD SP; HOLD; TP: S\$0.570):** Stable business under a challenging environment; interesting JV overseas - Page 12
- **JB Foods (JBF SP; Not Rated):** Anything is good if it's made of chocolate - Page 13

**Recent In depth Regional Reports**

11/2	<b>SG</b> JB Foods (JBF SP; Not Rated): Anything is good if it's made of chocolate
11/2	<b>TH</b> Property Sector: Bring balance back to the force
11/2	<b>TH</b> Ananda Development (ANAN TB; Outperform; TP: Bt 5.80): Pursuing stability
11/2	<b>TH</b> AP (Thailand) (AP TB; Outperform; TP: Bt 8.50): Tepid growth, but at deep discount
11/2	<b>TH</b> Intouch Holdings (INTUCH TB; Neutral; TP: Bt 59.00): 4Q18 earnings review: Pressured by THCOM
11/2	<b>TH</b> L.P.N. Development (LPN TB; Outperform; TP: Bt 8.60): Every dog has its day
11/2	<b>TH</b> Land and Houses (LH TB; Outperform; TP: Bt 12.40): More divestment gain in 2019
11/2	<b>TH</b> Pruksa Holding (PSH TB; Outperform; TP: Bt 23.10): Gem emerged from depressed market
11/2	<b>TH</b> Quality Houses (QH TB; Outperform; TP: Bt 3.50): All eyes on relaunch
11/2	<b>TH</b> Sansiri (SIRI TB; Outperform; TP: Bt 1.85): Breath of new life
11/2	<b>TH</b> Supalai (SPALI TB; Outperform; TP: Bt 22.50): All fears in the price
11/2	<b>TH</b> Thaicom (THCOM TB; Underperform; TP: Bt 7.40): 4Q18 earnings review: Pressured by extra item
8/2	<b>SG</b> ABNANV (ABNANV) 4.75% 04/01/26: AIntermediate-Term Carry
8/2	<b>TH</b> Advanced Info Service (ADVANC TB; Outperform; TP: Bt 208.00): 4Q18 earnings review: In line
8/2	<b>TH</b> Bangkok Bank (BBL TB; Outperform; TP: Bt 220.00): A resilience play
8/2	<b>TH</b> Namyong Terminal (NYT TB; Outperform; TP: Bt 6.00): 4Q18 earnings review: Below market expectation
7/2	<b>TH</b> Economic: MPC: Kept rate unchanged, two more rate hikes to 2.25% by December
7/2	<b>TH</b> Ananda Development (ANAN TB; Outperform; TP: Bt 5.80): Pursuing stability
7/2	<b>TH</b> Home Product Center (HMPC TB; Neutral; TP: Bt 16.30): 4Q18 earnings review: Slow top line, but high margin
7/2	<b>TH</b> The Erawan Group (ERW TB; Outperform; TP: Bt 8.50): Growing by margins
6/2	<b>TH</b> BEC World (BEC TB; Neutral; TP: Bt 7.20): 4Q18 earnings review: Low point of 2018
6/2	<b>TH</b> Siam City Cement (SCCC TB; Outperform; TP: Bt 304.00): 4Q18 earnings review: Up YoY but down QoQ
5/2	<b>TH</b> Commodities Update: US sanctions on crude exports from Venezuela
5/2	<b>TH</b> Plan B Media (PLANB TB; Outperform; TP: Bt 8.80): 4Q18 earnings review: Expect record high
5/2	<b>TH</b> Siam Future Development (SF TB; Outperform; TP: Bt 9.30): 4Q18 earnings review: A quarter of transition
4/2	<b>SG</b> Tactical Play: US Luxury Market - LVMH's share price rally signals buoyant luxury consumption by the Chinese
4/2	<b>TH</b> Contractor Sector (Overweight): Only EEC projects to see progress
4/2	<b>TH</b> CH. Karnchang (CK TB; Outperform; TP: Bt 32.00): 4Q18 earnings review : Softer QoQ, but up YoY
4/2	<b>TH</b> Sino-Thai Engineering & Construction (STEC TB; Outperform; Bt 30.00): 4Q18 earnings preview : Growth momentum continues
4/2	<b>TH</b> Unique Engineering and Construction (UNIQ TB; Neutral; TP: Bt 12.00): 4Q18 earnings preview: Nothing exciting
1/2	<b>SG</b> Japan Foods Holding (JFOOD SP; HOLD; TP: S\$0.570): Stable business under a challenging environment; interesting JV overseas
1/2	<b>TH</b> Strategy: February model portfolio: Glass half full
1/2	<b>TH</b> Macroscopic: Smooth sea never made skilled mariner
1/2	<b>TH</b> Economic: Economy continued to expand in December
1/2	<b>TH</b> Industrial Estate Sector (Neutral): 4Q18 earnings review: Better QoQ across the board
1/2	<b>TH</b> Amata Corporation PCL (AMATA TB; Neutral; TP: Bt 25.00): 4Q18 earnings review: Up YoY and QoQ
1/2	<b>TH</b> Frasers Property (Thailand) PCL (FPT TB; Neutral; TP: Bt 16.70): 1QFY2019 earnings preview: Rebranding
1/2	<b>TH</b> Krung Thai Bank (KTB TB; Outperform; TP: Bt 22.40): Asset quality firmer and trigger credit cost down
1/2	<b>TH</b> MK Restaurant Group (M TB; Neutral; Bt 78.00): 4Q18 earnings review: Peak quarter
1/2	<b>TH</b> Sappe (Not Rated): Doing new business
1/2	<b>TH</b> WHA Corporation PCL (WHA TB; Neutral; TP: Bt 4.50): 4Q18 earnings review: Better from IE business
31/1	<b>SG</b> BPCE 4.5% 06/03/26 (BPCEGP): Intermediate-Term Carry
31/1	<b>HK</b> L'Occitane (973 HK; Neutral; TP: HK\$ 15.40): Key takeaways from conference call
31/1	<b>TH</b> Monthly Economic Tracker: Executive summary
31/1	<b>TH</b> Power Sector (Neutral): Greater growth, plus reliability
31/1	<b>TH</b> B.Grimm Power (BGRIM TB; Outperform; TP: Bt 35.00): Strongest core earnings growth in 2019
31/1	<b>TH</b> Banpu Power (BPP TB; Outperform; TP: Bt 28.00): Don't expect outstanding growth in FY19
31/1	<b>TH</b> CK Power (CKP TB; Underperform; TP: Bt 3.80): Earnings growth to continue in 2019
31/1	<b>TH</b> Electricity Generating (EGCO TB; Outperform; TP: Bt 290.00): Interesting outlook in 2019
<b>For full reports, please contact Research Department at 6202 1190 or <a href="mailto:sgp.researchcom@kgi.com">sgp.researchcom@kgi.com</a></b>	

**Recent In depth Regional Reports**

31/1	<b>TH</b> Gulf Energy Development (GULF TB; Neutral; TP: Bt 80.00): New projects to drive growth in 2019
31/1	<b>TH</b> PTT Exploration and Production (PTTEP TB; Outperform; TP: Bt 145.00): 4Q18 earnings review: Highest quarterly core earnings of the year
31/1	<b>TH</b> Siam Cement (SCC TB; Neutral; TP: Bt 478): 4Q18 earnings review: Higher than expected dividend income
31/1	<b>TH</b> Thanachart Capital (TCAP TB; Neutral; TP: Bt 57.50): Too upbeat on growth in 2019
30/1	<b>SG</b> KGI REITs Watchlist
30/1	<b>TW</b> ASE Technology Holding (3711 TT; Neutral; TP: NT\$ 58.00): Severe competition ahead in 2019F
30/1	<b>TW</b> Chunghwa Telecom (2412 TT; Neutral; TP: NT\$ 96.00): 2019F earnings to weaken
30/1	<b>TW</b> LandMark (3081 TT; Underperform; TP: NT\$ 175.00): Market still overly bullish on 2019F
30/1	<b>TW</b> MediaTek (2454 TT; Neutral; TP: NT\$ 210.00): Flattish revenue guidance for 2019F will be a challenge
30/1	<b>HK</b> Bosideng (3998 HK; Outperform; TP: HK\$ 2.00): Gross margin outlook solid on robust down apparel sales
30/1	<b>TH</b> Asia Aviation (AAV TB; Outperform; TP: Bt 4.77): 4Q18 earnings preview: Turning positive
30/1	<b>TH</b> Mega Lifesciences (MEGA TB; Outperform; TP: Bt 35.00): 4Q18 earnings preview: Holiday season
29/1	<b>GLOBAL</b> Housekeeping before markets close for CNY: Eyes on Fed meeting, Taiwan 4Q18 GDP & trade talks
29/1	<b>TW</b> Petrochemicals Sector (Overweight): Annual maintenance limits supply of aromatics
29/1	<b>TW</b> AUO (2409 TT; Neutral; TP: NT\$ 10.80): 4Q18 core business sinks into red; 1Q19F ASP & shipments to decline further
29/1	<b>TW</b> Realtek (2379 TT; Neutral; TP: NT\$ 136.0): Near-term catalysts priced in; await entry point
29/1	<b>TW</b> Superalloy (1563 TT; Not Rated): Limited growth momentum before a leap in 2021F
29/1	<b>TW</b> UMC (2303 TT; Neutral; TP: NT\$ 11.10): Struggling with Profitability in 2019F
29/1	<b>TH</b> Kiatnakin Bank (KKP TB; Neutral; TP: Bt 66.00): Growth slowing in 2019
29/1	<b>TH</b> Total Access Communication (DTAC TB; Neutral; TP: Bt 46.00): 4Q18 earnings review: Distorted by extra items
29/1	<b>CN/HK</b> Stock Liquidity Monitor: Weekly data – Stock incentive & shareholding changes involving major shareholders
28/1	<b>SG</b> Keppel Corporation (KEP SP; HOLD; TP: S\$ 7.500): Muted outlook as key segments face headwinds
28/1	<b>TW</b> Semiconductor Sector (Neutral): Investor feedback from HK & Singapore roadshows
28/1	<b>TW</b> AUO (2409 TT; Neutral; TP: NT\$ 11.00): 4Q18 sales in line; margins under huge pressure in 1Q19F
28/1	<b>TW</b> Huaku (2548 TT; Not Rated): Strong growth outlook on robust project recognition
28/1	<b>TW</b> Ta Chen Stainless (2027 TT; Not Rated): Share surge to take a breather
28/1	<b>HK</b> Anacle (8353 HK; Neutral; TP: HK\$ 0.590): Loss in 2Q FY19; Tesseract project delays
28/1	<b>CH/HK</b> A-share Weekly: Change of CSRC head; Sino-US trade talks entering critical phase ahead of CNY; 'red-envelope' rally coming to close
28/1	<b>CH</b> Jiajiayue (603708 CH; Not Rated): Conference call takeaways
<b>For full reports, please contact Research Department at 6202 1190 or <a href="mailto:sgp.researchcom@kgi.com">sgp.researchcom@kgi.com</a></b>	

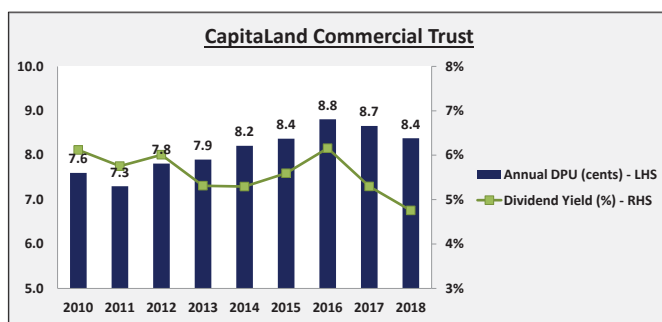


# REITs Watchlist

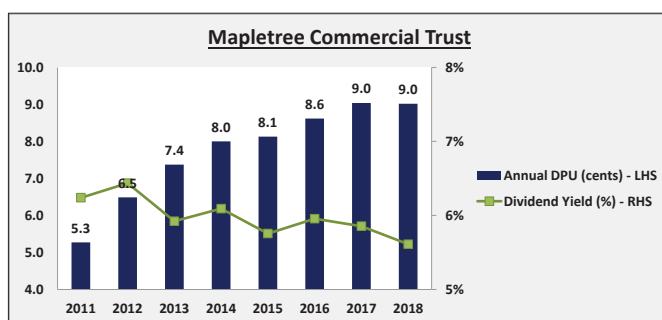
We updated our list of S-REITs to include two hospitality players, in conjunction with our in-house macro outlook favoring commercial and hospitality sectors over retail and logistics.

Our KGI Watch list prioritizes REITs backed by strong sponsors and those offering stable distribution yields. Dividend payment schedule for these REITs can be found within our REITs results monitor on page 4. Due to varying financial year ends, we used trailing 12 months distributions to calculate 2018 distribution yields to allow for a more direct comparison.

<b>Office</b>	CapitaLand Commercial Trust Mapletree Commercial Trust
<b>Retail</b>	CapitaLand Mall Trust Frasers Centrepoint Trust
<b>Industrial</b>	Mapletree Industrial Trust
<b>Logistics</b>	Mapletree Logistics Trust
<b>Data Centre</b>	Keppel DC REIT
<b>Hospitality</b>	Ascendas Hospitality Trust Far East Hospitality Trust



Source: Company, KGI Research



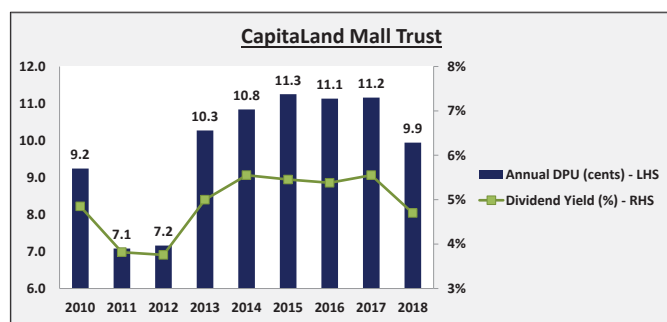
Source: Company, KGI Research

CapitaLand Commercial Trust			
<b>Gearing</b>	34.9%	<b>Mkt Cap (\$\$bn)</b>	7.1
<b>WALE (years)</b>	5.8	<b>Avg Daily Traded (3M) Val (\$\$mn)</b>	20.7
<b>Occupancy</b>	99.4%	<b>Issued shares (bn)</b>	3.7
<b>Credit rating (S&amp;P)</b>	BBB+	<b>Free float</b>	70%
<b>Distribution frequency</b>	Semi-Annual	<b>Forward dividend yield</b>	
<b>Major shareholders</b>			
<b>CapitaLand</b>	30%	<b>FY19</b>	4.7%
<b>BlackRock</b>	7%	<b>FY20</b>	4.7%
<b>Schroders</b>	3%	<b>FY21</b>	5.0%

Mapletree Commercial Trust			
<b>Gearing</b>	34.8%	<b>Mkt Cap (\$\$bn)</b>	4.7
<b>WALE (years)</b>	2.8	<b>Avg Daily Traded (3M) Val (\$\$mn)</b>	8.7
<b>Occupancy</b>	98.7%	<b>Issued shares (bn)</b>	2.9
<b>Credit rating (Moody's)</b>	Baa1	<b>Free float</b>	66%
<b>Distribution frequency</b>	Quarterly	<b>Forward dividend yield</b>	
<b>Major shareholders</b>			
<b>Temasek Holdings</b>	34%	<b>FY18</b>	5.1%
<b>Schroders</b>	9%	<b>FY19</b>	5.2%
<b>Vanguard Group</b>	2%	<b>FY20</b>	5.4%

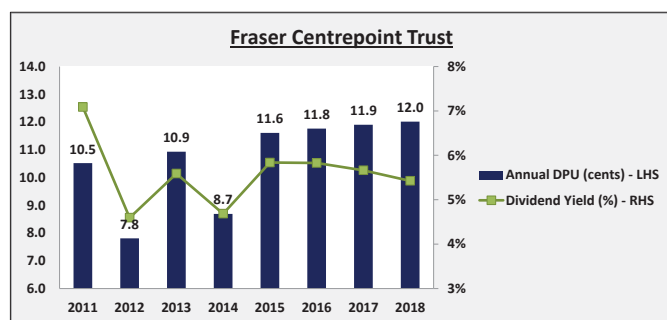
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See the last page for important disclosures.



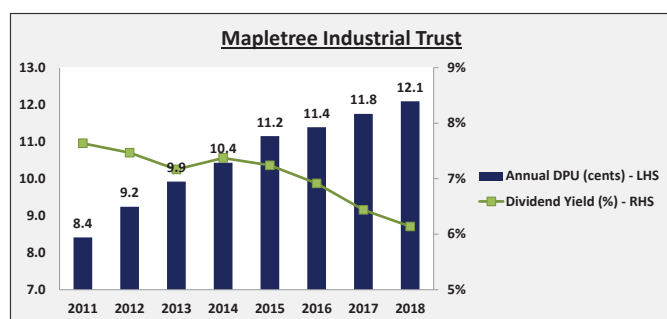
Source: Company, KGI Research

CapitaLand Mall Trust			
Gearing	34.2%	Mkt Cap (\$\$bn)	8.7
WALE (years)	1.9	Avg Daily Traded (3M) Val (\$\$mn)	24.6
Occupancy	99.2%	Issued shares (bn)	3.7
Credit rating (Moody's)	A2	Free float	65%
Distribution frequency	Quarterly	<b>Forward dividend yield</b>	
<b>Major shareholders</b>		FY18	5.0%
CapitaLand	28%	FY19	5.2%
BlackRock	7%	FY20	5.4%
NTUC	5%		



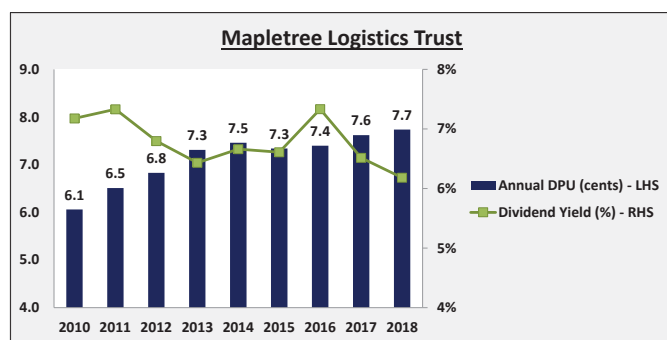
Source: Company, KGI Research

Frasers Centrepoint Trust			
Gearing	28.8%	Mkt Cap (\$\$bn)	2.3
WALE (years)	2.0	Avg Daily Traded (3M) Val (\$\$mn)	1.9
Occupancy	96.4%	Issued shares (bn)	0.9
Credit rating (S&P)	BBB+	Free float	58%
Distribution frequency	Quarterly	<b>Forward dividend yield</b>	
<b>Major shareholders</b>		FY18	5.4%
TCC Assets	42%	FY19	5.6%
Schroders	5%	FY20	5.6%
Sumitomo Mitsui	2%		



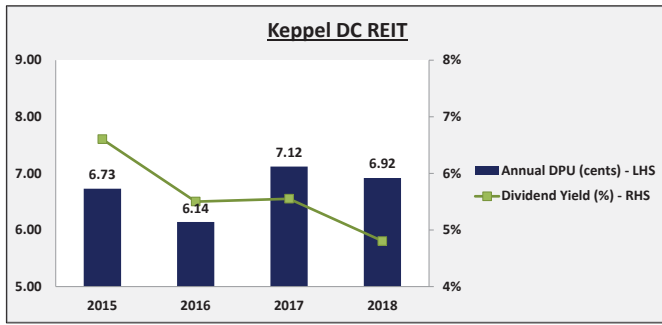
Source: Company, KGI Research

Mapletree Industrial Trust			
Gearing	34.7%	Mkt Cap (\$\$bn)	3.8
WALE (years)	3.7	Avg Daily Traded (3M) Val (\$\$mn)	5.2
Occupancy	88.2%	Issued shares (bn)	1.9
Credit rating (Fitch)	BBB+	Free float	68%
Distribution frequency	Quarterly	<b>Forward dividend yield</b>	
<b>Major shareholders</b>		FY18	6.1%
Temasek Holdings	31%	FY19	6.4%
Schroders	6%	FY20	6.6%
Sumitomo Mitsui	3%		



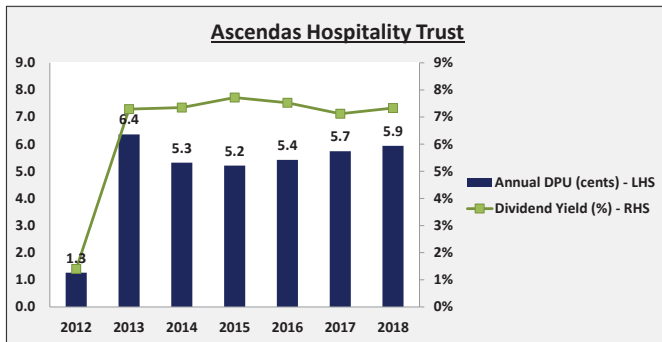
Source: Company, KGI Research

Mapletree Logistics Trust			
Gearing	38.8%	Mkt Cap (\$\$bn)	4.9
WALE (years)	3.8	Avg Daily Traded (3M) Val (\$\$mn)	12.3
Occupancy	97.7%	Issued shares (bn)	3.6
Credit rating (Moody's)	Baa2	Free float	73%
Distribution frequency	Quarter	<b>Forward dividend yield</b>	
<b>Major shareholders</b>		FY18	5.7%
Temasek Holdings	27%	FY19	5.9%
Sumitomo Mitsui	2%	FY20	6.1%
Vanguard Group	2%		



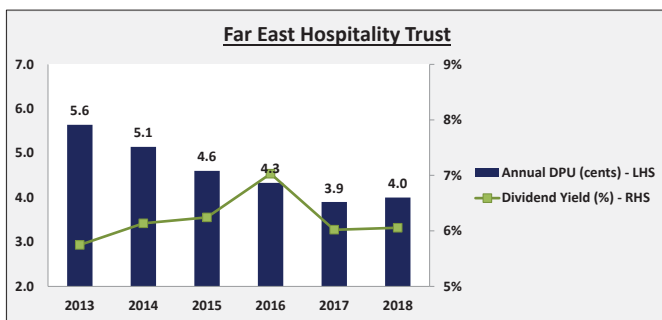
Source: Company, KGI Research

Keppel DC REIT			
Gearing	30.8%	Mkt Cap (S\$bn)	1.9
WALE (years)	8.3	Avg Daily Traded (3M) Val (S\$m)	3.4
Occupancy	93.1%	Issued shares (bn)	1.4
Credit rating	-	Free float	75%
Distribution frequency	Semi-Annual	<b>Forward dividend yield</b>	
<b>Major shareholders</b>		FY18	5.5%
Keppel Corp	25%	FY19	5.7%
Sumitomo Mitsui	5%	FY20	6.0%
UBS AG	2%		



Source: Company, KGI Research

Ascendas Hospitality Trust			
Gearing	33.1%	Mkt Cap (S\$bn)	0.9
WALE (years)	-	Avg Daily Traded (3M) Val (S\$m)	0.5
Occupancy	86%	Issued shares (bn)	1.1
Credit rating	-	Free float	64%
Distribution frequency	Semi-Annual	<b>Forward dividend yield</b>	
<b>Major shareholders</b>		FY18	7.0%
Ascendas	28%	FY19	7.1%
Tang Yigang	8%	FY20	7.2%
Vanguard	2%		



Source: Company, KGI Research

Far East Hospitality Trust			
Gearing	40.4%	Mkt Cap (S\$bn)	1.2
WALE (years)	-	Avg Daily Traded (3M) Val (S\$m)	0.7
Occupancy	90.7%	Issued shares (bn)	1.9
Credit rating	-	Free float	40%
Distribution frequency	Quarterly	<b>Forward dividend yield</b>	
<b>Major shareholders</b>		FY18	6.7%
Golden Development	22%	FY19	7.0%
Golden Landmark	11%	FY20	7.0%
Far East Organization	10%		

		Release of results for the period:												Dividend Payment Schedule
		Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	
Commercial	CapitaLand Commercial Trust	3Q18			FY18									*Semi-annual dividend payment (Feb, Aug)
		* Divestment of 20 Anson			* Lease extension at 21 Collyer Quay									* Quarterly dividend payment (Mar, Jun, Sep, Dec)
	Mapletree Commercial Trust	2Q18			3Q18			FY18						* Quarterly dividend payment (Mar, Jun, Sep, Dec)
Retail	CapitaLand Mall Trust	3Q18			FY18									* Quarterly dividend payment (Feb, May, Aug, Nov)
					* Acquisition of West Gate									* Quarterly dividend payment (Feb, May, Aug, Nov)
	Fraser Centrepoint Trust				1Q19			2Q19		3Q19			* Quarterly dividend payment (Feb, May, Aug, Nov)	
Logistics	Keppel DC REIT	3Q18			FY18									*Semi-annual dividend payment (Feb, Aug)
		* Addition of IC3 DC with master lessee Macquarie												* Quarterly dividend payment (Mar, Jun, Sep, Dec)
	Mapletree Logistics Trust	2Q18			3Q18			FY18						* Quarterly dividend payment (Mar, Jun, Sep, Dec)
		* Acquisition of 5 logs. Properties in SG			* Divestment of 531 Bukit Batok St. 23			* Acquisition of Wonjin Logs. Centre (KR), Coles Dist. Centre (AUS) and Viet-SG Industrial Park						* Quarterly dividend payment (Mar, Jun, Sep, Dec)
	Mapletree Industrial Trust	2Q18			3Q18			FY18						* Quarterly dividend payment (Mar, Jun, Sep, Dec)
								* Proposed acquisition of 18 Tai Seng						* Quarterly dividend payment (Mar, Jun, Sep, Dec)
Hospitality	Ascendas Hospitality Trust	2Q18			3Q18			FY18						*Semi-annual dividend payment (Jun, Dec)
		* Acquisition of WBF Kitasemba East and West						* Acquisition of WBF Honmachi and Ibis Seoul Insadong						* Quarterly dividend payment (Mar, Jun, Sep, Dec)
	Far East Hospitality Trust	3Q18			FY18									* Quarterly dividend payment (Mar, Jun, Sep, Dec)

\* Selected company announcements by month

\* Acquisition and divestment announcements are marked on the month of completion

BB ticker	Company Name	Last Price (local \$)	Currency Adj. Market Cap (\$\$ m)	Forward Dividend Yield (%)	Gearing (%)	Current P/B Ratio (x)	6M Average daily trading volume (\$\$ '000)	YTD Price Performance (%)	1 YR Price Performance	1 YR Total Returns (%)
<b>RETAIL</b>			<b>30,969</b>	<b>6.9</b>	<b>32.6</b>	<b>0.9</b>	<b>3,869.0</b>	<b>6.1</b>	<b>(6.8)</b>	<b>0.4</b>
FRT SP	FORTUNE REIT	HKD 9.76	3,245	5.5	21.7	0.6	514	9.5	-1.7	3.8
CT SP	CAPITALAND MALL TRUST	SGD 2.38	8,775	5.0	32.8	1.2	22,832	5.3	13.7	20.9
MCT SP	MAPLETREE COMMERCIAL TRUST	SGD 1.75	5,055	5.2	35.2	1.2	9,002	6.1	7.8	14.0
MAGIC SP	MAPLETREE NORTH ASIA COMMERC	SGD 1.23	3,895	6.1	37.8	0.9	6,556	7.9	-3.1	3.4
DASIN SP	DASIN RETAIL TRUST	SGD 0.86	480	8.7	36.3	0.6	359	-0.6	-0.6	8.5
SPHREIT SP	SPH REIT	SGD 1.03	2,662	5.5	26.8	1.1	858	3.0	-2.9	2.7
FCT SP	FRASERS CENTREPOINT TRUST	SGD 2.26	2,097	5.5	29.6	1.1	1,965	4.1	-2.2	3.3
SGREIT SP	STARHILL GLOBAL REIT	SGD 0.72	1,560	6.7	36.2	0.8	1,272	5.1	-7.1	-0.9
CRCT SP	CAPITALAND RETAIL CHINA TRUS	SGD 1.45	1,422	7.2	32.3	0.9	1,670	6.6	-13.7	-10.0
LMRT SP	LIPPO MALLS INDONESIA RETAIL	SGD 0.24	672	10.6	37.1	0.9	906	29.1	-42.7	37.7
SASSR SP	SASSEUR REAL ESTATE INVESTME	SGD 0.64	755	9.8	36.4	-	481	-1.5	-20.0	-
BHGREIT SP	BHG RETAIL REIT	SGD 0.70	353	-	29.3	0.9	13	-2.1	-9.7	-2.9
<b>INDUSTRIAL</b>			<b>26,339</b>	<b>7.0</b>	<b>36.5</b>	<b>1.1</b>	<b>5,352.7</b>	<b>4.7</b>	<b>(4.6)</b>	<b>2.0</b>
AREIT SP	ASCENDAS REAL ESTATE INV TRT	SGD 2.75	8,554	5.9	35.1	1.3	29,558	7.0	-2.1	3.9
MINT SP	MAPLETREE INDUSTRIAL TRUST	SGD 2.00	3,798	6.0	30.5	1.4	5,527	4.7	-4.3	1.7
MLT SP	MAPLETREE LOGISTICS TRUST	SGD 1.36	4,882	5.8	39.7	1.2	10,727	7.9	3.0	9.5
FLT SP	FRASERS LOGISTICS & INDUSTRI	SGD 1.07	2,164	6.3	35.4	1.2	3,805	3.9	-5.4	1.3
KDCREIT SP	KEPPEL DC REIT	SGD 1.44	1,946	5.5	32.4	1.3	4,461	6.7	2.1	7.5
AAREIT SP	AIMS AMP CAPITAL INDUSTRIAL	SGD 1.38	950	7.6	34.4	1.0	1,112	3.8	-0.7	5.5
SBREIT SP	SOILBUILD BUSINESS SPACE REI	SGD 0.60	630	8.6	38.8	0.9	564	2.6	-13.0	-5.4
CACHE SP	CACHE LOGISTICS TRUST	SGD 0.72	775	8.1	36.6	1.0	1,466	3.6	-15.2	-10.1
EREIT SP	ESR-REIT	SGD 0.52	1,633	8.0	43.7	1.10	1,207	1.0	-7.8	-0.7
ECWREIT SP	EC WORLD REIT	SGD 0.72	570	8.5	37.8	0.8	192	4.3	-8.3	-0.2
SSREIT SP	SABANA SHARIAH COMP IND REIT	SGD 0.42	437	-	37.4	0.7	262	6.4	1.2	9.5
<b>OFFICE</b>			<b>23,022</b>	<b>6.1</b>	<b>34.6</b>	<b>0.9</b>	<b>4,441.7</b>	<b>6.5</b>	<b>(11.2)</b>	<b>(6.3)</b>
CCT SP	CAPITALAND COMMERCIAL TRUST	SGD 1.89	7,077	4.8	27.4	1.0	18,700	8.0	0.5	5.3
SUN SP	SUNTEC REIT	SGD 1.88	5,039	5.3	37.7	0.9	10,853	5.6	-9.7	-4.9
KREIT SP	KEPPEL REIT	SGD 1.16	3,936	4.9	30.0	0.8	5,445	1.8	-9.4	-5.0
OUECT SP	OUE COMMERCIAL REAL ESTATE I	SGD 0.50	1,412	6.9	38.6	0.6	563	7.6	-25.8	-20.9
FCOT SP	FRASERS COMMERCIAL TRUST	SGD 1.47	1,320	6.6	30.0	0.9	1,696	7.3	0.0	6.4
IREIT SP	IREIT GLOBAL	SGD 0.74	468	-	42.1	1.1	81	2.1	-9.2	-2.2
KORE SP	KEPPEL-KBS US REIT	USD 0.69	758	7.4	36.1	0.9	455	12.3	-20.2	-16.6
MUST SP	MANULIFE US REAL ESTATE INV	USD 0.84	1,442	6.8	35.0	1.0	890	8.4	-12.6	-7.5
CERT SP	CROMWELL EUROPEAN REIT	EUR 0.47	1,568	-	-	-	1,294	5.7	-14.9	-11.2



BB ticker	Company Name	Last Price (local \$)	Currency Adj. Market Cap (\$ m)	Forward Dividend Yield (%)	Gearing (%)	Current P/B Ratio (x)	6M Average daily trading volume (\$'000)	YTD Price Performance (%)	1 YR Price Performance	1 YR Total Returns (%)
<b>HOSPITALITY</b>			<b>9,307</b>	<b>6.6</b>	<b>35.6</b>	<b>0.9</b>	<b>1,220.8</b>	<b>7.0</b>	<b>(12.0)</b>	<b>(6.2)</b>
ART SP	ASCOTT RESIDENCE TRUST	SGD 1.19	2,576	5.9	37.8	1.0	1,979	10.2	-5.6	0.2
CDREIT SP	CDL HOSPITALITY TRUSTS	SGD 1.62	1,953	5.9	35.3	1.1	2,525	11.0	-12.6	-7.5
ASCHT SP	ASCENDAS HOSPITALITY TRUST	SGD 0.84	947	6.9	34.0	0.9	464	8.4	-4.6	2.8
FHT SP	FRASERS HOSPITALITY TRUST	SGD 0.73	1,367	6.6	35.0	0.9	694	3.6	-11.0	-4.9
OUeht SP	OUe HOSPITALITY TRUST	SGD 0.70	1,283	7.4	38.7	0.9	806	4.5	-21.0	-15.9
FEHT SP	FAR EAST HOSPITALITY TRUST	SGD 0.63	1,181	6.5	33.0	0.7	857	4.1	-17.1	-12.0
<b>HEALTHCARE</b>			<b>2,535</b>	<b>6.4</b>	<b>36.9</b>	<b>1.3</b>	<b>1,304.6</b>	<b>7.7</b>	<b>(14.8)</b>	<b>(9.8)</b>
PREIT SP	PARKWAYLIFE REAL ESTATE	SGD 2.78	1,682	4.7	37.5	1.5	1,474	5.7	-5.7	-1.3
FIRT SP	FIRST REAL ESTATE INVt TRUST	SGD 1.08	854	8.1	36.4	1.1	1,135	9.6	-23.9	-18.4
<b>S-REIT</b>			<b>92,172</b>	<b>6.6</b>	<b>35.3</b>	<b>1.0</b>	<b>3,237.8</b>	<b>6.4</b>	<b>(9.9)</b>	<b>(4.0)</b>

**COUNT: 40**

<b>BUSINESS TRUST</b>			<b>9,894</b>	<b>12.9</b>	<b>40.8</b>	<b>0.8</b>	<b>1,579.6</b>	<b>1.9</b>	<b>(28.6)</b>	<b>(25.9)</b>
<b>REAL ESTATE</b>										
AGT SP	ACCORDIA GOLF TRUST	SGD 0.54	588	7.4	37.2	0.6	879	5.9	-19.5	-17.6
AIT SP	ASCENDAS INDIA TRUST	SGD 1.06	1,101	6.6	33.8	1.2	1,257	-1.9	-2.3	1.0
<b>INFRASTRUCTURE</b>										
APTT SP	ASIAN PAY TELEVISION TRUST	SGD 0.13	185	40.3	54.0	0.2	1,125	1.6	-66.5	-72.4
KIT SP	KEPPEL INFRASTRUCTURE TRUST	SGD 0.51	1,948	7.7	63.3	1.9	2,098	4.1	4.1	-5.5
NETLINK SP	NETLINK NBN TRUST	SGD 0.78	3,040	6.4	15.6	1.0	3,368	2.0	-3.7	0.2
<b>PORT AND SHIPPING</b>										
FSLT SP	FIRST SHIP LEASE TRUST	SGD 0.04	28	-	46.6	0.1	12	-2.2	-71.6	-52.2
HPHT SP	HUTCHISON PORT HOLDINGS TR-U	USD 0.26	3,003	8.9	35.0	0.4	2,317	4.1	-40.7	-34.6

**COUNT: 7**



# ABNANV 4.75% 04/01/26 (ABNANV)

## Intermediate-Term Carry

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**Company Background:** ABN Amro is a modern, full-service bank serving retail, private and corporate banking clients with a primary focus on the Netherlands and selective operations internationally. The group has presence in countries including France, Germany, Belgium, Luxembourg and the United Kingdom with total assets exceeding EUR 392bn as of September 2018.

### Credit Considerations:

**Net interest income remained strong.** The group's operating income before tax rose 8% YoY to EUR 985mn, driven by net interest income, which grew 4% YoY on the back of a strong Dutch economy while cost-saving programmes and lower impairments improved the cost/income ratio to 52.9% from 56.9% in 3Q17.

For 9M18, the group's operating income before tax declined 10% YoY to EUR 2.6bn due to higher impairment charges and cost of risk (23bps). Excluding impairment charges, operating income grew 6% YoY to EUR 3.1bn, driven by growth in net interest income, which benefitted from corporate loan growth and higher mortgage penalty fees. For FY18, management has reconfirmed the impairment outlook and expects the cost of risk to remain below 25 – 30 bps.

**9M18 results on track to meet financial targets.** With 9M18 cost/income ratio at 55.3%, the group is on track to meet the 56%-58% target by 2020 and <55% by 2022. Further restructuring charges are expected in 4Q18 with ~50m EUR for existing programmes in Commercial Banking, Retail Banking and I&T. For the next 2 years, interest rates are expected to remain low, which will affect deposit margins and growth prospects. Loan volumes are expected to normalize and grow again after 2020.

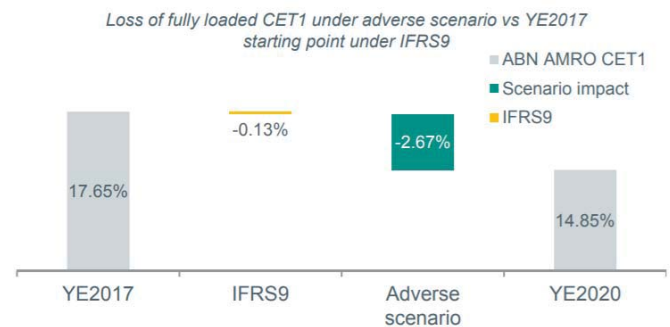
Figure 1: 9M18 Performance vs. Financial Targets

	2017	YTD 2018	Q3 2018	Targets
Return on Equity	14.5% <sup>1)</sup>	13.1%	14.4%	10-13%
Cost/Income ratio	60.1% <sup>1)</sup>	55.3%	52.9%	56-58% (by 2020)
CET1 ratio (FL)	17.7%	18.6%	18.6%	17.5-18.5% <sup>2)</sup> (2018)
Dividend - per share (EUR)	1.45	0.65 interim	-	<ul style="list-style-type: none"> <li>50% of sustainable profit <sup>3)</sup></li> <li>Additional distributions will be considered <sup>3)</sup></li> <li>Combined at least 50%</li> </ul>
Dividend - pay-out ratio	50%			

Source: Company Data, KGI Research

**Ample capital adequacy increases the probability of higher dividends for FY18.** For 9M18, the group raised its dividend accrual for 2018 to 60% (2017 Target: 50%) after its fully loaded CET1 ratio increased to 18.6% from 17.7% in FY17, higher than management's target range between 17.5% to 18.5% and well in excess of the group's estimates of the 2019 European Central Bank's SREP CET1 requirement of 11.78% (2018: 10.4%), which could be reviewed lower given that the group outperformed its peers with a CET1 impact of -2.67% (Peers -3.6%) in the 2018 European Banking Authority's (EBA) stress test.

Figure 2: Resilience under EBA stress test



Source: Company Data, KGI Research

**Credit Recommendations:** While ABNANV's 2026 have been rated investment grade by S&P (BBB), Moody's (Baa2) and Fitch (A-), the bond is a subordinated issue which may be subject to mandatory write-down or conversion to equity if the issuer becomes subject to a resolution procedure.

Given the group's solid fundamentals, ample capital adequacy and strong performance in the EBA stress test, we expect ABN Amro's credit outlook to be well supported going forward and we add ABNANV 4.75% 2026 to our defensive portfolio. The bond is currently trading at 102.58 with a YTW of 3.37%.

Additionally, the issue has an optional redemption date on 1 April 2021 and a coupon reset at the 5-year SGD Swap Offer Rate + 271bps on 1 April 2021, which can help to mitigate interest rate risks.



# BPCE 4.5% 06/03/26 (BPCEGP)

## Intermediate-Term Carry

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**Company Background:** Groupe BPCE is the 2<sup>nd</sup> largest banking group in France with 31 million clients spread over two retail banking networks, Banque Populaire and Caisse d'Epargne. The group has various subsidiaries including Natixis, Credit Foncier and Banque Palatine. As of 30 September 2018, the group has total assets exceeding 1.28tn EUR.

### Credit Considerations:

**Excluding exceptionals, 3Q18 results shows positive trend with low risk loan book.** The group's income before tax dropped 9.9% YoY to EUR 1.4bn due to an increase in operating expenses which rose 6.1% YoY to EUR 4.2bn, driven by transformation and reorganization costs of EUR 250m. Excluding exceptional items, the group's underlying income grew 3.8% to EUR 1.66bn as net banking income (+2.1% YoY) outgrew operating expenses (+1.5% YoY).

For 9M18, the group's underlying income grew 1% to EUR 18.08bn due growth in insurance revenues and commission income across business lines helped to offset the decline in net interest income, which continues to be impacted from the effects of a persistently low interest-rate environment. Due to a conservative risk policy, the group's cost of risk continued to remain low, with the cost of risk improving by 2bps to 17bps as compared to 9M17.

**Exceptional costs will remain until 2020.** As part of the group's digital transformation plan (TEC 2020), BPCE plans to boost key hires in IT and investments to 600 million per year by 2020. The transformation will take 3 years from 2018 – 2020 with key financial targets for revenues, costs and capital adequacy. As of 9M18, the group's performance remains on track to hit 2020 targets, with TLAC ratio already exceeding its 2020 target.

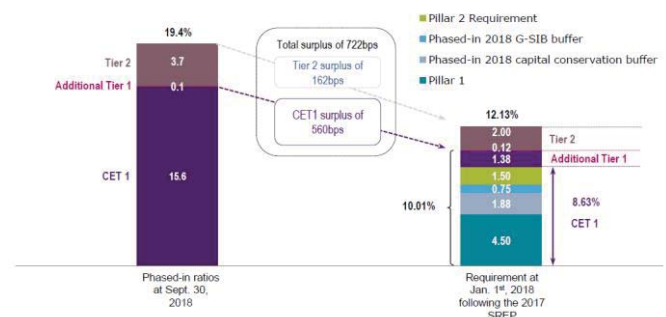
Figure 1: 9M18 Performance vs. TEC 2020 Financial Targets

	9M-18	TEC 2020 strategic plan <sup>1</sup> : Financial targets	
REVENUES	€18.1bn <sup>2</sup>	> €25bn	In 2020 (full year)
COMMISSIONS: BP/CE (EXCL. ERF <sup>3</sup> )	+4.4% <sup>4</sup>	~ 3%	2017/2020 compound annual growth rate
COST/INCOME RATIO <sup>2</sup>	RB&I = 65.7% <sup>7</sup> AM = 67.5% <sup>8</sup> CIB = 60.9% <sup>9</sup>	RB&I = 64% AM = 68% CIB = 60%	In 2020
REVENUE SYNERGIES	€203m	€750m	In 2020 (full year)
CET1 RATIO	15.4% <sup>5</sup>	≥ 15.5%	As soon as possible during the life of the plan
TLAC RATIO	22.4% <sup>6</sup>	> 21.5%	At January 1 <sup>st</sup> , 2019

Source: Company Data, KGI Research

**Capital adequacy continues to remain strong, driven by organic capital creation.** Excluding deductions from TEC 2020's initiatives, the group's CET1 ratio rose to 15.6% from 15.2% at 1 January 2018, driven by retained earnings and a change in risk-weighted assets (RWA) which saw contributions from the retail banking & insurance segment increase to 73% from 72% in 2017.

Figure 2: Capital Adequacy Ratio vs. Requirements



Source: Company Data, KGI Research

Besides having ample capital adequacy with CET1 and total surpluses of 560bps and 722bps respectively, the group also passed 2018 stress tests with a CET1 ratio of 10.7% in an adverse scenario, which is higher than the European weighted average and stronger than 4 of the other 5 french banks tested by the European Banking Authority (EBA).

**Credit Recommendations:** While BPCE's 2026 have been rated investment grade by S&P (BBB+), Moody's (Baa2) and Fitch (A), the bond is a subordinated issue which may be subject to mandatory write-down or conversion to equity if the issuer becomes subject to a resolution procedure.

Given the group's diversified revenue base with stable earnings, conservative risk policy and ample capital adequacy, we recommend exposure to BPCE's 2026 which is currently trading at 101.4 with a YTW of 3.8%. The issue has an optional redemption date on 3 June 2021 and a coupon reset at the 5-year SGD Swap Offer Rate + 245bps on 3 June 2021, which can help to mitigate interest rate risks.



# Japan Foods Holding Ltd

## (JFOOD SP/JPFD.SP)

### Stable business under a challenging environment; interesting JV overseas

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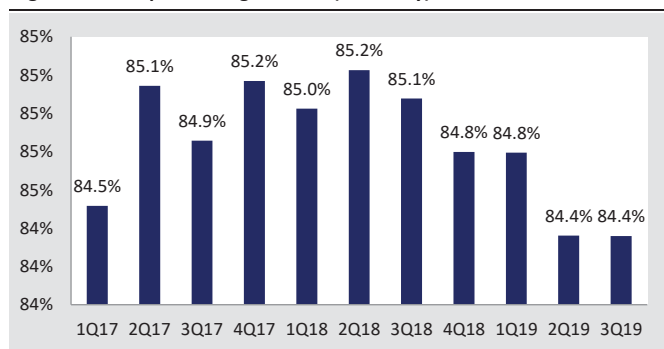
- 3Q19 net profit declined 51% YoY to S\$1.2mn mainly due to lower revenues and losses from its associated companies.
- JFOOD has entered into an interesting JV with Minor Food Group Singapore (MFG). In the JV, JFOOD will bring and operate Thai brands in Japan while MFG will bring and operate JFOOD's brands in Thailand and China.
- We maintain our HOLD recommendation as outlook over the next 3-4 quarters is expected to remain challenging on the back of heightened competition and on slower-than-expected expansion of overseas associates.
- JFOOD's balance sheet remains strong and will be able to tide through the current market weakness. Its S\$22mn net cash position makes up 29% of its market cap, while offering a 4.4% dividend yield.

Financials & Key Operating Statistics					
YE Mar SGD mn	2017	2018	2019F	2020F	2021F
Revenue	62.8	67.8	68.9	70.9	73.6
Gross Profit	52.9	57.7	58.0	59.6	61.8
PATMI	3.8	5.8	4.6	5.3	5.7
Core PATMI	3.2	5.3	4.0	4.7	5.0
Core EPS (SG cents)	1.8	3.0	2.3	2.7	2.9
Core EPS grth (%)	-24.1	66.5	-24.2	17.3	6.6
Core P/E (x)	18.5	13.1	18.8	16.3	15.3
DPS (SG cents)	2.0	2.1	2.2	2.2	2.3
Div Yield (%)	5.0	4.8	4.4	4.4	4.6
Gross Margin (%)	84.2	85.0	84.2	84.0	84.0
Net Margin (%)	6.0	8.5	6.7	7.5	7.7
ROE (%)	12.3	17.8	13.3	14.8	14.9

Source: Company Data, KGI Research

**3Q19 performance weaker-than-expected.** 3Q19 earnings declined 51% YoY to S\$1.2mn as revenues fell 6.3% YoY. The weaker performance was also due to losses from its overseas associates. 3Q19 gross margins declined 60bps YoY to 84.4%, contributing further to the weak quarter.

Figure 1: Gross profit margins trend (Quarterly)



Source: Company data, KGI Research

**Singapore environment remains challenging.** Based on our analysis of peers in Singapore (BreadTalk, ABR, Sakae, Soup Rest., Tung Lok, RE&S, Kimly), all face the same challenge of high rents and limited manpower. Thus, upside from its Singapore market is expected to be limited and we reiterate our view that growth will have to come from overseas expansion.

HOLD - Maintain		Performance (Absolute)		
Price as of 31 Jan 19 (SGD)	0.44	1 Month (%)	1.1	
12M TP (\$)	0.57	3 Month (%)	-2.7	
Previous TP (\$)	0.56	12 Month (%)	4.3	
Upside, inc div (%)	29.5	Perf. vs STI Index (Red)		
Trading data				
Mkt Cap (\$mn)	76	Major Shareholders		
Issued Shares (mn)	174	Takahashi Kenichi	70.6%	
Vol - 3M Daily avg (mn)	0.0	Eugene Wong	5.5%	
Val - 3M Daily avg (\$mn)	0.0	Previous Recommendations		
Free Float (%)	23.7%	12-Nov-18	HOLD \$0.56	
Major Shareholders		16-Aug-18	BUY \$0.64	
Takahashi Kenichi		70.6%	21-May-18	BUY \$0.64
Eugene Wong		5.5%		

**Interesting JV with Minor Food Group Singapore (MFG).** JFOOD has formed a 50-50 JV with MFG to expand overseas. MFG is the restaurant business of Minor International, which is listed on the Thailand Exchange and has an S\$8bn market capitalisation. The JV would allow the two food groups to leverage on each other's strengths – JFOOD would bring MFG's brands such as Thai Express and Xin Wang Hong Kong Cafe to Japan, while MFG will operate JFOOD's non-ramen brands in Thailand and China. The first restaurant is expected in around June/July 2019 but we do not expect any significant contribution in FY19/20. However, we do see this JV as necessary to offset the decline in JFOOD's current overseas associates. JFOOD's number of outlets overseas declined to 21 from 22 in the prior year period.



**Valuation & Action:** While our DCF-backed fair value of S\$0.56 offers a 22% upside potential, we maintain our HOLD recommendation on JFOOD on the lack of near term upside catalysts and on a weak outlook over the next 3-4 quarters. Despite the challenging short-term outlook, JFOOD's business model remains resilient and adaptable even in the face of higher costs. The group maintains a sizeable cash balance of S\$22mn (29% of market cap), supported by strong free cash flows averaging S\$1m per quarter.

**Risks:** Rising labour costs and rental expenses, lower consumer spending amid slower wage growth.

**This report is prepared by KGI Securities (Singapore) under the SGX StockFacts Research Programme. See the last page for important disclosures.**



# JB Foods Limited

(JBF SP/JBFO.SI)

## Anything is good if it's made of chocolate

Joel Ng / 62 6202 1192 / joel.ng@kqi.com

- JBF is a significant cocoa ingredient producer in Malaysia and one of the top 10 globally.
- The group has been in operation since the 1980s but started to expand capacity from mid-2000s onwards. JBF started processing 30,000mt cocoa ingredients in 2003 and increased production to 145,000mt tonnes in 2015.
- Quarterly net profit has been increasing YoY for the past 2 years. Net profit in most recent quarter (3Q18) rose 93% YoY to US\$9mn. Meanwhile, 9M18 profits surged 188% YoY to US\$22mn.
- Valuations are attractive – JBF is only trading at 5x Trailing 12 months P/E, which is around 70% cheaper compared to international peers.

Financials & Key Operating Statistics					
YE Dec (US\$ m)	2013	2014	2015	2016	2017
Revenue	194.8	218.7	226.5	300.6	295.6
PATMI	-15.3	-13.1	2.1	3.8	14.2
Net Margin (%)	(7.9%)	(6.0%)	0.9%	1.3%	4.8%
Net Gearing (%)	118%	114%	117%	128%	75%
Price P/B (x)	2.1	1.0	0.6	0.7	1.1
ROE (%)	(28.9%)	(21.8%)	3.1%	5.2%	18.0%

Source: Company data, KGI Research

**Company background.** JBF was founded in the 1980s but started processing cocoa in its own facilities in 2003, when it completed its 30,000mt processing plant in Port of Tanjung Pelepas, Malaysia. It subsequently added more processing lines over the years and now produces 145,000mt of cocoa bean equivalent per year in a Malaysian and Indonesian facility. JBF mainly produces cocoa butter, cocoa powder, cocoa mass and cocoa cake. The group listed on SGX in 2012.

Figure 1: JPF's key products



Source: Company data

**Industry consolidation.** There has been numerous M&A among local cocoa-related companies. Most notable among them was Barry Callebaut's acquisition of Delfi Ltd's (DELFI SP, not-rated, fka Petra Foods Limited) cocoa ingredients business for US\$860mn in 2013. Barry Callebaut was itself a result of the merger between Belgium's Callebaut and France's Cocoa Barry in 1996.

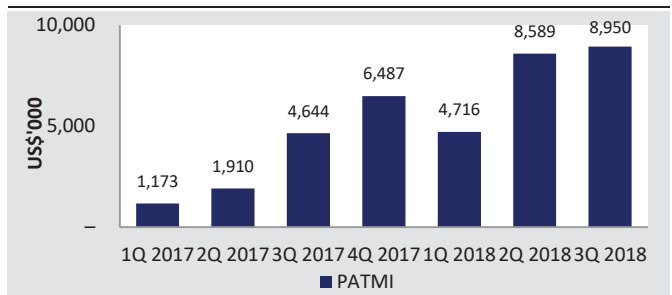
**Sweet tooth.** Global confectionary retail sales increased 2.7% YoY in 2017 to US\$186bn, according to Euromonitor International. While the two biggest consuming markets – the North America and Western Europe – account for more than 50% of total chocolate consumption, China and India are projected to be the fastest growing markets going

Not Rated		Performance (Absolute)	
Price as of 8 Feb 19 (SGD)	0.68	1 Month (%)	16.5
12M TP (\$)	na	3 Month (%)	11.0
Previous TP (\$)	na	12 Month (%)	37.5
Upside (%)	-		
Trading data		Perf. vs STI Index (Red)	
Mkt Cap (\$mn)	214		
Issued Shares (mn)	303		
Vol - 3M Daily avg (mn)	0.1		
Val - 3M Daily avg (\$mn)	0.1		
Free Float (%)	20.6%		
Major Shareholders		Previous Recommendations	
JB Cocoa Group	45.5%		
Tee Yih Jia	23.9%		
Ecom Agroindustrial	8.2%		

forward. JPF supplies cocoa ingredients to among the most recognisable names in the industry, including Mars, Mondelēz and Nestlé.

**Improving profitability.** JBF recorded losses in FY13 and FY14 due to high cocoa bean prices and oversupply in the cocoa processing industry. Management executed strategies during the downturn which began to bear fruit when it returned to profitability in FY15, and really began to accelerate from FY17 onwards. 2Q and 3Q FY18 are yet to be JBF's strongest quarters at around US\$9mn PATMI per quarter.

Figure 2: PATMI has accelerated from FY2017



Source: Company data, KGI Research

**Valuation & Action:** JBF is only trading at 5x T12M P/E, which we believe undervalues the company when compared to peers who are trading between 10-20x P/E. Demand growth from China and India is expected to provide a positive tailwind to JBF's business as it continues to expand. JBF is due to report its FY18 results on 28 Feb.

**Risks:** Key risk mainly from oversupply in the cocoa processing market, where it will have a negative impact on prices and margins of JBF.

**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 (%)
<b>FINANCIALS</b>								
DBS SP	DBS	24.36	62,320	0.2%	2.8%	0.7%	4.9%	5.1%
OCBC SP	OCBC	11.53	48,992	0.4%	2.4%	1.3%	3.8%	4.1%
UOB SP	UOB	25.34	42,209	0.4%	3.1%	0.4%	4.7%	4.9%
SGX SP	SGX	7.58	8,112	(0.4%)	7.1%	0.4%	4.1%	4.3%
<b>PROPERTIES</b>								
HKL SP	Hongkong Land USD	7.04	22,490	(0.3%)	11.7%	0.7%	3.0%	3.1%
CAPL SP	CapitaLand	3.32	13,821	0.0%	6.8%	0.0%	3.8%	3.9%
CT SP	CapitaLand Mall Trust	2.39	8,812	(0.4%)	6.5%	0.0%	5.0%	5.2%
AREIT SP	Ascendas REIT	2.75	8,523	(0.4%)	6.6%	1.1%	5.9%	6.0%
CIT SP	City Development	9.38	8,507	2.4%	15.5%	3.3%	2.0%	2.0%
CCT SP	CapitaLand Comm Trust	1.88	7,077	(0.5%)	10.5%	0.0%	4.8%	4.8%
UOL SP	UOL	6.57	5,538	(0.2%)	6.1%	(0.5%)	2.7%	2.7%
<b>TELECOMMUNICATIONS</b>								
ST SP	SingTel	3.05	49,804	(0.3%)	4.1%	1.0%	5.9%	5.9%
<b>CONSUMER SERVICES AND GOODS</b>								
JM SP	Jardine Matheson USD	68.60	68,622	2.1%	(1.4%)	4.0%	2.5%	2.6%
JS SP	Jardine Strategic Holdings	39.50	59,423	2.6%	7.6%	4.2%	0.9%	0.9%
DFI SP	Dairy Farm International	8.96	16,457	(0.4%)	(1.0%)	(0.3%)	2.7%	3.0%
THBEV SP	ThaiBev	0.71	17,831	(1.4%)	18.0%	(6.5%)	3.0%	3.3%
JCNC SP	Jardine C&C	37.19	14,699	(0.6%)	5.2%	(2.0%)	3.4%	3.6%
GENS SP	Genting Singapore	1.08	13,009	(2.7%)	10.8%	(1.8%)	3.3%	3.4%
VMS SP	Venture Corp	15.97	4,596	1.6%	14.5%	0.4%	4.1%	4.1%
SPH SP	SPH	2.47	3,947	(0.8%)	5.1%	(0.4%)	5.2%	5.3%
<b>TRANSPORT</b>								
SIA SP	Singapore Airlines	9.71	11,493	(0.5%)	3.1%	0.5%	3.5%	3.9%
CD SP	ComfortDelGro	2.33	5,045	(0.4%)	8.4%	0.4%	4.5%	4.8%
<b>COMMODITIES</b>								
WIL SP	Wilmar	3.26	20,626	(0.9%)	4.5%	(1.5%)	3.3%	3.5%
GGR SP	Golden Agri	0.26	3,247	2.0%	4.1%	2.0%	1.1%	2.1%
<b>OFFSHORE &amp; MARINE/INDUSTRIALS</b>								
KEP SP	Keppel Corp	6.01	10,893	(0.5%)	1.7%	0.0%	4.2%	4.7%
STE SP	ST Engineering	3.70	11,544	(1.3%)	6.0%	0.3%	4.1%	4.3%
SATS SP	SATS	4.82	5,371	(0.8%)	3.4%	0.4%	3.9%	4.1%
YZJSGD SP	Yangzijiang SGD	1.41	5,564	(2.8%)	12.8%	0.0%	3.2%	3.2%
SCI SP	Sembcorp Industries	2.55	4,550	0.0%	0.4%	(0.8%)	2.0%	2.9%
HPHT SP	HPH Trust USD	0.26	3,016	(1.9%)	4.1%	(1.9%)	8.9%	8.6%

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

Source: Bloomberg

**STI Reserve List (by market cap) - STI next review date: March 2019**

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	1.92	5,093	(1.0%)	8.2%	0.5%	5.2%	5.2%
MCT SP	Mapletree Commercial Trust	1.81	5,201	(1.1%)	10.5%	(0.6%)	5.1%	5.1%
MLT SP	Mapletree Logistics Trust	1.39	4,990	0.0%	12.0%	0.0%	5.7%	5.8%
KREIT SP	Keppel REIT	1.21	4,155	0.8%	8.3%	2.5%	4.7%	4.8%
MIINT SP	Maple Industries Trust	2.03	3,856	0.5%	7.9%	2.0%	5.9%	6.3%

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 11 Feb 19	Yield (%)
CapitaLand Retail China Trust	1-Feb-19	FY18	SGD 0.04830	<b>12-Feb-19</b>	13-Feb-19	28-Mar-19	SGD 1.470	3.3
AIMS AMP Capital Industrial REIT	1-Feb-19	3Q19	SGD 0.02500	<b>13-Feb-19</b>	14-Feb-19	29-Mar-19	SGD 1.400	1.8
Singapore Post	1-Feb-19	3Q19	SGD 0.0050	<b>13-Feb-19</b>	14-Feb-19	28-Feb-19	SGD 0.945	0.5
Keong Hong Holdings Ltd	27-Nov-18	FY18	SGD 0.0200	<b>15-Feb-19</b>	18-Feb-19	27-Feb-19	SGD 0.540	3.7
Manulife US REIT	11-Feb-19	FY18	<b>USD</b> 0.0304	<b>18-Feb-19</b>	19-Feb-19	29-Mar-19	<b>USD</b> 0.855	3.6
Aspial Corp	7-Nov-18	3Q18	SGD 0.00250	<b>27-Feb-19</b>	28-Feb-19	8-Mar-19	SGD 0.200	1.3
Qian Hu Corp Ltd	11-Jan-19	FY18	SGD 0.0020	<b>10-Apr-19</b>	11-Apr-19	25-Apr-19	SGD 0.180	1.1
Lonza Group AG	30-Jan-19	FY18	<b>CHF</b> 0.02750	<b>24-Apr-19</b>	25-Apr-19	26-Apr-19	-	0.0
Keppel Corp	24-Jan-19	FY18	SGD 0.1500	<b>29-Apr-19</b>	30-Apr-19	10-May-19	SGD 6.010	2.5
Hwa Hong Corp	31-Jan-19	FY18	SGD 0.01000	<b>30-Apr-19</b>	2-May-19	17-May-19	SGD 0.290	3.4
M1	28-Jan-19	FY18	SGD 0.0600	<b>3-May-19</b>	6-May-19	15-May-19	SGD 2.040	2.9
Tuan Sing Holdings Ltd	31-Jan-19	FY18	SGD 0.006000	<b>3-May-19</b>	6-May-19	26-Jun-19	SGD 0.385	1.6
Tuan Sing Holdings Ltd - Special	31-Jan-19	FY18	SGD 0.003000	<b>3-May-19</b>	6-May-19	26-Jun-19	SGD 0.385	0.8
Multi-Chem Ltd	1-Feb-19	FY18	SGD 0.03300	<b>13-May-19</b>	14-May-19	31-May-19	SGD 0.720	4.6

## Latest Listing Issue Announcement

Company	Offer Price	Closing Date	Offeror
<b>Courts Asia Ltd</b>	SGD 0.205 Cash	5.30 p.m. on 15 Mar 2019	Nojima Asia Pte. Ltd.
<b>DeClout</b>	SGD 0.13 Cash	5.30 p.m. on 4 Mar 2019	Exeo Global Pte. Ltd.
<b>M1 Ltd</b>	SGD 2.06 Cash	5.30 p.m. on 18 Feb 2019	Konnectivity Pte. Ltd.

Source: SGX Announcement

**Appendix 2: Financial Calendar**

Monday	Tuesday	Wednesday	Thursday	Friday
<b>11-Feb</b> <b>Q2</b> Health Mgt Int'l <b>Q4</b> Manulife US REIT > Vicom <b>*Q3</b> Meghmani Organics	<b>12-Feb</b> <b>Q1</b> Frasers Property > LHN <b>Q3</b> Valuetronics Hldgs <b>Q4</b> Hutchison Port Hldgs Trust > SBS Transit > Utd Overseas Insurance <b>*Q1</b> LHN	<b>13-Feb</b> <b>Q2</b> UG Healthcare Corp <b>Q3</b> Accordia Golf Trust > NetLink NBN Trust > SATS > Yoma Strategic Hldgs <b>Q4</b> ComfortDelgro Corp > Far East Hospitality Trust > Perennial Real Estate Hldgs <b>*Q2</b> Karin Technology Hldgs	<b>14-Feb</b> <b>Q1</b> Thai Beverage PCL <b>Q2</b> ASL Marine Hldgs <b>Q3</b> KSH Hldgs > Spore Airlines > Spore Telecoms > Vallianz Hldgs <b>Q4</b> StarHub	<b>15-Feb</b> <b>*Q4</b> Challenger Technologies
<b>18-Feb</b> <b>SG</b> Budget 2019 @ 3.30 p.m. <b>Q4</b> DBS (Before mkt open) > Sasseur REIT	<b>19-Feb</b> <b>Q4</b> Sembcorp Marine	<b>20-Feb</b> <b>Q4</b> CapitaLand > China Everbright Water > CSE Global > Great Eastern Hldgs > iFAST Corp > IREIT Global	<b>21-Feb</b> <b>Q4</b> City Devpts > Genting Spore > Sembcorp Industries > ST Engrg > Wilmar Int'l	<b>22-Feb</b> <b>Q4</b> EC World REIT > IFS Capital > Lippo Malls Indonesia Retail Trust > OCBC & UOB (Both before mkt open) > Venture Corp
<b>25-Feb</b> <b>SG</b> 4Q18 Gross Domestic Product <b>SG</b> (Jan 2019) CPI <b>Q4</b> Asian Pay Television Trust > Ho Bee Land > Raffles Medical Grp	<b>26-Feb</b> <b>SG</b> (Jan 2019) Index of Industrial Production <b>Q4</b> AP Oil Int'l > Best World Int'l > KrisEnergy > UOL Grp	<b>27-Feb</b> <b>Q4</b> Cromwell European REIT	<b>28-Feb</b> <b>Q4</b> China Aviation Oil Spore > Dairy Farm Int'l Hldgs > Hongkong Land Hldgs > Jardine Matheson Hldgs > Jardine Strategic Hldgs > Mandarin Oriental Int'l > Mewah Int'l > Olam Int'l > Thakral Corp <b>*Q4</b> First Resources	<b>1-Mar-2019</b> <b>Q4</b> LHT Hldgs
<b>4-Mar</b>	<b>5-Mar</b>	<b>6-Mar</b>	<b>7-Mar</b>	<b>8-Mar</b>

\* Tentative

Source: Bloomberg



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