

Market Indicators

	13-Sep	14-Sep	15-Sep
Mkt. T/O (S\$ mil)	1,086.2	1,132.4	1,598.7
Stock Advances	200	146	176
Stock Declines	195	252	210

Major Indices

	13-Sep	14-Sep	15-Sep
DJ Ind Avg	22,158.2	22,203.5	22,268.3
S & P 500	2,498.4	2,495.6	2,500.2
Nasdaq Comp	6,460.2	6,429.1	6,448.5
Hang Seng	27,894.1	27,777.2	27,807.6

STI Index 3,209.56 (-0.35%)



Source: Bloomberg

Commodities

	Current Price	% Chge from Close
Gold (SPOT) US\$ / oz	1,316.13	-0.87%
Oil (NYMEX CWT1) US\$ / bbl	49.79	-0.14%
Baltic Dry Index	1385	1.76%

Exchange Rates



USD : SGD 1.3465 / MYR : SGD 3.1152

Source: Bloomberg

Interest Rates

3-mth Sibor	1.122%
SGS (10 yr)	2.037%

KGI Securities Research Team

Market Colour

The two-day Fed meeting will be in focus this week as investors anticipate the start of unwinding of the Fed's \$4.5 trillion balance sheet. Meanwhile, Fed Fund futures are implying a 46% probability of a rate hike in December 2017. U.S. equity markets shrugged off North Korea's missile launch last Friday; the S&P 500 and DJIA closed at another record high despite a fall in U.S. retail sales and ongoing geopolitical tensions.

Company Update

➤ **UOL Group (UOL SP; Not Rated):** Poised to benefit from residential property upcycle Page 2

News

SBS Transit: SMRT Trains has beaten SBS Transit to the tender for operating the Thomson-East Coast Line (TEL), which opens in stages from 2019. The Land Transport Authority (LTA) on Friday awarded SMRT Trains the contract to run TEL for an initial nine-year period.

Roxy-Pacific: Its associate company, RH Guillemard, has agreed to acquire freehold residential sites at 12 and 14 Guillemard Lane for \$22.5 million. Both the sites have a combined land area of 12,138 sq ft and an existing plot ratio of 2.8 under the 2014 master plan for residential development.

Lian Beng: Secured a contract through tender from Martin Modern Pte Ltd for the proposed condominium housing development comprising two blocks of 30-storey condominiums, with a total of 450 units. The contract is worth approximately S\$162 million and is expected to have a positive financial impact on the net tangible assets per share and earnings per share of the group for the current financial year ending May 31, 2018.

Keppel T&T: Invested US\$10 million in US-based data centre startup Nautilus Data Technologies Inc's Series C preferred stock funding. The investment represents about 24.1% of the total issued shares of Nautilus.

Golden Energy and Resources: Planning to carry out a capital reduction exercise to write off losses of US\$401.2 million that the firm has accumulated up to the end of 2015. This, however, will not have any impact on the firm's net tangible assets, earnings per share or gearing level.

Heatec Jietong Holdings: Secured three contracts under its heat exchanger business segment with a combined worth of \$4 million. The new contracts are expected to positively impact the group's earnings per share and net asset value per share for FY17 ending Dec 31.

Low Keng Huat: Reported 2Q17 earnings fell 99% to \$474,000 from \$43.1 million a year ago due to an extraordinary gain of \$53.8 million from the sale of Duxton Hotel Saigon in 2Q16.

Mandarin Oriental: Shares surged 21% on Friday after it was reported that the group had received interest from five potential buyers for the Excelsior Hotel in Hong Kong.

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

Commentaries From The Trading Desk

15/9	SET continues onto 24 year high!
11/9	A lot of 'air' below the DXY
4/9	Singapore Snippets

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.



UOL Group Limited

(UOL SP/UTOS.SI)

Not Rated

Price as of 15 Sep 2017	7.980
12M target price (S\$)	na
Previous target price (S\$)	na
Upside, incl. div (%)	na

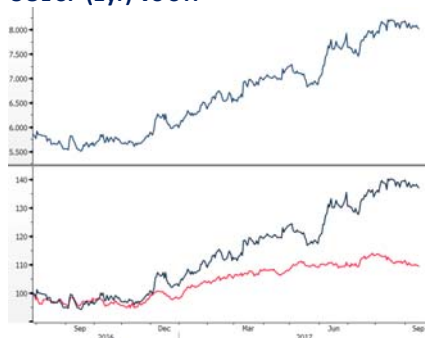
Trading data

Mkt Cap (S\$m) / (US\$m)	6,710 / 4,983
Issued Shares (m)	841
Ave Daily Traded (3-Month) Vol / Val	1.1m / \$9.1m
52 week lo / hi	\$5.50 / \$8.25
Free Float	63.9%

Major Shareholders

CY Wee & Co	13.7%
Wee Investments	13.2%
Haw Par Corp	8.6%

UOL SP (1yr) VS STI



Source: Bloomberg

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See the last page for important disclosures.

Poised to benefit from residential property upcycle

Event

Singapore residential property market looks set for recovery amid a slew of en-bloc sales and strong pickup in transaction volume this year. Among the Singapore property stocks, we think UOL Group looks relatively undervalued and could benefit from the property upcycle via two upcoming residential project launches expected next year.

Impact

Potentially higher returns for 2018 condo launch. Recall that UOL acquired 45 Amber Road site for S\$156 million (S\$1,117 psf ppr) in 1H2017, a relatively good deal when compared to the potential en-bloc sale of nearby Amber Park condo that is slated to fetch S\$768 million (S\$1,284 psf ppr, about 15% higher). In view of a probable upturn in the property market and recent sales transactions of nearby condos nearby, we believe the 45 Amber Road project could possibly be priced that may yield PBT margin of 15% - 20% (forecast \$1,830 - \$1,920 psf).

Another residential project lined up in the pipeline for 2018 is the former Raintree Gardens site, which was acquired for \$334.2 million (land cost of \$797 psf ppr) through a UOL-UIC joint venture in late 2016. With nearby land parcel in Woodleigh sold at \$1,110 psf ppr and resale transactions in the vicinity, we think the group could easily target to earn PBT margin from mid-teens (forecast \$1,410 - \$1,500 psf).

Current residential project sales having good traction. UOL currently has four other residential projects in Singapore launched – The Clement Canopy, Principal Garden, Botanique at Bartley and Riverbank@Fernvale. Both Botanique at Bartley and Riverbank@Fernvale projects are almost fully sold while sales for the other two projects have progressed well in its latest 2Q17 (The Clement Canopy – 59% sold; Principal Garden – 72% sold).

Valuation & Action

UOL is currently trading at a forward P/B 0.8x and we think it could be relatively undervalued to other Singapore property stocks. We do not have a rating on the stock.

Risks

Slowdown in residential project sales, FX risks exposure from various currencies (USD, AUD, RMB, GBP), downside risks that could impact its “Pan Pacific” and “PARKROYAL” hotel and serviced suites globally.

Financials & Key Operating Statistics

YE Dec SGD mn	2013	2014	2015	2016
Revenue	1,031	1,332	1,237	1,411
Gross Profit	496	552	462	455
PATMI	786	686	391	287
Core EPS (SGD cents)	33.99	46.83	43.48	38.80
Core EPS growth (%)	(8.7)	37.8	(7.2)	(10.8)
Div Yield (%)	1.9	1.9	1.9	1.9
NAV (SGD)	8.77	9.80	9.95	10.14
Price / Book (x)	0.9	0.8	0.8	0.8
Net Margin (%)	76.2	51.5	31.7	20.4
Net Gearing (%)	34	40	33	30
ROE (%)	12.2	9.5	5.0	3.6

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	20.06	51,268	(1.4%)	19.2%	(2.0%)	3.3%	3.5%
OCBC SP	OCBC	10.95	45,876	(0.5%)	26.9%	0.6%	3.4%	3.6%
UOB SP	UOB	23.05	38,251	(0.5%)	16.5%	(1.9%)	3.2%	3.3%
SGX SP	SGX	7.42	7,948	(0.1%)	5.0%	(0.1%)	4.1%	4.4%
PROPERTIES								
AREIT SP	Ascendas REIT	2.70	7,792	0.0%	22.8%	(0.7%)	5.9%	6.1%
CAPL SP	CapitaLand	3.64	15,460	(0.5%)	23.8%	(1.6%)	2.8%	2.9%
CCT SP	CapitaLand Comm Trust	1.70	5,259	(0.3%)	21.5%	(1.4%)	5.4%	5.3%
CT SP	CapitaLand Mall Trust	2.07	7,340	0.5%	14.5%	(1.9%)	5.4%	5.4%
CIT SP	City Development	11.25	10,230	(0.9%)	37.9%	(3.8%)	1.4%	1.4%
GLP SP	Global Logistic	3.28	15,407	0.0%	51.8%	0.3%	1.8%	2.0%
HKL SP	Hongkong Land USD	7.47	23,625	2.3%	21.2%	2.6%	2.6%	2.8%
UOL SP	UOL	7.98	6,710	(0.6%)	36.0%	(1.2%)	1.9%	1.9%
TELECOMMUNICATIONS								
ST SP	SingTel	3.67	59,928	0.0%	3.3%	(0.3%)	5.2%	5.1%
STH SP	StarHub	2.60	4,496	0.8%	(3.0%)	(1.1%)	6.2%	6.0%
CONSUMER SERVICES AND GOODS								
JCNC SP	Jardine C&C	39.64	15,667	1.8%	(1.6%)	0.9%	2.9%	3.2%
JM SP	Jardine Matheson USD	65.66	63,819	(0.1%)	21.6%	(0.5%)	2.4%	2.5%
GENS SP	Genting Singapore	1.15	13,829	0.4%	30.5%	(0.9%)	2.6%	2.7%
SPH SP	SPH	2.68	4,284	0.4%	(22.7%)	(2.2%)	6.1%	6.0%
THBEV SP	ThaiBev	0.92	23,101	0.5%	11.3%	1.1%	3.2%	3.3%
TRANSPORT								
SIA SP	Singapore Airlines	10.13	11,979	(0.5%)	5.9%	(0.5%)	2.4%	2.4%
CD SP	ComfortDelGro	2.12	4,586	(2.8%)	(10.5%)	(3.6%)	5.0%	5.4%
COMMODITIES								
GGR SP	Golden Agri	0.39	4,967	1.3%	(7.7%)	1.3%	1.7%	2.4%
WIL SP	Wilmar	3.28	20,744	0.0%	(6.7%)	1.2%	2.3%	2.8%
OFFSHORE & MARINE/INDUSTRIALS								
KEP SP	Keppel Corp	6.24	11,312	(0.8%)	11.1%	(0.5%)	3.2%	3.9%
SCI SP	Sembcorp Industries	2.92	5,211	(0.7%)	4.8%	(0.7%)	3.0%	3.4%
YZJSGD SP	Yangzijiang SGD	1.42	5,442	(1.7%)	80.0%	0.7%	3.2%	3.1%
SATS SP	SATS	4.74	5,305	(1.7%)	(0.1%)	(0.6%)	3.7%	3.9%
SIE SP	SIA Engineering	3.41	3,817	0.0%	4.8%	0.0%	4.1%	4.1%
STE SP	ST Engineering	3.53	11,009	(1.1%)	13.7%	(1.7%)	4.2%	4.4%
HPHT SP	HPH Trust USD	0.46	5,328	1.1%	13.4%	(1.1%)	6.0%	6.2%

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	1.87	4,954	(0.3%)	18.2%	(0.3%)	5.3%	5.2%
MCT SP	Mapletree Commercial	1.52	4,374	0.0%	13.8%	(1.0%)	5.9%	5.9%
VMS SP	Venture Corp	17.05	4,824	5.2%	79.4%	11.3%	3.2%	3.2%
SIE SP	SIA Engineering	3.41	3,817	0.0%	4.8%	0.0%	4.1%	4.1%
KREIT SP	Keppel REIT	1.16	3,892	(0.9%)	18.4%	0.0%	5.2%	5.2%

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 12-Sep-17	Yield (%)
Mapletree Logistics Trust - Advanced distribution		SGD	0.017020	19-Sep-17	21-Sep-17	27-Oct-17	SGD 1.215	1.4
Riverstone Hldgs	3-Aug-17	2Q17 RM	0.013000	19-Sep-17	21-Sep-17	6-Oct-17	SGD 1.050	0.0
Shangri-La Asia	23-Aug-17	1H17 HKD	0.060000	22-Sep-17	26-Sep-17	6-Oct-17	HKD 13.700	0.4
Singapore Exchange - Base	27-Jul-17	FY17 SGD	0.050000	27-Sep-17	29-Sep-17	6-Oct-17	SGD 7.420	0.7
Singapore Exchange - Variable	27-Jul-17	FY17 SGD	0.080000	27-Sep-17	29-Sep-17	6-Oct-17	SGD 7.420	1.1
HC Surgical Specialists Ltd	20-Jul-17	FY17 SGD	0.007000	2-Oct-17	4-Oct-17	17-Oct-17	SGD 0.670	1.0
United Overseas Australia	29-Aug-17	1H17 AUD	0.005000	10-Oct-17	11-Oct-17	6-Nov-17	SGD 0.665	0.8
Cordlife Group	29-Aug-17	FY17 SGD	0.005000	24-Oct-17	26-Oct-17	10-Nov-17	SGD 0.795	0.6
Karin Technology Hldgs	25-Aug-17	FY17 HKD	0.098000	24-Oct-17	26-Oct-17	16-Nov-17	SGD 0.310	1.7
Ryobi Kiso Hldgs	23-Aug-17	FY17 SGD	0.004000	24-Oct-17	26-Oct-17	8-Nov-17	SGD 0.182	2.2
Ellipsiz	21-Aug-17	FY17 SGD	0.020000	26-Oct-17	30-Oct-17	21-Nov-17	SGD 0.790	2.5
Ellipsiz - Special	21-Aug-17	FY17 SGD	0.045000	26-Oct-17	30-Oct-17	21-Nov-17	SGD 0.790	5.7
GuocoLand	27-Aug-17	FY17 SGD	0.070000	26-Oct-17	30-Oct-17	21-Nov-17	SGD 2.290	3.1
GL	25-Aug-17	FY17 SGD	0.022000	26-Oct-17	30-Oct-17	20-Nov-17	SGD 0.725	3.0
Spindex Industries	21-Aug-17	FY17 SGD	0.030000	31-Oct-17	2-Nov-17	16-Nov-17	SGD 1.115	2.7

Latest Rights Issue Announcement

Company	Particulars	Ex-Date	Book Close	Rights Trading Period	
				From	To
Cache Logistics Trust	18 Rights Units @ S\$0.632 per Rights Unit for every 100 existing Units	8-Sep-17	12-Sep-17	15-Sep-17	25-Sep-17
Manulife US REIT	41 Rights Units @ US\$0.695 per Rights Unit for every 100 existing units held	25-Sep-17	27-Sep-17	2-Oct-17	10-Oct-17

Source: SGX Announcement

Latest Listing Issue Announcement

Company	Offer Price	Closing Date	Offeror
Blumont Group	SGD 0.000182 Cash	5.30 p.m. on 12 Oct 2017	Ultimate Horizon Pte. Ltd.
Lafe Corporation Ltd	SGD 0.90 Cash	5.30 p.m. on 18 Sep 2017	Sino Capital Resources Ltd
Mary Chia Holdings Ltd	SGD 0.111 Cash	5.30 p.m. on 6 Oct 2017	Suki Sushi Pte. Ltd.
Utd Engineers Ltd (Ord Offer Shares)	SGD 2.60 Cash	5.30 p.m. on 19 Sep 2017	Yanlord Perennial Invt (S) Pte. Ltd.
Utd Engineers Ltd (Pref Offer Shares)	SGD 2.60 Cash	5.30 p.m. on 19 Sep 2017	Yanlord Perennial Invt (S) Pte. Ltd.

Source: SGX Announcement

Appendix 2: Financial Calendar

Monday	Tuesday	Wednesday	Thursday	Friday
18-Sep	19-Sep	20-Sep	21-Sep	22-Sep
25-Sep SG (Aug 2017): CPI	26-Sep SG (Aug 2017): Index of Industrial Production	27-Sep	28-Sep	29-Sep *Q4: Falcon Energy Grp Q4: Oriental Grp (Release on Sat, 30-Sep)
2-Oct-17	3-Oct	4-Oct	5-Oct	6-Oct
9-Oct	10-Oct	11-Oct	12-Oct	13-Oct SG: 3Q17 Advance GDP Estimates (Not later than 13 Oct)
16-Oct	17-Oct	18-Oct	19-Oct	20-Oct Q4: EMAS Offshore

* Tentative

Source: Bloomberg

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